HOUSE OF COMMONS DEBATES

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HOUSE OF COMMONS

Tuesday, December 15, 1981

The House met at 2 p.m.

● (1405)

ROUTINE PROCEEDINGS

[*English*]

HUMAN RIGHTS

RETRAINING NEEDS OF FEMALE PRISON INMATES—MOTION UNDER S.O. 43

Mr. Walter McLean (Waterloo): Madam Speaker, yesterday the Canadian Human Rights Commission ruled that the federal penitentiary system discriminates against women prisoners by offering them fewer training and rehabilitation programs and no chance of transferring to better facilities or prisons closer to their families and friends. The Commission also revealed that this country's female prison population is provided with only the most basic academic upgrading courses and a vocational training program which consists solely of instruction in hairdressing. Since this House placed the highest value on the equality of rights clause in the constitutional package, I therefore move, seconded by the hon. member for Simcoe North (Mr. Lewis):

That this House reaffirm its commitment to equality of sexes in Canada and direct the Solicitor General to initiate immediately an investigation of the retraining needs and receptivity of female prison inmates in order that appropriate programs can be put in place which will ensure them equal opportunity in the work force upon their release.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

CANADIAN VIOLATION OF INTERNATIONAL AGREEMENT—MOTION UNDER S.O. 43

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, the United Nations Human Rights Commission yesterday ruled that Canada violated an international agreement which limited Larry Pinkney's right to appeal his extortion conviction. Since Mr. Pinkney is due to be released from prison on January 11, 1982, I move, seconded by the hon. member for Bow River (Mr. Taylor):

That the Minister of Employment and Immigration permit him to stay in Canada long enough to take advantage of the full appeal process.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NUCLEAR ENERGY

SALES OF URANIUM TO EUROPEAN COUNTRIES—MOTION UNDER S.O. 43

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, I too have a motion under Standing Order 43. Whereas Canada is expected to sign a new nuclear sales agreement with the European Economic Community and Sweden in the near future which will not include provisions for case by case studies of the end use of Canadian uranium by foreign countries, and whereas provisions for case by case studies of the after sale end use of Canadian uranium has been a cornerstone of our nuclear safeguards policy for years, I move, seconded by the hon. member for Saskatoon East (Mr. Ogle):

That this House condemns this desperate and irresponsible attempt to prop up our failing nuclear industry at the expense of our own moral obligation to ensure personally that Canadian uranium is not used to make nuclear weapons and, further, that this House instructs the government to return to case by case scrutiny in all future nuclear sales contracts.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

AGRICULTURE

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

Mr. Gordon Taylor (Bow River): Madam Speaker, the November 12 budget was a tragedy for farmers. It increased the application of capital gains, did away with income averaging annuities, virtually stopped land sales to young farmers, prevented pioneers from retiring, and even cut the capital cost allowance on equipment that they must have to continue farming. Therefore I move, seconded by the hon. member for Peterborough (Mr. Domm):

That this House deplores these anti-producer tactics and urges that these policies be withdrawn.

S.O. 43

Our farmers are tired of being taken for granted, and their wrath is reaching the boiling point.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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CANADIAN ARMED FORCES

SUGGESTED PURCHASE OF BRITISH FRIGATES—MOTION UNDER S.O. 43

Mr. Bob Corbett (Fundy-Royal): Madam Speaker, as the government is aware, of the 23 ships in the Canadian naval forces only four are presently operational. Our ships are between 17 and 25 years old, and are showing signs of old age as they are developing serious cracks and prove unseaworthy. In view of the fact that our navy is not operating at a satisfactory level and is uncertain to fulfil our NATO obligations, or even defend our own shores in time of war, I move, seconded by the hon. member for Malpeque (Mr. Gass):

That the House of Commons instruct the Minister of National Defence to purchase those British frigates that are for sale to serve as a stopgap until the Canadian navy obtains the frigates planned for 1987.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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CANADA POST

AUDIT OF MAIL DELIVERY PERFORMANCE—MOTION UNDER S.O. 43

Mr. Bill Wright (Calgary North): Madam Speaker, the Auditor General's 1981 report stated that the national evaluation of postal services, a system used by the Post Office to measure postal reliability, did not accurately report the performance and reliability of mail delivery. I move, seconded by the hon. member for Calgary West (Mr. Hawkes):

That a proper system to measure the reliability of mail delivery be implemented and that the Post Office should report publicly the mail performance of its major postal services at least annually.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

EXTERNAL AFFAIRS

ISRAEL ANNEXATION OF GOLAN HEIGHTS—MOTION UNDER S.O. 43

Mr. Ian Watson (Châteauguay): Madam Speaker, I rise under the provisions of Standing Order 43. Yesterday the government and Parliament of Israel unilaterally acted to incorporate the Golan Heights into the State of Israel in contradiction of the terms of Security Council resolution 242, thereby jeopardizing further the quest for peace in the Middle East. I move, seconded by the hon. member for Rosemont (Mr. Lachance):

● (1410)

That this House reaffirms its support of Security Council Resolution 242 and calls upon Israel to halt its actions towards the annexation of the Golan Heights.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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RAILWAYS

CALL FOR RE-SCHEDULING OF TRAIN SERVICES BETWEEN WINNIPEG AND ONTARIO—MOTION UNDER S.O. 43

Mr. Bill Blaikie (Winnipeg-Birds Hill): Madam Speaker, I rise pursuant to Standing Order 43. In light of the fact that the Minister of Transport (Mr. Pepin) has given as his excuse for cutting train service, that people do not use the trains, and in view of the fact that there are many people who would like to use trains 7 and 8 to get to their camps at Winnitoba, Malachi, Ottermere, and other places between Winnipeg and Farlane, Ontario, but cannot use them because of the way the trains are scheduled, making weekend traffic difficult, if not impossible, I move, seconded by the hon. member for Churchill (Mr. Murphy):

That the minister use his authority constructively instead of destructively as he usually does, to have these trains re-scheduled so that people who want to use the trains and will use the trains, can use the trains.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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BANKRUPTCIES

CALL FOR REFERRAL TO COMMITTEE—MOTION UNDER S.O. 43

Mr. Don Blenkarn (Mississauga South): Madam Speaker, all members of this House are generally dissatisfied with Bill C-12 in that it fails to protect employees adequately on the

most common of insolvencies, namely, receiverships, but it is nonetheless high time that this country had a new bankruptcy act. I therefore move, seconded by the hon. member for Simcoe South (Mr. Stewart):

That this House does direct the Minister of Consumer and Corporate Affairs to cause a reference to the Standing Committee on Finance, Trade and Economic Affairs or to a subcommittee of that committee, or to a special all-party committee of this House to examine the subject matter of Bill C-12 and the subject matter of the government's task force report on wage protection on insolvency so that this House in its next session can deal expeditiously with questions involving bankruptcy and insolvency on the basis of an all-party report.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

AGRICULTURE

MILK SUBSIDIZATION PROGRAM—MOTION UNDER S.O. 43

Mr. Mel Gass (Malpeque): Madam Speaker, I rise under the provisions of Standing Order 43. In view of the fact that tough economic times and high interest rates are destroying many farming operations, and in view of the fact that any lowering of the subsidization program for industrial milk and cream will only cause thousands of dairy farmers to go out of business, I move, seconded by the hon. member for Joliette (Mr. La Salle):

That this House instruct the Minister of Agriculture to please explain to his colleague, the Minister of Consumer and Corporate Affairs, that the consumers benefit most from milk being subsidized as it ensures that there are enough dairy farmers in business to continue supplying the customer with inexpensive milk and milk products.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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PUBLIC SERVICE

PROVISION OF PAID MATERNITY LEAVE—MOTION UNDER S.O. 43

Mr. Rod Murphy (Churchill): Madam Speaker, in light of the recent collective agreements signed by the federal government which gave paid maternity leave rights to postal workers, translators, and clerical workers, I move, seconded by the hon. member for Vancouver East (Mrs. Mitchell):

That this House directs the government to introduce legislation which grants paid maternity leave to all public service employees, and also to ensure that similar benefits are available to employees in the private sector, including employees in small family-owned stores, and further be it resolved that this House immediately grant paid maternity leave to all employees of the House of Commons, the Senate and the Library of Parliament.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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THE ADMINISTRATION

CONDEMNATION OF GOVERNMENT POLICIES—MOTION UNDER S.O. 43

Mr. Blaine A. Thacker (Lethbridge-Foothills): Madam Speaker, I move, seconded by the hon. member for Bow River (Mr. Taylor):

That the government stand condemned for developing a Liberal Party economic neutron bomb with its radioactive interest rates and family destroying tax policies, which leaves houses intact but destroys the fathers, mothers and children inside.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

EXTERNAL AFFAIRS

POLAND—CANADIAN GOVERNMENT REPRESENTATIONS

Hon. John C. Crosbie (St. John's West): Madam Speaker, my question is for the Prime Minister. It is in connection with the Polish situation which developed over the weekend. Will the Prime Minister advise whether his administration has informed the U.S.S.R. how seriously the Canadian government would view any interference in the internal affairs of Poland by the U.S.S.R.? Have we made any representations to them? If so, what representations? Have we made any official representations to the government of Poland deploring the actions taken by them on the weekend, or any representations at all? Will the Prime Minister or the Secretary of State for External Affairs make a statement on motions giving the House the details of what action the government has taken and how it views this very serious situation?

• (1415)

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, as the hon. gentleman has suggested, it is indeed a serious question; but I do not believe that it would add anything to the situation at the present time to make a statement on motions. As of now, we have not made representations to the Soviet Union. Our view is well known to

them in the statements which have been issued by us and with our NATO allies. We have made many representations to them on the same subject in the last year.

We have indeed communicated with the Polish government. We have met the Polish ambassador here, and I intend to see him again later today. We have asked the Polish government to exercise restraint. That is the message which I will be giving him again today when I see him.

Some hon. Members: Hear, hear!

COMMUNICATION WITH CANADIAN EMBASSY

Hon. John C. Crosbie (St. John's West): Madam Speaker, I wonder if the Secretary of State for External Affairs could tell the House whether or not, in addition to urging restraint on the Polish government, we have indicated that we deplore the actions that were taken over the weekend, or whether we have indicated any view with regard to that matter at all? Will the Secretary of State for External Affairs advise us whether we now have full communication with our embassy in Poland? Is the government certain that all Canadian citizens in Poland are safe and in good hands? Or, if we do not have good communications with our embassy, how can the government tell whether they are or are not safe and in good hands?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, we have had some communication through indirect means with our embassy in Poland since the crisis began, enough to learn that, as far as the embassy is concerned, all Canadians are safe. In fact the Polish government, in their *démarches* both in Warsaw and here, indicated that there would be no interference with foreigners except with respect to their travel within Poland. It is my intention today to express to the Polish ambassador our concerns and disapproval of these kinds of actions which have been taken.

COMMODITY CREDIT SALES

Hon. John C. Crosbie (St. John's West): Madam Speaker, in connection with Canadian citizens travelling in Poland, there are many concerned people who have relatives in Poland who are worried about the situation. The minister's answer does not seem to meet their concerns. As far as we are aware, we do not have good communication with the embassy. Will the minister tell the House what is being done to ensure that we do have full communication with our embassy in the shortest possible time so that one can be sure?

Will he tell the House whether the government has given any consideration to taking the same kind of action as the U.S. has? The minister will be aware that the United States has suspended all food aid to Poland until the situation is reassessed. Are we considering reassessing our present credit sales for grain, and our present arrangements with respect to the fishery, for example, or is that kind of action ruled out?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, our communications have been cut, we believe, by the Polish government. On both occasions we have made strong representations to the Polish government. I also intend to ask today for the restoration of communications, so that we will be able to get the answer to the kind of questions that my hon. friend poses.

With respect to the U.S. action on food aid, I should make it clear to the House that we do not have surplus supplies of food, such as some other countries, and that we do not have food aid, as such, to Poland. What we have are long-term grain contracts which we finance on concessional terms. We have not made any decision at the present time, given the absence of knowledge about the situation, to take any action with respect to those contracts. In any event there will be lots of time between now and the time of delivery of our grain to consider fully any steps that should be taken on our side.

* * *

AVIATION INDUSTRY

CONTRACT FOR CONSTRUCTION OF ORION LONG RANGE PATROL AIRCRAFT

Hon. Allan B. McKinnon (Victoria): Madam Speaker, my question is directed to the Minister of Industry, Trade and Commerce. On December 8 the minister approved a message to Washington, expressing concern about the U.S. Navy interruption of the Lockheed P-3 Orion program. The minister said that Canada was led to believe that the Orion program would continue through the 1980s and our offset share of the LRPA contract included Orion airframe and systems which would create employment for 2,000 people through the 1980s. Will the minister consider whether there has been a violation of this contract and, if so, what action does the government intend to take about it?

• (1420)

Hon. Herb Gray (Minister of Industry, Trade and Commerce): Madam Speaker, my hon. friend is talking about a proposal within the United States administration to have a five-year hiatus on the P-3 Orion program. I understand the final decision has not yet been taken. That is why I immediately took action to bring our concerns to the attention of the U.S. Secretary of Defense about the possible implications for Canadian industry of the postponement of the program. As I said, a final decision by the U.S. authorities has not yet been taken. At the same time our agreement with respect of offsets is with the Lockheed corporation. I understand that Lockheed has already acknowledged to our officials its ongoing contractual obligation. Bearing in mind that the contract runs to 1995, obviously we expect Lockheed, in any event, to carry out these obligations.

Mr. McKinnon: There are implications other than to industry; there is a defence implication.

NATIONAL DEFENCE

CONTINGENCY PLANS TO MAINTAIN AURORA AIRCRAFT IN SERVICE

Hon. Allan B. McKinnon (Victoria): Madam Speaker, my supplementary question is directed to the Minister of National Defence. In the telex sent by the Minister of Industry, Trade and Commerce the minister noted that cancellation of the program will cause an increase in the cost of spare parts for Canada's Aurora aircraft and, more significantly, will create delay in their availability, resulting in reduced capability of the Canadian fleet. The defence department has already experienced difficulties in spare parts supply. Will the minister tell the House what contingency plans he has to ensure that our 18 aircraft will be able to continue flying?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, I think I can reassure the hon. member for Victoria that our 18 Aurora aircraft will be able to fly and to meet their commitment to NATO and to the defence of Canada. We discussed the matter with the American Secretary of Defense, Mr. Weinberger, when we were in Brussels. Despite the fact that this is a Lockheed decision, the United States Secretary of Defense does, of course, have something to say about it. We asked him to look into it and to inform us so that we could discuss these matters. It is important that the supply of spare parts that we need to keep these aircraft available for operations will be fulfilled according to plan.

* * *

FOREIGN INVESTMENT REVIEW AGENCY

COMMITMENT TO EXPAND ROLE

Mr. Edward Broadbent (Oshawa): Madam Speaker, my question is directed to the Minister of Industry, Trade and Commerce. It pertains to the speech he made in Chicago in which he announced that the election promises of the Prime Minister in 1980 concerning the expansion of the mandate of FIRA were no longer government policy.

Some hon. Members: Oh, oh!

Mr. Broadbent: Since the Prime Minister promised in that speech in the election campaign to expand the role of FIRA in order to have it carry out periodic reviews of the activities of large foreign companies in Canada, to publicize foreign takeovers of businesses, and to offer government assistance to Canadian companies seeking to buy foreign firms, has this commitment now been utterly abandoned by the Government of Canada?

Hon. Herb Gray (Minister of Industry, Trade and Commerce): Madam Speaker, I did not say what the hon. member suggests I said in my speech in Chicago. He is talking about an unfortunate misinterpretation of my remarks by the Canadian press.

Some hon. Members: Oh, oh!

Mr. Gray: I will be happy to send my hon. friend a copy of my remarks. He will see that I was talking about a review of the administrative procedures under the present act. Our position with respect to the promises made during the election and in the throne speech was set out in the economic development document. In that document we said that two of the pledges in question, the less important ones dealing with public notice of takeovers, and guarantees of loans for Canadian alternatives, would not be proceeded with for the time being.

Some hon. Members: Oh, oh!

Mr. Gray: We did not say that they were being abandoned. With respect to performance review, the document made clear that we are expanding it to cover larger firms, whether Canadian controlled or foreign controlled. I look forward to the government being able to announce details of the way we are carrying out this commitment before too long.

Some hon. Members: Hear, hear!

Mr. Baker (Nepean-Carleton): Produce the tapes.

• (1425)

PRESS REPORT OF MINISTER'S SPEECH

Mr. Edward Broadbent (Oshawa): Madam Speaker, the minister knows that the Prime Minister promised to expand the mandate of FIRA, that is to say, to change the legislation. The minister now says that he was misunderstood. I should like to ask him if he was quoted accurately in today's press when he is reported as saying, in his speech "But note that this is a review of the administration of the act, not the act itself". He is quoted as saying that the government does not plan to change the act. In his election campaign the Prime Minister promised to change the act. Will the minister now tell us what is the truth?

Hon. Herb Gray (Minister of Industry, Trade and Commerce): Madam Speaker, in my speech yesterday I was simply talking about something that was stated in the economic development document, that we intended to review the existing administrative procedures of the Foreign Investment Review Act to see if they could be made more timely and efficient. We were talking about administrative procedures. In my speech I intended to say nothing beyond what we actually said in the economic development document. Nothing I said in my speech was intended to say, or in fact did say, that the government was ever ruling out any future amendments to the act by way of strengthening it.

QUERY RESPECTING AGENCY POLICY

Mr. Edward Broadbent (Oshawa): Madam Speaker, the minister is certainly a worthy successor to Paul Martin.

Some hon. Members: Hear, hear!

Mr. Broadbent: All his colleagues have the audacity to applaud.

[*Translation*]

The minister is probably aware of the lay-offs announced last month by General Motors in Sainte-Thérèse and Oshawa and by B.F. Goodrich in Shawinigan. My question is as follows. How can the minister justify abandoning the plan to expand the role of the Foreign Investment Review Agency, which would ensure that the presence of these foreign companies would be of substantial benefit to Canada, when those same companies are now laying off workers in this country for the benefit of their operations outside Canada?

Hon. Herb Gray (Minister of Industry, Trade and Commerce): Madam Speaker, I challenge my hon. colleague to show me where I said specifically that we had gone back on our promises on the FIRA issue. It was certainly not in my speech, which affirmed the government's support for the FIRA process and its objectives. The government confirmed in the economic development document that we were supporting this process. However, my hon. friend was barking up the wrong tree, as usual.

* * *

[*English*]

HAZARDOUS SUBSTANCES

UREA FORMALDEHYDE FOAM INSULATION—AMOUNT OF COMPENSATORY GRANTS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I should simply like to set the record straight. Some of us think more of Paul Martin than that.

My question is directed to the Minister of Consumer and Corporate Affairs and concerns the some 100,000 Canadians who are affected now by urea formaldehyde foam insulation in their homes. The minister has announced that the Government of Canada, having accepted far too late its moral obligation, is prepared to make a grant available to some 10 per cent of the people affected by UFFI. But he will not tell us how much the grant will be, and he refuses to say when he will tell us how much that grant will be. This House has had the experience with the Minister of Transport of having major decisions that hurt Canadians, announced as soon as Members of Parliament had left this Hill. I want to know from the minister responsible for the UFFI crisis why he refuses to tell the House of Commons and interested Canadians exactly what will be available in terms of grants to Canadians affected by UFFI. If he is not prepared to give us that information before Christmas, will he give a firm date by which Canadians will know how much they will receive or whether they will simply be left out in the cold by this government?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, if the Leader of the Opposition had been here yesterday, he would have had the answers to his questions. If he would take the trouble to read *Hansard*, he would see my answer to the hon. member for St. John's East.

● (1430)

DETAILS OF PROPOSAL TO BE MADE TO PROVINCES

Hon. Joe Clark (Leader of the Opposition): Madam Speaker, yesterday the minister refused to answer questions concerning a problem that directly affects 100,000 Canadians from coast to coast, and he now has an obligation to answer the House. He told us that he wanted to pay a certain amount to a certain number of people, but he has refused to give us any specific information and, once again, he is blaming the provinces. I want to have this specific information, because 30 per cent of the home owners who are affected by UFFI are home owners in the minister's own province. I would like to know, first of all, why the minister is refusing to give us any details, and second, if it is a matter of negotiations with the provinces, whether the minister can inform the House today which concrete proposal the federal government wishes to make to the provinces?

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, if the Leader of the Opposition had done his homework, he would know that 80,000 homes, and not the 100,000 he keeps mentioning, are involved. I already pointed out to the member for St. John's East yesterday that the number was 80,000 and not 100,000. I fail to understand why the Leader of the Opposition insists on quoting the wrong figures. When the right hon. member was Prime Minister, though not for long, he was fond of saying that it was important to consult with the provinces. I wonder if his memory is failing him. Yesterday, I announced in the House that I wanted to consult the provinces and the private sector before announcing the details of the government's program. He could at least have the decency to let me consult with the provinces first.

[*English*]

ELIGIBILITY CRITERIA

Right Hon. Joe Clark (Leader of the Opposition): The minister indicated yesterday that he will make a measly, inadequate grant available to a small group of Canadians who are affected by UFFI. He is so ashamed of the amount of the grant that he refuses to make it known here while Parliament can put questions to him. That is what he said yesterday, and that is his reason for refusing to tell affected Canadians and this Parliament the exact amount of the grant which will be made available to those people who have been suffering too long, who cannot sell their homes, and whose health is endangered. He will not tell us about the grants. He is trying to hide that from Parliament. Perhaps, because he has admitted that there is a health hazard for individuals other than those who will receive the grant, he will tell the House of Commons, breaking his practice of secrecy, what criteria his government intends to use in determining which Canadians will receive

some kind of help with regard to the danger to their health resulting from this program prepared and sponsored by the Government of Canada.

Some hon. Members: Hear, hear!

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, the Leader of the Opposition is certainly indulging in a lot of political partisanship today, if he wants to tell us how to deal with a matter he could have dealt with himself when he was in the government. What did his government do during the ten months they were in power? Madam Speaker, the quality of this product was first questioned under a Conservative government. Nevertheless, the Conservatives did not ban the product while they were in power, so I do not think the Leader of the Opposition is in a very good position to tell me what to do. In any case, we shall announce our program as soon as we are able to do so, regardless of the petty politics indulged in by the Leader of the Opposition.

[*English*]

INFORMATION TO BE GIVEN TO HOME OWNERS

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, this minister speaks about 80,000 homes. We know that there are 100,000 homes, and maybe more, which are affected—

An hon. Member: Name them.

Mr. Scott (Hamilton-Wentworth): —and certainly a great number of apartment units. What are 20,000 home owners, to this Minister of Consumer and Corporate Affairs? This UFFI problem simply cannot be blown away.

Some hon. Members: Hear, hear!

Madam Speaker: Order. We have heard a series of lengthy questions; but I expect that from now on hon. members will ask very short questions. The hon. member for Hamilton-Wentworth.

Mr. Scott (Hamilton-Wentworth): Madam Speaker, I ask the Minister of Consumer and Corporate Affairs how people with UFFI in their homes or apartment units will know whether they qualify for outright grants. Has the government decided to make nation-wide testing available and, if so, when?

Mr. Hnatyshyn: Try another Ouelletism.

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, within the next few days I intend to announce the government's full program, and the hon. member's question, which is indeed a valid one, will be answered at that time.

[*English*]

HOUSE OF COMMONS

PRESENCE IN GALLERY OF ARMED FORCES PERSONNEL WHO PARTICIPATED IN SEA RESCUES

Madam Speaker: I would like to draw the attention of the House to the presence in our gallery of members of the Canadian Forces personnel who participated in the rescue, off Sable Island, of the crews of the ship *Euro-Princess* and the oil rig "Rowan Juneau", a total of 70 persons in all. I am sure the House will want to congratulate them.

Some hon. Members: Hear, hear!

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PIPELINES

CONSTRUCTION OF QUEBEC-MARITIME GAS LINE PROJECT

Miss Coline Campbell (South West Nova): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources and relates to the cabinet decision to go ahead with the construction of a Quebec-Maritime pipeline. Could the minister advise the House whether or not there has been any support for this decision by either the government of New Brunswick or the government of Nova Scotia?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Yes, Madam Speaker. During the last few months, I have been very happy to see that the government of Nova Scotia and the government of New Brunswick have been eager to see the approval of this very important project for the maritime provinces. It was with great pleasure that the cabinet took the decision to approve the recommendation of the National Energy Board to proceed with the extension of the gas pipeline across Canada, right through to Halifax. It is now a matter of ensuring that the necessary regulatory approvals take place in each of these provinces, including Quebec, New Brunswick and Nova Scotia, in order to see a speedy implementation of this project. As far as the Government of Canada is concerned, we are fully behind this project and we want to see it implemented as soon as possible.

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HAZARDOUS SUBSTANCES

UREA FORMALDEHYDE FOAM INSULATION—STANDARDS USED IN TESTING FOR HEALTH DANGERS

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, my question is directed to the Minister of Consumer and Corporate Affairs. It also concerns the really terrible plight of urea formaldehyde foam insulation victims. Will the minister explain how he can justify using .1 parts of formaldehyde as an arbitrary standard in providing assistance, which he announced yesterday, since we know that medical authorities agree that individuals greatly vary in their sensitivity to UFFI? Will he also explain whether there will be ongoing assistance

which will be flexible in order to help people who have future problems, because we also know that the foam disintegrates over a period of time and there is a greater risk to health later on?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, the questions put by the hon. member will be addressed in the program we shall be announcing within the next few days. The hon. member is quite right in saying that setting an arbitrary standard may be harmful to some UFFI victims. This will be a consideration when the program is announced.

[*English*]

DEPRECIATION OF PROPERTY VALUES

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, UFFI victims are also very worried and angry because they know that the value of their homes has gone down, and real estate agencies will not even list their homes because they are not saleable. Will the minister therefore order a real estate assessment? He has already done one testing. Will he do another testing, a real estate assessment of the depreciation in property values which has occurred because of UFFI? Will he tell us what he intends to do about the economic disaster which is plaguing UFFI home owners who deserve compensation? They did not endorse UFFI through CHIP; it was the federal government that sponsored it.

● (1440)

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, as I said before, the product was not approved but was accepted along with a list of other products for insulation purposes, and the Government of Canada had not been promoting this particular product but the insulation of homes in general. Regarding the value of these homes, obviously we shall want to deal with this matter, because home owners have noted, and correctly so, that the resale value of their property has gone down. In our program of corrective action, we intend to address this matter and to make suggestions to the municipal authorities, in order to have these homes renovated and their resale value restored to normal levels.

* * *

[*English*]

TRANSPORT

PROVISION OF ALTERNATIVE SERVICE TO COMMUNITIES AFFECTED BY VIA RAIL CUTBACKS

Mr. Bob Corbett (Fundy-Royal): Madam Speaker, my question is for the Minister of Transport. Despite the assurances by the minister that the world would evolve as usual after November 15, the fact is that for the good citizens of such communities as McAdam, Plaster Rock, Juniper, McGivney, Napodogan, Chipman and Minto, the world has not evolved as usual since November 15.

On October 26 the minister stated, "We have been very careful not to restrain or cut services to isolated areas. Buses will go where train service was traditional." On November 5 the minister said, "I shall have the opportunity in the very near future to report on the results I have achieved." Will the minister tell the House when the federal wagons will roll to those communities that were cut off by him on November 15 from the rest of the nation?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I did say that, and what the hon. member said has taken place. In a number of instances VIA is trying to improve what was done by giving better service. Indeed, in a number of places buses are now ensuring transportation where they did not do so before. I could enumerate some of these cases, and I will if my hon. friend would like me to do so.

COMMUNITIES WITHOUT SERVICE

Mr. Bob Corbett (Fundy-Royal): Madam Speaker, what the minister has just said is exactly what he said on November 5, that he would be making these issues clear later on. But the good citizens of the communities of Napodogan and Plaster Rock, Chipman and Minto have not seen any tangible efforts in this particular area. Therefore, will the minister confirm that these people will not be receiving any sort of bus service or transportation link to communities with which they have had transportation links in the past? Alternatively, will he deny that?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I will inquire further and report to my hon. friend.

* * *

CANADIAN WHEAT BOARD

WITHDRAWAL FROM FEED GRAINS DOMESTIC MARKET

Mr. Charles Mayer (Portage-Marquette): Madam Speaker, I have a question for the Minister of Transport about which I gave him prior notice. It has to do with his responsibilities to this chamber for the Canadian Wheat Board. Is the Canadian Wheat Board withdrawing from supplying feed grains to the domestic market at the formula price, the corn competitive price, as required under the national feed grains policy?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, the Canadian Wheat Board announced they will do that by December 21. The present situation is a difficult one because we have a conflict of two policies. First, under the Canadian Wheat Board Act, it is the responsibility of the Canadian Wheat Board to sell grains at reasonable prices. Second is the feed grains policy whereby the Canadian Wheat Board acts as a residual supplier and must sell in eastern

Canada under the corn competitive formula. The Canadian Wheat Board has said there is now an adequate supply of feed grain in eastern Canada. Because of previous shipments, there are grains on location and there are large quantities at Thunder Bay. There is grain available from Ontario, and there is corn available from the United States. In these instances the board feels that it has fulfilled its responsibility to provide feed grain in adequate quantities and at equitable prices.

QUERY RESPECTING QUOTAS

Mr. Charles Mayer (Portage-Marquette): Madam Speaker, could the minister enlighten us on how that decision was reached? Was it reached unilaterally, or was it in consultation with the government and the Canadian Livestock Feed Board?

Second, would the minister consider asking the wheat board, in view of the fact that it is withdrawing from supplying the domestic market at the formula price, which is welcome news to us in western Canada, whether at the same time it will remove quotas on offboard grains and return to the 10 per cent and 20 per cent system of space allocations used prior to the implementation of quotas on offboard grain over two years ago?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I do not have anything to announce on quotas. However, I want to complete the answer that I have just given by saying that the Canadian Wheat Board made that decision in light of present circumstances. Should scarcities develop in eastern Canada, obviously the Wheat Board would be extremely willing to look at those new circumstances. Again, this is a very complex issue and the advisory committees of the Canadian Wheat Board and the Canadian Livestock Feed Board are looking at it again now.

The minister responsible for the Wheat Board has also asked the Canadian Federation of Agriculture to advise him further on the responsibility for adequacy of supply in Canada. It is a very difficult question, and my hon. friend is also very much aware of it. The present decision of the Canadian Wheat Board is one which has been taken in the context of the difficulty of reconciling the two policies that I have mentioned.

* * *

SMALL BUSINESS

TRANSFER OF EXCISE TAX TO WHOLESALE LEVEL

Mr. Ron Stewart (Simcoe South): Madam Speaker, my question is for the Minister of State for Small Businesses and Tourism. The minister knows that shifting the federal excise tax from the manufacturing level to the wholesale level will impose hardships on a great many Canadians. It will impose a complete new layer of paperwork on an already over burdened segment of the economy. It discriminates against the small business man and favours the larger corporations. It forces wholesalers to be tax collectors without remuneration. The new system will increase costs to independent retailers by an average of 1.25 per cent on applicable items, and hence will result in higher prices for consumers.

If this is a so-called equitable tax, why is tobacco excluded from the tax the wholesaler must collect? Consequently, four large tobacco manufacturers will have the use of taxes collected and will earn an estimated $5 million profit from the cash flow on this float—

Madam Speaker: Order, please. The hon. member had a question, and I think it was sufficient.

Mr. Stewart: I have not finished it, Madam Speaker.

Some hon. Members: Oh, oh!

[*Translation*]

Hon. Charles Lapointe (Minister of State (Small Businesses and Tourism)): Madam Speaker, I wish to inform the House that I was quite able to grasp the substance of the long question put by the hon. member opposite. I should like to point out that the purpose of transferring this tax to wholesale distributors is quite simply to put products manufactured abroad on an equal footing with products manufactured in Canada.

* * *

[*English*]

EXTERNAL AFFAIRS

ISRAELI ANNEXATION OF GOLAN HEIGHTS

Mr. Ian Watson (Châteauguay): Madam Speaker, I have a question for the Secretary of State for External Affairs. The unilateral Israeli action to incorporate the Golan Heights is of urgent concern to Canada and Canadians. Has the minister made, or does he intend to make, representations to the State of Israel voicing Canada's objections, and reaffirming Canada's commitment to Security Council Resolution No. 242?

Mr. Prud'homme: Totally unacceptable.

Some hon. Members: Oh, oh!

Mr. Nowlan: The chairman has already answered.

Some hon. Members: Oh, oh!

Madam Speaker: Order, please.

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, Canada strongly opposes the extension of Israeli law to the occupied territory on the Golan Heights. This is a step toward complete annexation, and we believe that would be contrary to international law. Therefore we intend to make our feelings known to the government of Israel. We are, of course, prepared to state publicly what our position is.

• (1450)

AUTOMOTIVE INDUSTRY

SALES TAX ON CANADIAN MANUFACTURED CARS

Mr. Bob Rae (Broadview-Greenwood): Madam Speaker, on November 26 in this House the Minister of Finance, in answer to my leader, the hon. member for Oshawa, said that the government had absolutely no intention of taking off the federal sales tax on cars. On November 27 there was an item on the front page of the *Windsor Star* which said, "Gray hints sales tax on autos could end." The report went on to say that "Gray told reporters that removal of the sales tax on cars hasn't been ruled out." I would like to ask the Minister of Industry, Trade and Commerce who is speaking the truth to the Canadian people, the Minister of Finance or the Minister of Industry, Trade and Commerce?

Mr. Nielsen: Flip a coin.

Hon. Herb Gray (Minister of Industry, Trade and Commerce): Madam Speaker, we both speak the truth. I wish there were the same element of truth to the hon. member's question. All that I had done was indicate to journalists earlier that it was one issue that I felt we could continue to discuss with the Minister of Finance. The position of the government has been stated by the Minister of Finance, but obviously tax measures can be reviewed by the government in light of changes in circumstances.

Mr. Rae: Madam Speaker, the minister cannot have it both ways. He cannot be a member of a government which has rejected the sales tax proposal and, at the same time, tell his constituents and the people of Canada it is something the government is considering, when the Minister of Finance said it was something the government was not considering. It is just unacceptable.

Some hon. Members: Hear, hear!

IMPORTATION OF JAPANESE MANUFACTURED CARS— CANADIAN CONTENT IN AMERICAN MANUFACTURED CARS

Mr. Bob Rae (Broadview-Greenwood): My supplementary question is also for the Minister of Industry, Trade and Commerce. In light of the fact that 25 per cent of the membership of the United Auto Workers are now on permanent lay-off, and in light of the fact that there is an increasing rise in the sale of imported cars into Canada and a tremendous decline in the domestic industry, I would like to ask the minister specifically can he tell us whether the government is currently negotiating with the government of Japan with respect to limitations on imports for the years 1982 and 1983, and can he tell us whether there are any discussions taking place with the American government with respect to increasing the Canadian content in cars produced in North America.

Hon. Herb Gray (Minister of Industry, Trade and Commerce): Madam Speaker, we have been continuing our consultations, which we began under the context of the auto pact with the preceding U.S. administration, with the current one, on a range of issues which are of concern to us.

We have been in touch with the government of Japan in order to get confirmation from them that they intend to maintain their forecast of exports to Canada for the period April, 1981, to April, 1982, of 174,000 vehicles. I anticipate we will be beginning discussions very soon with the Japanese on the question of continuing a restraint period by the Japanese for a second year.

* * *

REGIONAL ECONOMIC EXPANSION

NEW BRUNSWICK FOREST INDUSTRY

Hon. J. Robert Howie (York-Sunbury): Madam Speaker, my question is for the Minister of Regional Economic Expansion. Where the federal and provincial governments have invested extensively in the forest sector of the New Brunswick economy, and where half the lumber mills are now closed and the pulp markets are soft, what measures will the minister take, or is the minister contemplating to alleviate the situation?

Hon. Pierre De Bané (Minister of Regional Economic Expansion): Madam Speaker, I would like to remind the hon. member that not less than three separate agreements with the government of New Brunswick relate to the forestry sector and the modernization of the pulp and paper industry. This is not counting the very major project in which several departments, foremost the Department of the Environment, are working for the ranger school and the forestry complex in Fredericton.

An hon. Member: What kind of answer is that?

* * *

INCOME TAX

PROVISIONS AFFECTING CHURCHES

Mr. Walter McLean (Waterloo): Madam Speaker, my question is for the Minister of National Revenue. The minister will know that the budget has created great anxiety in the voluntary sector. Does the minister intend to penalize the Roman Catholic and Protestant churches of Canada by removing provisions in the Income Tax Act which have not traditionally taxed rental values of manses and rectories and, in the cases where priests or ministers are given subsidized loans to provide their own accommodation, does the minister intend to remove the exemptions covered in such an arrangement?

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, there have been many allegations as to how the budget will be applied by the Department of National Revenue.

An hon. Member: Yes or no.

Mr. Rompkey: Let me say, first of all, for the benefit of the members of the Armed Forces who are in the gallery, I repeat what was said in this House last week, that there will be no tax applied to the travel of Armed Forces personnel.

Some hon. Members: Hear, hear!

An hon. Member: What about their dependants?

Mr. Rompkey: Madam Speaker, we have said that we are not going after the nickels, dimes and pennies. There are a lot of unpaid taxes which we should be collecting, but not from people who cannot afford to pay it.

An hon. Member: Answer the question.

Mr. Rompkey: The question of the hon. member was in that category. We will not be taxing parking lot benefits or applying tax to retail clerk discounts. There is a whole range of benefits all across the country, and I have not the time in question period to go into all of it.

An hon. Member: Give us a list.

Mr. Rompkey: These things will be clarified. The general guideline will be that we will not be going after nickels and dimes. We will be taxing those people who should bear a fairer share of the tax burden in this country.

Some hon. Members: Hear, hear!

* * *

EXTERNAL AFFAIRS

POLAND—SAFETY OF CANADIAN NATIONALS

Mr. Louis R. Desmarais (Dollard): Madam Speaker, my question is for the Secretary of State for External Affairs. I understand that an official in External Affairs refuses to inquire into the well-being of Canadians presently visiting Poland. A constituent who was worried about his wife now visiting relatives in Poland was advised by this official that he felt it unnecessary to check the status of Canadians now in Poland through our embassy there. Will the minister give us the assurance that his department will make the necessary inquiries to ensure that all Canadians now in Poland will return to Canada safely?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, I can assure the hon. member that we will be most happy to take the names of any Canadians in Poland from their relatives here and do our best to ascertain their whereabouts and safety. I am sure that the hon. member's constituent must have misunderstood what he was told. It was my understanding, as I stated in my answer to the hon. member for St. John's West, that we do not have the ability at the present time to make that kind of investigation since we have been denied communication with our embassy by the Polish government. We are asking to have communications restored and, as soon as they are, we will be prepared to undertake that task.

* * *

INCOME TAX

REQUEST THAT POLICY ON EMPLOYEE BENEFITS BE TABLED

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I have a question supplementary to that of my hon. friend from Waterloo. The Minister of National Revenue has now indicated that the government has a detailed policy regarding who will be affected and who will not be affected by the tax on employee benefits which was announced by his colleague, the Minister of Finance. Since the minister has that detailed policy, surely he must accept that it is not appropriate to this House to have a minister announcing tax policies in bits and pieces on the floor of the House of Commons, as he chooses.

Some hon. Members: Hear, hear!

Mr. Clark: If the minister has a detailed policy, as he has just stated he does, will he give us a commitment that he will table that policy today in the House and, if he will not do that, will he tell us why he is denying specific information about which individuals will be taxed under the provisions of the budget brought down by the Minister of Finance the other day? Will he explain that to the people and to the Parliament of Canada?

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, what I was attempting to do was to indicate an approach and to use examples in line with the question which had been asked about what approach would be taken. The Department of National Revenue is an interpretive department which interprets the Income Tax Act. There is a range of hundreds, maybe thousands of benefits across the country, in various amounts and sizes. I do not think it is appropriate to deal with them during question period.

An hon. Member: Table them.

Mr. Rompkey: If hon. members want to they can put specific questions on the Order Paper, but what I am doing is indicating an approach. We are trying to assess how benefits are given all across the country and, indeed, how the law should be applied. I have tried to make it clear, to some degree, and we will be making further clarifications in the days ahead.

• (1500)

Mr. Clark: Madam Speaker, this is incredible. This government has a responsibility to tell the people of Canada not about an approach to tax policy which can literally cripple hundreds of thousands of Canadians across the country. The minister is not here for an approach. He is here for a policy. The Minister of Finance, now absent, announced a policy—

Madam Speaker: Order, please. I am sure the right hon. member realizes that he must ask his question.

EFFECT OF UNCERTAINTY

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is directed to the Minister of National Revenue. Since he knows that clergymen will not be affected, that servicemen—although perhaps not their dependants—will not be affected, that other individuals will not be affected and that parking lots will not be affected, since he knows that amount of detail, he obviously has a policy and not an approach. Why is he hiding that from the people of Canada? If he has a policy, why will he not put it on paper, table it here in the House of Commons, and end the uncertainty that is causing agony to hundreds of thousands of Canadians?

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, the right hon. gentleman was the Prime Minister of this country. He had some time to read the laws of Canada. If he had read them carefully, he would know that indeed clergymen are exempt under the law as it is written now.

Some hon. Members: Hear, hear!

Mr. Rompkey: My department will be attempting to interpret the law in the best way and the fairest way we can. I have indicated an approach. That is the approach we will be taking. It is an approach that will protect the little people of this country and try to get after the tax dollars which are out there and unpaid.

* * *

PRIVILEGE

FAILURE BY MR. COSGROVE TO CLARIFY ALLEGED CONTRADICTORY STATEMENTS—RULING BY MADAM SPEAKER

Madam Speaker: The hon. member for Yukon (Mr. Nielsen) raised a question of privilege last Friday to the effect that statements made in the House by the minister responsible for housing on one occasion contradicted statements made by him on one or other occasions and that therefore the House had been misled.

As hon. members know, the subject of statements both inside and outside the House concerning alleged budget leaks has been broached in one form or another by members in the recent past. As a result of this, the most recent question of privilege on the subject, the Chair will perhaps be able to dispose of it with some measure of finality.

On this occasion—that is, last Friday—the House was treated to a debate on the subject of contradictory or misleading statements and the relation they may have to privilege. I am indebted to all those hon. members who contributed to the debate.

What has been put before the Chair is a series of statements made in the House by the Minister responsible for housing, and the Chair is asked to find that these statements either constitute a contempt of the House or, alternatively, that a prima facie case of privilege exists.

The hon. member for Yukon refers to the different statements made in the House by the minister in reply to questions and says that the House clearly has been misled.

It is, of course, correct to say that to mislead the House deliberately constitutes a contempt of the House. Before the House is seized of such a matter so that it can take action, however, there must be an admission or a finding to that effect before the House.

Hon. members will appreciate, however, that the minister responsible for housing at no time admitted or said that he had misled the House, either deliberately or unintentionally, and the hon. member for Yukon does not allege this either. The United Kingdom precedent cited by the hon. member for Yukon was based on the admission by a member of that House that he had deliberately misled the House. There was no debate on that issue in the Profumo matter.

Alternatively, the hon. member for Yukon suggested that the precedent relating to the then hon. member for Northumberland-Durham—today it is the other way around; he is now the hon. member for Durham-Northumberland (Mr. Lawrence)—in 1978 is on point here. On that occasion there was before the House the admission of a former senior officer of the government, a retired commissioner of the RCMP, that during his tenure letters for the signature of the then Solicitor General were not always drafted "on precise statements of fact". This was "privilege" because on its face, or prima facie, the facts disclosed what amounted to a deliberate attempt to obstruct the hon. member in his parliamentary work.

In the case before us, however, while the hon. member for Yukon suggested to the Chair that the various statements of the minister responsible for housing amount to an admission that earlier statements were false, or that he was misled by his officials, causing him to mislead the House, the hon. member does not suggest that officials deliberately misled the minister or that the minister deliberately misled the House. For that matter, the hon. member could only make such an allegation in a charge.

It does not amount to contempt for a member to mislead the House inadvertently, and this does happen from time to time. Furthermore, it is not unparliamentary to suggest that an hon. member has misled the House. In such a case the member may feel obliged to apologize to the House and to its members where he may have unintentionally misled the House. This is an accepted procedure where a member has made a mistake and has had his attention directed to it by another member, or where his attention has not been drawn to a mistake but the member nevertheless felt that he should advise the House.

But if one member wants to bring the conduct of another member into discussion in the House and refer it to the committee, whether or not that conduct amounts to contempt

of the House, he must accuse the other member of a serious charge, and to say that a member misled the House does not constitute a serious charge.

On the other hand, if a member admits to the House that he lied to the House or otherwise deliberately misled the House, that could be made the subject of a motion for contempt or of a reference to the committee. But such is not the case here, and I therefore cannot find that a prima facie case exists.

* * *

PETITIONS

TABLING OF REPORTS OF CLERK OF PETITIONS

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table reports of the Clerk of Petitions stating that he has examined the petitions presented by hon. members on Monday, December 14, 1981, and finds that they meet the requirements of the Standing Orders as to form.

ROUTINE PROCEEDINGS

[*Translation*]

EXTERNAL AFFAIRS AND NATIONAL DEFENCE

PRESENTATION OF SIXTH REPORT

Mr. Marcel Prud'homme (Saint-Denis): Madam Speaker, I have the honour of presenting as the sixth report of the Standing Committee on External Affairs and National Defence, in both official languages, the interim report of the sub-committee on Canada's relations with Latin America and the Caribbean, which has been considered and approved by the Standing Committee on External Affairs and National Defence.

The chairman of the sub-committee, the hon. member for Labelle (Mr. Dupras), has completed his preliminary study, and the House has given us until April 30 of next year to present the final report.

[*Editor's Note: For text of above report see today's Votes and Proceedings.*]

* * *

[*English*]

McDOUGALL ROYAL COMMISSION

TABLING OF REPORT ON CONDITIONS OF FOREIGN SERVICE

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, pursuant to Standing Order 41(2), I wish to table copies, in both official languages, of the report of the McDougall Royal Commission on Conditions of Foreign Service.

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[*Translation*]

HAZARDOUS SUBSTANCES

TABLING OF REPORT ON UREA FORMALDEHYDE

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, pursuant to Standing Order 41(2), I have the honour of tabling, in both official languages, the report on the national testing survey to the Board of Review by the UFFI Information and Co-ordination Centre.

* * *

[*English*]

PETITIONS

MR. WENMAN—PROCEDURE RESPECTING PRESENTATION OF PETITIONS

Mr. Bob Wenman (Fraser Valley West): Madam Speaker, I have the duty and responsibility to present a petition on behalf of 114 citizens. The nature of this petition is to support my efforts in this House of Commons to protest the limitation on the right of a private member to present common grievances of his constituents by way of a public petition.

The purpose of this petition is to effect changes to current parliamentary procedure respecting petitions so that a Member of Parliament may read the content of a petition upon presentation to the House of Commons.

These petitioners hope that since this may constitute a matter of present personal grievance as delineated by Your Honour's ruling of November 9, 1981, Your Honour shall use the discretionary powers vested in your office to allow the matter of this petition to be read and either brought into immediate discussion or referred to a committee so that some remedy may be found for this complaint respecting direct access of constituents to the House of Commons and the Parliament of Canada.

• (1510)

MR. RAE—CHARTER OF FUNDAMENTAL HUMAN RIGHTS AND FREEDOMS

Mr. Bob Rae (Broadview-Greenwood): Madam Speaker, I would like to present to the House a petition signed by 1,083 women and men from across Canada with regard to the provision of a charter of fundamental human rights and freedoms. While the House has already spoken on this issue, I think it is an important principle that deserves to be on the record of the House. I would like to present this petition to the House at this time.

Motions

MR. SCHRODER—REQUEST FOR ASSISTANCE TO OWNERS OF HOMES WITH UFFI

Mr. Jim Schroder (Guelph): Madam Speaker, I have the honour and duty to present a petition on behalf of a number of my constituents. The purpose of this petition, signed by 260 citizens of the riding of Guelph, is to ask that the government give consideration to providing assistance to those in Guelph who have suffered because of urea formaldehyde foam insulation. Consequently, on behalf of these citizens I am pleased to lay upon the Table this petition. The petitioners hope, Madam Speaker, that in your examination of their petition you will find it in order and that an equitable solution will be found to their problem.

* * *

PRIVILEGE

Mr. Jack Shields (Athabasca): Madam Speaker, I have a question of privilege I would like to present for your direction. During the time in question period when you introduced members of the Armed Forces to this House, all members stood. There was an action by one member of the House which I feel reflects very directly on all members of this House.

Madam Speaker: Order. I am sorry, but that does not constitute a question of privilege.

* * *

TRANSPORT

MOTION RESPECTING STUDY BY STANDING COMMITTEE

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, I have a motion which is an order of reference. I believe it is agreeable to all sides of the House. I move:

That the Standing Committee on Transport be empowered to study and report to the House no later than March 5, 1982 its recommendations with respect to the document entitled "Proposed Domestic Air Carrier Policy (Unit Toll Services), August 1981"; and

That during the consideration of the aforementioned study, the committee be empowered to retain such professional, clerical and stenographic help as may be required.

Hon. Erik Nielsen (Yukon): Madam Speaker, I have had discussions with the spokeman for the opposition on that matter, the hon. member for Annapolis Valley-Hants (Mr. Nowlan), and consequently consent to the order.

Madam Speaker: Does the House give its unanimous consent to this motion?

Some hon. Members: Agreed.

Motion agreed to.

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 2,289, 2,663, 3,312 and 3,313.

[*Text*]

DIRECTORS OF PETRO-CANADA

Question No. 2,289—**Mr. Wright:**

1. How many directors are on the board of Petro-Canada and, in each case, what is his/her name, occupation and remuneration?

2. Are all director positions filled and, if not, how many are vacant?

3. Are directors appointed on a regional basis and, if so, what regions are represented at present?

4. Are all directors (a) residents of Canada (b) Canadian citizens?

5. Were any directors elected to public office and, if so (a) what was his/her name (b) to which public office was he/she elected (c) which political party did he/she represent (d) which constituency did he/she represent (e) for how many years did he/she serve?

6. Prior to the appointment to Petro-Canada, did any director hold a position in a department, Crown corporation or agency and, if so (a) what was his/her name (b) in which department, Crown corporation or agency?

7. Do any act as directors on the boards of other public or private corporations and, if so (a) what is his/her name (b) for which corporations?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Petro-Canada reports as follows:

1. Fifteen.

Name	Occupation
Wilbert H. Hopper	Chairman and chief executive officer, Petro-Canada.
Andrew Janisch	President and chief operating officer, Petro-Canada.
James Thompson Black	President and chief executive officer, The Molson Companies Ltd.
Jean Claude Hébert	Deputy chairman, Petro-Canada.
Ione Christensen	Business executive.
Marshall A. Cohen	Deputy minister, Department of Energy, Mines & Resources.
Jerahmiel Grafstein	Lawyer, Mindon, Grass, Grafstein and Greenstein, Barristers and Solicitors.
Gordon H. Lennard	President, G.H. Lennard Ltd.
David McD. Mann	Lawyer, Cox, Downie, Nunn & Goodfellow, Barristers and Solicitors.
Harrison McCain	Chairman of the Board, McCain Foods Limited.
Thomas K. Shoyama	Professor and Company Director.
Ian A. Stewart	Deputy minister, Department of Finance.

Name	Occupation
Paul Tellier	Deputy minister, Department of Indian and Northern Affairs.
Richard Cashin	President, Newfoundland Fishermen, Food and Allied Workers.
J. Robert Ouimet	President and chief executive officer, J. René Ouimet of Montreal.

Remuneration

Directors are paid according to Petro-Canada's bylaws, section 7, which states:

"7. Remuneration: Each director, other than a director who is employed in the Public Service or a director who is an officer of the corporation, shall receive the sum of $500 for each meeting of the board or any committee of the board attended by such director and for each eight hours spent travelling to and from such meeting. A director, when absent from his ordinary place of residence, shall be paid reasonable travelling and living expenses incurred by him while travelling to, attending or returning from any meeting of the board, a committee, any other meeting or other business activity in relation to the affairs of the corporation. The directors may by resolution, award special remuneration to any director of the corporation other than a director who is employed in the Public Service or a director who is a full-time officer of the corporation undertaking any work or service on behalf on the corporation beyond that ordinarily required of a director."

2. Yes.

3. All directors are appointed by the governor-in-council and a variety of factors are taken into consideration in the appointment of directors. The regional representation of the directors is as follows:

Alberta	3	(including two officers of Petro-Canada)
British Columbia	1	
New Brunswick	1	
Newfoundland	1	
Nova Scotia	1	
Ontario	5	(including three deputy ministers)
Quebec	2	
Yukon	1	

4. (a) and (b) Yes.

5. Yes. (a) Richard Cashin, (b) Member of Parliament, (c) Liberal, (d) St. John's West, (e) 1962-68.

6. Yes.

(a)	(b)
Wilbert H. Hopper	National Energy Board Department of Energy, Mines and Resources
Marshall A. Cohen	Department of Finance Department of Energy, Mines and Resources Department of Industry, Trade and Commerce
Thomas K. Shoyama	Central Mortgage and Housing Corporation Economic Council of Canada Department of Finance Farm Credit Corporation Department of Energy, Mines and Resources
Ian A. Stewart	Bank of Canada Treasury Board Department of Energy, Mines and Resources Privy Council Office
Paul Tellier	Department of Energy, Mines and Resources Privy Council Office Ministry of State for Urban Affairs Public Service Commission Department of Fisheries and Environment

7. Yes.

(a)	(b)
Wilbert H. Hopper	Petro-Canada Panarctic Oils Ltd. Westcoast Transmission Company Limited Syncrude Canada China Trade Council Polar Gas Project
Andrew Janish	Petro-Canada Panarctic Oils Ltd. Westcoast Transmission Company Limited Viatec Resource Systems, Inc.
James Thompson Black	The Molson Companies Ltd. Mutual Life of Canada Canron
Jean Claude Hébert	Petro-Canada Dominion Textiles Alliance Mutual Insurance Carine-Bankcorp-Inc. Eastern Provincial Airways
Ione Christensen	Arctic Institute of North America
Marshall A. Cohen	Atomic Energy of Canada Limited Eldorado Nuclear Limited
Jerahmiel Grafstein	Red Leaf Communications Ltd. Calendar Magazine Ltd. (and affiliated companies) Channel 79 Ltd. (and affiliated companies) CUC Limited (and affiliated companies) Multilingual Television (and affiliated companies)
Gordon H. Lennard	G.H. Lennard Ltd. Dominion Textile Inc. The Resource Group Ltd. Peter Bawden Drilling Ltd. Gold Circle Insurance Company

Order Paper Questions

(a)	(b)
David McD. Mann	Impact Publishing Ltd. Andres Wine Atlantic Trust Co.
Harrison McCain	McCain Foods Limited Bank of Nova Scotia
Thomas K. Shoyama	Petro-Canada Hawker Siddeley Canada Inc. Bank of Tokyo Canada
Ian A. Stewart	Atomic Energy of Canada Limited Bank of Canada Canada Development Corporation Export Development Corporation
Paul Tellier	Northern Canada Power Commission
Richard Cashin	Newfoundland Fishermen, Food and Allied Workers North South Institute Canadian Saltfish Corporation Export Trade Development Board Institute of Public Affairs Institute for Research on Public Policy
J. Robert Ouimet	J. René Ouimet of Montreal Zellers National Bank of Canada Canadian Food Processors Association

MR. MARK STAROWICZ

Question No. 2,663—**Mr. Cossitt:**

1. With reference to the answer to question No. 2,305 which stated in part that whether or not Mr. Mark Starowicz of the CBC ever received security clearance was "not applicable", what are all the reasons that it is "not applicable"?

2. Was Mr. Starowicz given any form of security clearance before or after his publicized association with a former Russian journalist in the Parliamentary Press Gallery and, if so, what are all the details?

Mr. Jack Masters (Parliamentary Secretary to Minister of Communications): I am informed by the Canadian Broadcasting Corporation as follows: 1 and 2. The reply to part 1(c) of question No. 2,305 referred to the fact that the CBC has not conducted a security check on Mark Starowicz.

STATEMENT OF MINISTER OF ENERGY, MINES AND RESOURCES

Question No. 3,312—**Mr. Cossitt:**

Did the Minister of Energy, Mines and Resources recently state "We have a little bit of a tendency in Canada just to run scared the moment some official says "Boo" in the United States" and, if so (a) has this happened and on what occasions (b) does the government plan to take steps to correct this situation and, if so, what are the steps?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): See Beauchesne's Rules and Forms of the House of Commons of Canada, Citation 359—fifth edition, paragraph (10), and Citation 171—fourth edition, paragraphs (e) and (nn).

Question No. 3,313—**Mr. Cossitt:**

Did the Minister of Energy, Mines and Resources recently state "We should not take to the woods every time somebody coughs in Washington" and, if so (a) has this happened and on what occasions (b) does the government plan to take steps to correct this situation and, if so, what are the steps?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): See Beauchesne's Rules and Forms of the House of Commons of Canada, Citation 359—fifth edition, paragraph (10), and Citation 171—fourth edition, paragraphs (e) and (nn).

[*English*]

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

[*Translation*]

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

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*Translation*]

SMALL BUSINESSES LOANS ACT (NO. 2)

MEASURE TO INCREASE MAXIMUM AMOUNT OF LOANS

Hon. Charles Lapointe (Minister of State (Small Businesses and Tourism)) moved that Bill C-84, an act to amend the Small Businesses Loans Act (No. 2), be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

He said: Madam Speaker, I have the honour of tabling in the House Bill C-48, an act to amend the Small Businesses Loans Act. I am sure that the House will consider this bill as a piece of routine legislation. It is merely a bill to amend an act that has received the general approval of parliament several times before. Mr. Speaker, the Small Businesses Loans Act, as hon. members will recall, was amended in June 1980. At that time, the amendments we proposed were aimed at achieving three things. First, when the amendments were approved in June 1980, we increased the maximum individual loan from $75,000 to $100,000. Second, we raised the maximum of all loans that may be guaranteed during that period to $850 million, and third, we extended the life of the Small Businesses Loans Act by two years, from July 1, 1980, to June 30, 1982.

The amendment I am proposing today as part of Bill C-84 merely raises the present ceiling of $850 million by $650 million, so that the new lending ceiling for the two-year period will be $1.5 billion. I am aware that it is not customary to amend the act twice in so short a time. However, the reason for this amendment should be sought in the enormous popularity of this program and increased demand on the part of small businesses. This situation has developed because the program has expanded far more rapidly than was expected at the time the last amendment was made in June, 1980.

To demonstrate the program's rapid expansion, I shall, if I may, quote a few statistics comparing the program's activities over consecutive one-year periods. Between July 1, 1979, and July 30, 1980, 12,717 loans were approved, representing a total of $308,364,372. The following year, from July 1, 1980, to June 30, 1981, 18,620 loans were granted, totalling $505,-642,180. Mr. Speaker, these figures mean that in one year alone, the number of loans increased by 46.4 per cent, and the amount or value of these loans by 64 per cent. These increases, percentage-wise and over a single year, prove that the program is gaining increasing acceptance among Canada's businessmen and women and among financial institutions. However, this rate of growth has made it difficult to make accurate projections of loan demand.

As I said before, over $500 million were loaned during the first year of the present two-year period, which represents an increase of 64 per cent over the last year of the previous loan period. If this rate of growth is sustained, over $800 million will be loaned during the second year of the present two-year period, that is, between July 1, 1981, and June 30, 1982. For the entire two-year period, the total amount will then be $500 million plus $800 million, that is, $1.3 billion. At the present time, as I just said, the ceiling is set at $850 million. Consequently, if the present trend continues, the ceiling will be exceeded by about $450 million, and even if the present growth rate should stabilize, the initial ceiling of $850 million would not be adequate.

Therefore, Mr. Speaker, in the bill now before the House, I am proposing to raise by $650 million the ceiling on loans granted under the Small Businesses Loans Act, thereby raising the total ceiling to $1.5 billion. This will provide, if the present trend continues,, a safety margin of $200 million, should the loans granted under this act increase even faster than is now the case. The increase will make it possible to continue the program without interruption until its expiry date in June 1982, when the act will again be considered by Parliament for renewal or amending purposes. I must emphasize that an increase in the ceiling does not represent an increase of $1.5 billion in liabilities, but will simply allow the program to be maintained without interruption until June 30, 1982.

Mr. Speaker, in examining this bill, opposition members will note that, while increasing the maximum of guaranteed loans, it does not propose any amendment to the policy outlined in the Small Businesses Loans Act. Hon. members are aware that the government will shortly introduce policy proposals resulting from the comprehensive review of its financial assistance programs for small businesses, which review is now in its last stages. A great number of factors affecting the future of this program will be considered, and in the context of this consultation and this study, we intend to examine carefully all the suggestions made by small businesses, as well, of course, as by members of this House.

Opposition members know that as a result of the changes in the Small Business Development Bond program contained in the new budget only small business bonds experiencing financial difficulties will benefit from it. I would like to point out that, while there is no direct link between the Small Businesses Loans Act and the Small Business Development Bond program, the provisions of former can be used to guarantee the bonds issued under the Small Business Development Bond program as long as the terms meet the requirements of the act and both business and project are eligible. The act could therefore encourage lenders to grant bonds at a lower interest rate to help small businesses in financial difficulties, especially when sufficient loan guarantees are not available otherwise. Moreover, we should not forget that the flexibility and length of terms and the preferential interest rates available to businesses under this legislation already allow these businesses to have access to significant amounts which would not be available to them otherwise.

In the meantime, before we have to deal in the coming months with more comprehensive changes to the small business financing programs as a result of the various ongoing analyses and studies, I would ask hon. members to adopt this bill without undue delay. I am aware that the parliamentary leaders on both sides of the House have agreed to end this debate tomorrow at 6 p.m. at the latest. I want to thank them because the adoption of this bill will indeed enable us to continue the implementation of this guaranteed loans program for small businesses which has so far proven to be extremely popular as evidenced by its rate of growth over the last twelve months. I conclude my remarks by urging all my colleagues to do their utmost to ensure speedy passage of this amendment to the Small Businesses Loans Act.

• (1520)

[*English*]

Mr. Chris Speyer (Cambridge): Let me state at the outset of my remarks, Mr. Speaker, that the Conservative Party supports the raising of the aggregate amount of loans guaranteed by the government to lending institutions during the two-year period, July 1, 1980, to June 30, 1982, from $850 million to $1.5 billion.

This change is required by the increased volume of lending under the provisions of the legislation. The Small Businesses Loans Act was first established almost 22 years ago by a Conservative government of the day. Its purpose was to assist

small enterprises in their financing of capital improvements. The legislation was aimed at furthering the efficiency and the competitive strength of small-business enterprises and, in doing so, to ensure that small businessmen and women would continue to share in Canada's economic progress.

Since its inception, the Small Businesses Loans Act has undergone a number of significant changes. For example, the categories of eligibility for potential borrowers has been broadened; another example is that the amount permitted by any borrower has been raised; and finally, the interest rate formula was amended permitting a lender to charge a maximum of bank prime, plus 1 per cent.

Today's amendment increasing the amount of government guarantee is important and necessary. It will not be opposed by the Conservative Party. However, lest the small business entrepreneur in Canada and all Canadians forget—and we on this side covenant not to allow the people of Canada to forget—the present government has demonstrated by its record that it is the mortal enemy of Canadian small business entrepreneurs.

The record of the government is one of callous neglect and unparalleled insensitivity to a sector of our economy which employs more than 60 per cent of our workers. There is nothing that reflects such insensitivity and naivete more than the proposals contained in the budget of the Minister of Finance (Mr. MacEachen) as it impacts on small business entrepreneurs. I will have considerably more to say in a few minutes with regard to this matter.

Before the budget was brought down on November 12, the economic hardship which tens of thousands of Canadians had to endure this year is difficult for words to exaggerate. Over the past six months, prime rates have reached the extortionary height of 22¾ per cent, and on budget night interest rates were perched at the lofty level of 17.25 per cent. Each one of us has witnessed from the focus of our local constituency office the tragedy of businesses buckling under the strain of the interest rates, of families renewing their mortgages at rates that they cannot afford and the whole toll of human tragedy that 20 per cent interest rates creates.

On budget night, inflation was running at 12.7 per cent, without the burden of new energy prices having been absorbed into our economy and in the wake of the warning by the Governor of the Bank of Canada in his speech in Calgary where he said that our inflation was a made-in-Canada inflation and that interest rates which savaged small-business men and women would continue unless inflation was brought under control.

We now know that during budget month 790 Canadian businesses went bankrupt, compared to 531 in the same month last year, a staggering increase of 50 per cent, while at the same time there was a 29.4 per cent increase in personal bankruptcies over the same period, primarily due to high interest rates. In the two months prior to the budget, unemployment had soared to 8.3 per cent in each month, dispelling the minister's forlorn hope that economic indications of unemployment were mere statistical aberrations.

It is against this backdrop, this era of recession, this season of concern and doubt, that all Canadians sincerely hoped that the budget of the Minister of Finance would be a blueprint of future economic stability, which we all so earnestly desired. It was on November 12 that the Minister of Finance delivered such a crippling blow to the small business community in Canada. The budget of the Minister of Finance made sweeping retroactive changes to many of Canada's basic tax provisions.

In 1969, when revolutionary tax changes were proposed, Canadians were given an opportunity by way of a white paper to discuss and to react. They were then weighed with respect to the changes that might have been implemented. But there was no white paper in this case; there was no discussion, criticism or input which allowed the business community and Canadians in general to assess the weight of the proposals.

What we have here is a document written by tax officials who are totally insulated from the Canadian business community. They have been misguided and they have made unconscionable changes. They have demonstrated a shocking lack of practical knowledge of the Canadian business community. I believe that the Minister of Finance is now recognizing the garden path that his department officials have led him down.

In the next few minutes, Mr. Speaker, I should like to examine a few of the tax changes and how they affect the small business community in Canada. For small-business men and women in this country, there is no equity in this budget. It is a recipe for pain and suffering.

In a budget replete with disincentives, gross misrepresentations and obstacles to the businessmen and women in Canada, there are few provisions which match, in terms of disappointment, the gutting of the Small Business Development Bond. When the bond concept was first introduced in the House in the Conservative budget of December 1979, its purpose was to give the small business community a real incentive to expand and develop their businesses. The vehicle by which this expansion and development was to be encouraged was a preference in the interest rate to be charged on moneys borrowed. Specifically, the rate could be determined by taking half the prime rate plus the bank's spread, which was normally between 1 per cent and 2 per cent. Thus, if the prime was 18 per cent, as it almost is today at 17.75 per cent, the cost of the bond would be 10 per cent or 11 per cent per year, depending upon the borrower's financial rating at his or her bank. The benefit to be derived from the bond in encouraging expansion and development was to create both cash flow and jobs in this vital sector of our economy. Additionally, it became urgent to save small businesses in a state of financial plight when interest rates soared to record highs, as we witnessed this year.

• (1530)

Was the bond under the old rule successful? It was enormously so. It saved hundreds of companies from bankruptcy by allowing those companies to take advantage of the preferred rate of interest. Equally, the bond was a vital vehicle of development and expansion in an economy where the record

setting interest rates of the past year would have otherwise prohibited prudent business planners from carrying out such undertakings. Indeed, the measure of the bond's success was that financial institutions authorized loans totalling $1.8 billion over the last few months of 1980 and the first three quarters of 1981.

Under the budget of the Minister of Finance, the bond has been gutted in two essential ways. First, the bond can only be given in cases of financial hardship and not for the purposes of development and expansion. Second, the interest cost of the bond has been effectively increased by 3 per cent, even to those hardship cases to which it now solely applies, thus stripping it in real terms of any substantial advantage.

Dealing with the second point first, I ask the minister why the government has increased the cost of the bond in circumstances where the lender must be on the brink of financial insolvency or financial disaster in order to qualify. Let me return to the example I gave earlier. With prime at 18 per cent, the new bond rate charged by the banks will be one half of prime, which is 9 per cent, plus 3 per cent, which is the new additional tax cost to the bank passed on to the lender, plus the bank's margin of probably 2 per cent with less secure loans. Thus, the borrower will be paying 14 per cent interest instead of 11 per cent. It is the government which raised the cost of the bond by 3 per cent in spite of the fact that the borrower must be certified to the satisfaction of his bank that he is about to go under.

Second, by eliminating from the criteria of eligibility for the bond the small business person who seeks to expand or develop his business, the Minister of Finance has snuffed out incentive for development in a current economy where the rate of bankruptcies has exploded, where jobs are being lost in the manufacturing and retail sector at a frightening rate, and where the cash flow of companies is being sucked away by the government's insatiable appetites for revenues. With barely two weeks left this year, both the banking community and many businessmen in Canada still have not been able to obtain answers from the Department of Finance on important and complex questions to which the bond proposal in the budget gives rise.

During the course of the past year many accountants and bankers have encouraged businessmen to finalize their business transactions by way of the SBDB in the month of December, after the year's total financial obligations have been incurred. This advice was given on the sound financial basis that there is only one bond available to an applicant and, accordingly, the total year's obligations can only be included in the bond when the year's expenditures have been incurred. With the definitional change in the small business bond from "development" to "bail-out", many of these businesses are no longer eligible for the bond. They have lost a financial instrument which formed the basis of their borrowing capabilities over the entire fiscal year. The rug has been pulled out from under them through no fault of their own.

What is the future of the bond, now that it has been stripped of its vitality? The government estimated in its budget papers that the new program will cost $20 million per year in forgone tax revenues for each of the next five years. If the bond had not been reduced in definition, the forgone tax revenues would have totalled $150 million per year for the same five-year period. The government has saved $130 million per year through the emasculation of the program which was determined to restore incentive to the small business community. But what has it cost small businessmen? I have spoken to senior sources in the banking industry, and they have estimated that the chartered banks will authorize less than $100 million in small business bonds over fiscal 1982. That is a drop of 95 per cent, from $1.8 billion to $100 million. This program used to be an important financial instrument to small business. It has now been so restricted, as is evidenced in this comparison, that no amount of political doubletalk will return the bond to its previous value.

Another blow given the small business entrepreneur in the budget proposals pertains to the restriction in the deduction of interest expense on tax returns. Interest on money borrowed for investment purposes will be deductible only to the extent of the investment income reported. This restriction is so severe that one must truly wonder whether the Minister of Finance understood the grave implications of this proposal. Consider, for example, an individual who wishes to purchase a 50 per cent interest in a small manufacturing company. If the individual must rely on borrowed funds to purchase his share, he will be denied the current deduction for his interest expense except to the extent that he has declared a dividend in the year.

In this regard I quote from the Coopers & Lybrand report which sums up the effect of the proposal of the Minister of Finance:

> He is proposing to disallow certain current expenses, such as interest, where the income from the investment is not immediately receivable or is less than the expenses claimed. Carried to its logical extreme, such a policy would deny a deduction for all business and investment expenses that did not immediately produce income. Investment for future growth and profit would be denied.

That is an incredible implication. There can be no doubt that this policy will discourage people from borrowing money to invest in shares of a small business where profits will be ploughed back into the business and not distributed as dividends. This provision will deter risk takers and have a serious deleterious effect on the economy in general. I certainly hope that the newspaper accounts of the willingness of the Minister of Finance to retreat from this proposal prove to be accurate.

In my view, the main focus of the budget is the massive revenue grab by the federal government increasing its revenues by some 22 per cent in the first year and 43 per cent in the second. Expenditures for 1981-82 are estimated to rise to $76.6 billion from $62.7 billion. Indirect taxes have been increased from $13.3 billion to $20.5 billion, a growth of 54.1 per cent in one year. In this massive revenue grab, small and medium-size businesses will be detrimentally affected by the provision limiting the capital cost allowance deduction in the year any asset is acquired to half the normal rate of write-off currently provided. It will have a huge dollar impact on the

business sector. The government estimates that tax revenues will be increased over the next three fiscal years by $2 billion.

In his May, 1972 budget, as part of the development of a new industrial policy the then minister of finance, the Hon. John Turner, first created the speedy write-off provision which in the past nine years has greatly assisted the manufacturing and processing sector. This sector of the economy is largely comprised of small and medium-size businesses which employ one out of every five Canadians. The then minister of finance said:

> I propose that the cost of all machinery and equipment purchased after tonight by a taxpayer to be used for the purpose of manufacturing or processing goods for sale or lease in Canada may be written off in two years.

● (1540)

He went on to state that this measure was enacted for the purposes of creating cash flow in the manufacturing sector to create jobs, which at that time was a priority of the Liberal government, and finally to allow industry to retool and consequently avoid obsolescence in the decade ahead.

The MacEachen budget proposal as it affects capital cost allowance will suck out of the private sector an additional $1.1 billion in fiscal 1982-1983 and stunt the industry's ability to enhance cash flow and create jobs for expansion. This proposal is both retrogressive and counterproductive and should immediately be withdrawn.

Another major assault on the small business entrepreneur is the budget proposal ending the opportunity for individuals and corporations to defer tax on instalment sales where a portion of the proceeds is not paid until a future date. In spite of the fact that the proceeds from the sale have not been received by the vendor, the total sale price will attract tax. The change will affect all businesses that sell goods on a time payment plan, such as vendors of farm equipment, machinery, furniture and appliances. Moreover, small businessesmen who wish to sell shares of their corporation to employees with payment being made by instalments over a period of years will now have to look for cash buyers. They will not have the money to pay the tax which will be attracted all in one year. The fact is that purchasers will now have to go to banks to finance a purchase because vendors will not be able to afford to extend personal financing arrangements.

The legacy that our forefathers gave to us is a country with unparalleled opportunity, forged on the anvil of risk-taking, incentive, hardwork and imagination. The small business community, which is the backbone of our economy employing more than 60 per cent of all Canadian workers, can only survive and prosper in a climate where incentive and risk-taking are rewarded.

Regrettably, yesterday's economic incentive has become today's tax loophole. In Toronto, on October 28, the Prime Minister (Mr. Trudeau) set forth the essential standard which would be employed in the budget when he said, and I quote:

> What we are against is the rich getting richer by taking from the poor. So we take something from the rich, and give it to the poor, and we try to prevent the strong from exploiting the weak.

Juxtaposing this alleged standard against the marginal tax rate applicable to the rich, we witness just one more example of Liberal hypocrisy. The accounting firm of Peat, Marwick has published, subsequent to the budget, the amount of tax savings of Canadians earning more than $40,000 and less than $150,000. For those earning $40,000, the new tax will be $13,446 as compared to $14,070 under the old rate. This is a saving of $624. For those earning $60,000 there is a saving of $1,215. For those earning $80,000 there is a saving of $1,808. At the $100,000 bracket, the saving becomes $2,989; and for those earning $150,000, a handsome wage indeed, taxes will be reduced by $7,670.

In real terms, for a deputy minister, category three, earning between $80,000 and $93,600, the tax load will be lessened by between $1,800 and $2,500. Supreme court and county court judges, assistant deputy ministers and senior bureaucrats are insulated from the effects of the budget because under normal circumstances, deriving their income from salary, their marginal rate of taxation is reduced.

On the other hand, the small business entrepreneur who employs so many Canadians, who is the risk-taker, who has no security of tenure, who has no pension plan save and except the provisions of retirement he himself undertakes, is gouged and discriminated against by the budget proposals. We witness the proposal that interest on money borrowed for investment purposes will be deductible only to the extent of the investment income reported. We witness that the interest on moneys borrowed by RRSP contributions to provide for one's retirement will not be deductible under any circumstances.

We witness firms wishing to utilize the Small Business Development Bond for reasons of expansion or development no longer meeting the criteria. We witness the budget elimination of the allowance for reserves in respect to instalment sales where a portion of the proceeds would not be paid until a future date. We witness the restriction on capital cost allowance whereby the government will reap an additional $2 billion from the private sector in the next three fiscal years. We witness professionals, whether they be lawyers, engineers or architects, paying tax on work in progress which is not ready for billing. We witness the elimination of income-averaging annuity contracts which will have a profound effect on sellers being less willing to finance the sale of a business or a farm through the use of a mortgage. Now it will be cash on demand.

The cumulative effect of all these provisions betrays any attempt by the Minister of State for Small Businesses and Tourism (Mr. Lapointe) or the Minister of Finance to say that they care about this most important sector of the economy. It further demonstrates what little influence the minister responsible for small business has over his colleague, the Minister of Finance.

I cannot refrain from pointing to an item in a very respectable tax journal, "The Canadian Taxpayer", which is edited by Arthur B. C. Drake, who is widely respected. It points out that, on the one hand, incentive is taken away from the small businessmen and, on the other hand, the mandarins are pros-

pering as a result of the budget. I suggest that the article takes a respectful and neutral position. It reads in part as follows:

> We would be remiss if we didn't refer to Michael Pitfield, Clerk of the Privy Council office, the top mandarin and intimate of the Prime Minister. When Pitfield was fired by Joe Clark, he rolled more than $100,000 into an RRSP. When he was reinstated in his job, he refused to give the money back, even though there would have been no tax cost.
>
> Pitfield got his protection. And then concurred in closing this loophole. If he had any sense of honour or decency, he would give back the money today. And if he says he doesn't know how, we'll explain how to do it without tax cost, and without charging him fees!

To that I say aye, aye!

So to conclude, Mr. Speaker, I support, as does my party, today's amendment to the Small Businesses Loans Act, Bill C-84. I can only add that any amendment that will assist Canadian small business will be supported by this party, especially in light of the reprehensible budget proposals that have been tabled in the House by the Minister of Finance.

It is ironic and somewhat indicative of the intellectual impoverishment of this present Liberal administration that we have all-party support for an amendment extending legislation born by a Conservative government while at the same time Canada faces a revolution in the business community caused by the proposals in the recent Liberal budget.

Some hon. Members: Hear, hear!

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, at the outset I should like to say the New Democratic Party supports Bill C-84, to amend the Small Businesses Loans Act, which would increase the maximum amount of all loans that may be guaranteed during the two-year period ending June 30, 1982, from $850 million to $1.5 billion.

It is unfortunate that the minister and his parliamentary secretary are unable to be in the House. Perhaps if this was the most that I had to say about small business I would also be hiding behind the curtain.

Some hon. Members: Hear, hear!

Mr. Riis: I must say that it is not what is before the House that concerns us at this time as much as what is not before the House, those things that are omitted from the bill. The New Democratic Party has just held task force hearings across Canada in the past few weeks, and at the various stops small business organizations, chambers of commerce, boards of trade and individuals appeared to comment on the health of the economy in Canada in general, on the budget specifically and especially the provisions of the budget which directly relate to the small business community.

● (1550)

I can say without any exaggeration that their response was not an enthusiastic one and was not one of endorsement of the government's policies but, rather, was a response of unbelief, a virtual condemnation of the budget provisions which had an influence on the small business community, and certainly a universal condemnation of the high interest rates and monetarist policy being pursued by the government.

I believe that when one looks at the way in which the government approaches the small business community and at the kind of signals it sends out to the small business community which would indicate its support or lack of support, the message is very clear indeed. In all fairness, this might not be restricted only to Canada. At the recent eighth annual symposium of small business which was hosted by the Government of Canada, one noted that there were hundreds of representatives and delegates at the symposium; yet when one looked around at the number of small-business men who were represented by their own presence, what was notable, in fact, was their absence. Government officials, bureaucrats, financial representatives and leaders of various organizations were in attendance. However, the actual rank-and-file man in the trench, the small-business man, was not there, probably because he could not afford to travel that distance or to neglect his business affairs for two or three days in order to attend the conference. But for whatever reason, it seemed to me to be another indication that small business is not held in high esteem in this country, and perhaps in other countries, and that small business is not receiving a clear signal from the government that, indeed, "We are there to encourage, nurture and support you".

When one looks at the number of government programs which are in place to assist business per se, one notices that at best, out of 200 programs which can be identified to assist the small business community, only a handful are clearly directed at the small business community. Again, six or seven programs out of 200 provide a very clear signal to the members of the small business community as to how the Government of Canada feels about them.

However, I guess the lowest blow of all is the continuing support of Canada's monetarist policy of high interest rates. The Governor of the Bank of Canada, the Prime Minister (Mr. Trudeau) and the Minister of Finance (Mr. MacEachen) are on record, day after day, as saying, "This is the way to beat inflation." Recognizing that inflation is undoubtedly one of the major problems facing us, I think we must clearly state there are two ways of fighting inflation. Certainly, one way is to reduce the amount of money spent by government. We in this House recognize that hundreds of millions of dollars are frivolously spent by the government which could, in fact, be cut out of the budget, perhaps without anyone noticing it. However, the other way to combat inflation is to increase the productivity of this country, to lift the productivity up so that it balances out with the rate of spending. Perhaps we should approach it on both fronts. Federal government spending should be reduced, but the level of economic productivity in Canada should certainly be improved.

Is there anyone in this House who, for a moment, would begin to suggest that the present high interest rates are increasing the productivity in our country? It is very clear that we are into a very serious recession bordering on a depression. I feel very strongly that if there is one thing which is not occurring in our country today, it is an increasing level of productivity.

The one million people who find themselves among the ranks of the unemployed are certainly not assisting the small business community these days. Their spending powers, of course, are severely hampered when they find themselves among the ranks of the unemployed. Inflation, which we are fighting, erodes the purchasing power of virtually all Canadians, with a direct spin-off to the small business entrepreneur. However, as the hon. member for Cambridge (Mr. Speyer) so accurately stated, there exists in the country today, like perhaps never before, an atmosphere of uncertainty, of hopelessness, of doubt, of gloom and doom and of despair. There is certainly good reason for that atmosphere to be existing today.

On November 12, the business communities of Canada, both large and small, were awaiting some direction by the government, awaiting the opportunity to get on with the job and to start building and developing our country. Friday the thirteenth was indeed a black day. On November 13, businessmen across the country gathered in groups, in hordes, to listen to what the budget provided for them. Today we keep hearing the same representations by delegations from various groups, by individual Members of Parliament, and by newspaper ads very clearly spelling out irrefutable evidence that the provisions being introduced in this budget will have a very detrimental effect on the business community of this country. If there was one thing the small business community did not need on November 12, it was a further hammering; but that is what it received on November 13, compliments of the Government of Canada. Therefore, if uncertainty, doubt and hopelessness existed on and before November 12, one can bet that it is certainly accelerating today.

We read that during the month of the budget, the number of bankruptcies in our country was significantly higher. While opposition members often raise the spectre of bankruptcies and quote all kinds of statistics, the most recent one with regard to bankruptcies for the month of November is certainly worth repeating. Bankruptcies for that month were up 48.7 per cent over November of 1980. Bankruptcies in November of 1980 were a serious problem, but I think it is a clear reflection of the difficult times we face that they are now up by 48.7 per cent. That is, of course, only the tip of the iceberg when one considers that those going into receivership without declaring bankruptcy are not reflected in those figures, and that, almost by definition, they comprise a significantly larger number than the 48.7 per cent involved in bankruptcy proceedings.

We can rest assured that the health of the small business community is indeed very poor today. We can also say that this is simply the tip of the iceberg because those people who are simply closing up their shops or small manufacturing plants and walking away because they can no longer make a profit are not reflected, either.

Again, it is very clear that a vital and crucial sector of our economy is under extreme pressure these days. While one could make the same claim for large business, for the international business firms, surely the pressure is more on the small entrepreneur. The large companies can weather out the storm for a much longer period of time. Can hon. members not see, looking into the future, that a larger corporation can be maintained during these very difficult times while a small business cannot?

Six months from now, as the Canadian Federation of Independent Business indicates, the viability of the small business community will be severely challenged. While we can hang on for a number of months, since we now see that bankruptcy rates are up 48 per cent for the month of November, we can certainly expect that figure to rise during December, January and February when we get into traditionally troubled periods of the year.

Mr. Epp: Well, you have your legacy.

Mr. Riis: As the hon. member for Cambridge articulated in some detail, the Small Business Development Bond was one of the few pieces of legislation—and I emphasize "few"—that the federal government held up to the small business community and said, "Here, we are helping you expand; we are helping you become more productive." We on this side admit that such was the case and that the Small Business Development Bond was structured in such a way as to encourage people to expand their operations, to build new plants, to provide opportunities for Canadian manufacturers, to provide new equipment; but the essence of that legislation was expansionary, was growth and development. We would agree that that is the kind of thing we need today in order to become a more competitive country on international markets and to increase our level of productivity.

Therefore, what does the government do during this very crucial period? Do they expand the Small Business Development Bond as all members of the House have been requesting for months? Virtually, the answer is no. They gut the Small Business Development Bond. I know the minister will argue the point that the government did expand the Small Business Development Bond to include unincorporated businesses and farmers. But the government changed the terms of reference so that no longer was it an expansionary bill. No longer was it legislation to encourage expansion, development and productivity. The legislation was in place to help those businesses and farmers who were going down the drain survive. While we support legislation which will help businesses during these difficult times, we are immensely disappointed that the legislation was gutted and that it took away the encouragement and support of those entrepreneurs wishing to expand and create jobs during these very difficult times.

● (1600)

However, we await new legislation in the future. We remain optimistic that the government will gather its wits and realize its errors. We hope that the government will realize that by supporting the small business community, progressive expansionary legislation must be brought in.

Some time ago the minister commented on the small business financing review. I remember vividly 19 months ago when the minister stood up in the House and said that the government was interested in the small business community and in

the financial problems it has. He said the government was going to do something about it and would do it quickly. He said that the government would review the problems faced by the small entrepreneur in this country and that it was beginning then with a new active and vigorous policy. He said that the lending institutions, the universities, the public and the private sector would be included. He said that the government would carry out a review and bring in some recommendations.

We supported that move. Both the New Democratic Party and the Conservatives supported that position. However, that was 19 months ago. We are patient folks on this side of the House but recent inquiries indicate that it is likely a number of months off yet before the review will see the light of day, let alone the legislation that will see some of its recommendations put into place, and what we are having to tell the small business community is that it must be patient. Perhaps next spring, next summer or next fall the review will be brought forward with recommendations, and perhaps by next Christmas or shortly thereafter we will have legislation in place to assist financially. That is what we are going to have to tell the small business community. But I can tell you, Mr. Speaker, that the small business community in this country cannot wait that long.

An hon. Member: Why can we not have it this Christmas?

Mr. Riis: It is all right for us to be patient, but when you are out there having to meet a payroll, trying to keep your stock at a suitable size in order to provide adequate service to customers, you cannot wait another six months, nine months or another year. I say that 19 months and still holding is too long.

The kind of problem that was advanced by small business groups from across the country was straightforward. Our task force heard that they would not be assisted greatly by the Small Businesses Loans Act. Although this act has been successful, being particularly successful in British Columbia because that province has taken most advantage of this legislation on a per capita basis, it will not help many of the small businesses that are experiencing difficulty today because loans are not available for working capital. Nor is there anything available in it to keep inventories at levels which can satisfactorily serve customers. If small businesses cannot keep up inventories, their level of service begins to decline. People will go shopping in small stores only to find that the goods are no longer there, that they are on order. The small store then has to get in touch with the manufacturing plant, and the orders have to be processed. Goods that would normally be picked up off the shelves might be weeks or months away. What do customers do in those circumstances? Do they remain patient and support the small entrepreneur? Or do they go next door to a large chain or a multinational which is able to offer the same goods because its financing arrangements enable it to maintain inventories at a much higher level than the small entrepreneur can? This state of affairs is not puzzling. People will obviously go where they can obtain service. Once again we are sounding the death knell loud and clear for the small business community.

I want to say in closing that the hon. member for Cambridge outlined in detail the specific problems which the small business community faces because of the budget. I think most Members of Parliament have been made aware by many groups and individuals what those difficulties are, and I do not feel that I would contribute much this afternoon by articulating them once again. However, I want to say that while we are pleased to support this piece of legislation, it is a hollow piece of legislation. It is one small step toward supporting the small business community at a time when a race is required. While we enthusiastically support the various motions that have come up today regarding this particular bill, we hope the minister has heard our concerns and will do what he can to take action quickly so that we do not have to wait another 19 months before we have to stand up in the House again and ask when we will see some action.

Mr. Ralph Ferguson (Parliamentary Secretary to Minister of State (Small Businesses and Tourism)): Mr. Speaker, I wish to express my appreciation to the previous speakers for their support of this piece of legislation which will give us the authority to increase the total amount of loan guarantees available under the Small Businesses Loans Act.

The minister has just outlined the very straightforward nature of the bill. For my part I simply want to draw the attention of hon. members to the purposes of the Small Businesses Loans Act and to its importance and widespread acceptance in the business community. This fact is verified by the need for this amendment before the House today.

The Small Businesses Loans Act is one of several measures implemented by this government in support of the Canadian small business sector. This sector plays an important part of the life of our country's economy. A recent publication of the Federal Business Development Bank had in it the following words:

> More than 90 per cent of Canadian businesses are considered small businesses. They employ 2.5 million people or about 42 per cent of the commercial labour force. Collectively, these businesses account for 25 per cent of all business sales and for a quarter of the Gross National Product.

Yes, Mr. Speaker, even though the General Motors, the IBMs and the Imperial Oils of the world grab most of the attention, it is the little guys and the small businesses that keep the economy on its financial feet.

The Small Businesses Loans Act originally came into force on January 19, 1961. It was designed to make it easier for small business in Canada to obtain current financing. It encourages lenders in the private sector to make term loans available to small businesses by guaranteeing the lender against loss. This legislation is almost identical to the Farm Improvement Loans Act which is available to farmers in this country. The combined totals of those guarantees at the present time are something over $1 billion.

Any small business in Canada operating for gain or profit in the areas of manufacturing, wholesale trade, retail trade, service, communications, construction or transportation, is eligible to borrow, provided that the gross revenue of the applicant is less than $1.5 million in the year of the application.

Loans are made directly between the borrower and the lender without any approval of the government. Loans must be secured and may be payable over a period of up to 10 years. The maximum of all loans outstanding to any one borrower at any one time cannot exceed $100,000. The maximum interest charged on these loans is the bank prime rate, plus 1 per cent.

• (1610)

It is of little surprise, then, that the Small Business Loans Act has been met with approval and success. Between January, 1961 and June, 1981, more than 91,000 applications totalling $1.7 billion have been made. These are loans which have been guaranteed by the Canadian government and which have been used to purchase fixed and movable equipment, new premises, to modernize existing facilities or purchase land for the operation of a business. Without the Small Businesses Loans Act, many of these ventures would not have existed. Either the small businesses involved would not have been able to secure loan financing, or they would have been discouraged from entering into such ventures.

The bill which the Secretary of State for Small Businesses and Tourism (Mr. Lapointe) has just introduced into the House simply allows the total amount of small business loan guarantees to be increased from $850 million to $1.5 billion. This enables the benefits which small business ventures bring to the Canadian economy to be promoted and enhanced.

In the first six months of this year, January, 1981 to June, 1981, 8,894 loans totalling $253 million were registered under the Small Businesses Loans Act. This compares to 7,215 loans, totalling $170 million, during the same period in 1980. This increase of 23.3 per cent in numbers and 48.6 per cent in dollars shows the increased demand of Canadian small businesses to borrow money under the Small Businesses Loans Act. This is a very important program for small businesses which has gained widespread support from both small businesses and financial institutions.

As my hon. friend the Minister of State for Small Businesses and Tourism has pointed out, the demand for increased lending proves the importance of this program and the necessity for the introduction of this bill. The legislation simply raises the lending ceiling under the act so it can meet the demand of small business borrowers. I join with the minister in urging speedy passage of the bill and I will therefore keep my remarks brief. The number of speakers on this side of the House will be limited and we would like the co-operation of the House in passing this measure.

Mr. Bill Kempling (Burlington): Mr. Speaker, as the hon. member for Cambridge (Mr. Speyer) has said, we support Bill C-84 and its passage through all stages. I would like to congratulate the hon. member for a very excellent analysis of the problems facing the small business community today. His speech was both timely and very much to the point.

Having said that, Mr. Speaker, I must comment on why it is necessary to bring this bill forward. What has happened to the private sector money sources that were the traditional wells of seed money for the small business sector? Why must we again go the route of guaranteeing loans to chartered banks? One would think that with their massive profits and increases in profits since the dramatic rise in interest rates in the past 18 months, the chartered banks themselves would be more venturesome than they are. However, the real question is, where has the venture capital gone? Some has gone to other countries which are perceived to be more stable or favourable to financial ventures or which have less red tape and regulation. Some of that venture capital found its way into Canada Savings Bonds when the government offered them at 19.75 per cent interest. A large source of venture capital dried up when capital gains tax was introduced. We have reached the sad and sorry position of having the government again act as the guarantor of loans put forward by the chartered banks because those persons desiring loans are not considered credit-worthy to the extent that they can have the loans on their own signature.

Under the terms of the loans, these people must first satisfy the chartered bank that the business in which they will invest the money is viable and has a chance of survival. Only then will the bank proceed and become party to the application for a guaranteed loan backed by the government. It is a form of double insurance which is guaranteed by the taxpayers of Canada through their government.

The government has forced the small-business man, farmer and fisherman into this position because its tax laws, attitude and short-sighted policy over a period of years have eroded sources of venture capital and inhibited the ability of the average person to accumulate wealth. The all-powerful government has the small business community in a position to squeeze it dry and bring it to its knees.

The budget of November 12 is a good example. The provision in that budget of non-deductibility of interest from tax payable for money borrowed to loan or invest in a small business was a cruel and senseless move. Many small businesses faced with bank rates reaching 25 per cent sought additional investment in their company in order to reduce their bank loans. In some instances, the original investors borrowed money to achieve this end or they may have invited employees to buy into the company and counselled them to borrow the funds to do so on the understanding that the interest expense would be a deductible expense from their income tax. They then heard the sad news when the budget was brought in.

I wonder how many people in the Department of Finance really know how a business operates. I do not mean how it operates academically, because I know that the bureaucratic mind sees everything in case studies. However, do they have any concept of the amount of creative thought, the hours of work which goes into planning, the sacrifices which must be made and the risks which must be taken to get a small business operating, and operating profitably? I can assure hon. members that it is as creative as any work of art, any novel, play, painting or sculpture. The venture is undertaken with all the intensity of the most eccentric artist. You will find most

small-business men work double the hours of the average employee, perhaps 80 or 90 hours per week, and this is normal.

One may ask, why do they work these hours and struggle and fight to survive against their larger economic competitors? Aside from the personal satisfaction of seeing your ideas translated into dollars, which gives you a measure of economic independence, you are utilizing a variety of talents. Small-business men must be managers, financiers, salesmen, planners, export managers, designers, inventors, production planners and so on. In short, they must be all things to all people. They seek advice from a variety of sources and apply it directly in their operations where results become evident in a short period of time.

Now, if you have been weaned and raised on government grants and handouts, you might think there is nothing wrong with your loan being guaranteed by the government. But there are still people who are active in our economy who believe fervently in what is loosely called the free enterprise system. They have sold assets for cash to get started in business so that they can subsequently convert it into something they can sell at a profit. You cash your insurance, mortgage your house, cash bonds, borrow from the bank, work without a salary so you can pay your accounts and employees, all in the hope that you will turn a profit out of which you can pay yourself a salary and make a return on your investment. I have experienced this myself.

There was a time before capital gains taxes and massive personal and business taxes when a person could accumulate assets that would yield a reasonable return which would be reinvested to feed economic growth. However, oppressive regulations and controls have dulled the spirit of those who would venture, to the point that many are seeking havens in other jurisdictions or have placed their liquid assets in other non-productive accounts to wait until conditions change. If there is no change, many of those persons normally active in our economy will move their assets to another jurisdiction and, believe me, Canada will be the loser.

● (1620)

We have as a background the sorry history of the record of the government in small business. The government finally yielded and put in place a minister of state for small business. When we look behind the title, we see that this government set up the small business ministry in 1976 to placate an increasing number of critics who realized that the small business community played a major role in the economy and needed a spokesman at the cabinet table. I have studied the ministry quite closely, and I firmly believe—and I do not want this to be taken as a partisan comment—that it was not until 1979 when my colleague, the hon. member for Capilano (Mr. Huntington), was appointed minister of state that the ministry gathered any momentum or muscle. When he occupied that portfolio, he found that previous ministers operated from a shell. That shell consisted of a minister, an executive assistant, a speech writer and a few secretaries. There was no departmental staff and no clear direction. In fact, the minister's main duties seemed to be to make speeches, to react to small business organizations and to represent the Minister of Industry, Trade and Commerce at functions he could not attend. Not until 1979 did we begin to see anything like the strong voice needed and the plans and direction which would encourage this vital sector of our economy.

While we support Bill C-84 which will increase the amount that may be guaranteed by the government for the two-year period ending June, 1982, from $850 million to $1.5 billion, what we should be doing is placing before the House a series of measures which would encourage increased venture investment into the small business sector. We must tap that huge source of capital that could regenerate our economy. In the last ten years, 98 per cent of non-government jobs have been created by small business. About 50 per cent of the most significant new industrial products created since World War II were brought to the marketplace by the small business sector.

I have an abiding faith in people. I believe we can regenerate our economy, with the proper atmosphere. What is happening to our economy is that the tremendous engine of the small business community is losing hope. We all know that the whole world lives on hope. We hope for better times. We hope for peace. We hope for freedom from fear and hunger. We hope for our place in the economic sun so that we can realize our dream of economic stability which would allow us to buy homes and raise our families in our style. When we turn off hope, we invite all manner of actions and problems. People fear losing what they have and will fight to preserve it. The government then becomes their adversary.

The present budget is a good example. It has unified the people of Canada in a way the Constitution could not unify them. It has brought them together. It has brought together the people of Canada against the Government of Canada. Today, unless we are a Crown corporation sucking dry the public trough, we have reached the point where we must now apologize for any success in business, as if it were a violation of a moral law. Today it is almost criminal to prosper. Indeed, in today's society a criminal will recieve more protection, and if you are successful in business you are accused of utilizing loopholes to achieve that success. I think that is pretty sick.

The government seems to operate on the "give them a bone" theory. When a particular section of our economy becomes restless, the government tosses it a tax bone, a tariff bone or a series of grants as a bone to keep it quiet for a while. The minister seems to have fallen prey to the socialist view that all revenue produced by the economy belongs to the government and that the government lets you keep that portion it deems necessary for you to survive. The government tosses you bones if you become restless. It forces on you unnecessary regulations which in themselves become inflationary.

For instance, did you know, Mr. Speaker, that General Motors in its North American operations employs more than 20,000 people just to comply with government regulations? I mention this because in Canada we seem to follow this pattern very closely. We tend to move in the regulatory field in lock step with our largest trading partner, but we do not reduce or

drop regulations as the Americans do, so that in many of our industries there are disincentives which work to the disadvantage of the economy as a whole. Furthermore, if our neighbor to the south adopts a bad regulation, there is a rush to duplicate it here in some areas of our economy. It seems to me that there is always a rush to control and to regulate. After they regulate by placing rules in the *Canada Gazette*, the bureaucrats then interpret those regulations and, in many cases, they confuse the issue further.

Let me illustrate briefly with one typical example. We have heard it said in this house time and time again that we need more manufacturing in Canada to create more jobs, to reduce our balance of payments, to reduce our reliance on imports, to create export possibilities and so forth. The bureaucracy has developed a whole series of regulations regarding manufacturing. The Department of National Revenue will give you a sales tax licence as a manufacturer of a product. The Department of Industry, Trade and Commerce will give you a remission order to import machinery for the production of goods. The Department of Finance and Statistics Canada will classify you. The Department of Employment and Immigration will develop a training program for employees in your manufacturing program.

But all this can be brought to a halt because the term "manufacturing" cannot or will not be defined by the bureaucracy of government. They, the bureaucracy, can decide on their own, for their own purposes or for political purposes, whether or not you should survive. They can deem that you are not a manufacturer by adding a percentage of Canadian content that you must achieve or by deciding what may or may not be included as Canadian content. They can put you in a position where the rise or fall of the Canadian dollar will cause your Canadian content to fluctuate so that at the lower scale of the dollar you attract a penalty and at the upper scale you are okay; but the reality is that you have no control over the movement of the Canadian dollar.

It is with this sort of nonsense that we are regulating Canadian business, and particularly small business, beyond the statutes and beyond the regulations. Small business is being regulated by unwritten regulations enforced by nameless, faceless people who hold the success or the failure of a business in their hands. The business community is powerless to act against such power. You either comply or they squeeze you dry. You have no appeal except to those who make the regulations, and they do not want to listen.

While I support Bill C-84, I do so with these reservations. We should open up the market so that private capital can become involved in the venture capital field, and we should have an economic ombudsman with the power to override bureaucratic decisions and hold the bureaucracy responsible for the economic failures caused by its actions.

Mr. Joe Reid (St. Catharines): Mr. Speaker, anyone who listened to the words of the Minister of State for Small Businesses and Tourism (Mr. Lapointe) would have been left to wonder why all the fuss out there in the business world and particularly the small business world. Can it be true that our economy is in recession, and can small businesses really be going bankrupt in the record numbers reported? Could over 140,000 people really be laid off within the last 90 days?

The minister and his parliamentary secretary cite Bill C-84 in conjunction with the November 12 budget as the answer of the government to the problems facing the business world; that leaves us wondering whether we are wrong and they are right. However, the fact is that Bill C-84 is woefully inadequate, and the minister's remarks are an insult to the business community. That community is in serious trouble. The minister's speech carried no comfort for the small businessman who is being driven to the wall by high inventory costs and slumping sales. In conjunction with that, the merchant, who is the largest user of small business loans, can no longer stock his inventory shelves.

• (1630)

What is at issue, and it rather infuriates me, is that in the face of this deepening recession the only answer the government has to offer to the best job-creating segment of our community is this bill. The minister has the gall to say the government cares for small business. Presumably it will still be caring after there are no small businesses left to care about.

No one can argue that the Small Businesses Loans Act has benefited that part of our business community that it was meant to serve over the years since 1961. The act has been amended from time to time and has reasonably kept pace with the inflation and economic circumstances of those times.

My complaint today is that Bill C-84 can easily be demonstrated by a look at the Small Businesses Loans Act itself. The minister talked in terms of its being a very popular act. Let me put it this way. Since its enactment by the Diefenbaker government, over 82,000 loans have been made for a total of $1,250 million. Almost half that total was in the period 1977 to 1980. Indeed, comparing 1979 with the 1980 figures, it will be seen in that year alone that there was an increase of over 52 per cent in the number of loans made and a 53 per cent increase in the number of dollars loaned.

This means that significant pressures are being placed on this program, pressures that are a direct result of the downturn in our economy and the mismanagement of government enterprise. At the same time, it comes as no surprise that the heaviest users of the program are those in the retail and services areas, accounting for almost 65 per cent of all moneys borrowed.

Despite this heavy use and despite our failing economy, it is a credit to the business community that defaults, that is to say, the number of times the government has had to honour the guarantee provisions under those loans, have consistently been low. For example, in 1980 such defaults were less than 1 per cent of the total amount loaned out that year. As a result, the risk factor to government has been slight.

The figures clearly show a trend as an increasing number of businesses are turning to programs such as the Small Businesses Loans Act to obtain loans. Bill C-84 is an acknowledgement of that fact. However, neither Bill C-84 nor the budget

respond to the factors that have led up to the pressures we now find building up in the Small Businesses Loans Act.

It is my contention that regardless of Bill C-84, the Small Businesses Loans Act will not be able to meet the demands that will be placed on it beyond the next six months. Small business people applying to that fund for loans will be told that they are out of funds, as is the case with so many assistance programs such as the Farm Improvement Loans Act. I say this as a result of the November 12 budget and in particular its emasculation of the Small Business Development Bond.

Despite the delays and the hesitancy of the banks, that bond over the short period of two years it was in operation removed a great deal of the pressure that would otherwise have fallen on the Small Businesses Loans Act. About 10,000 businesses borrowed over $2 billion, primarily for business development purposes. By all accounts, save for firms already in financial difficulty, the Small Business Development Bond proved to be a success.

It is estimated that only 5 per cent of the borrowers assisted under that program were persons in financial difficulty. The 95 per cent of the borrowers represented persons expanding and hiring more people. One is left to wonder with this kind of history, a history of record, how that program will be converted to a means of helping firms and businesses in financial difficulty.

In one fell swoop the budget cut out the development aspect of the bond and by a grand stroke of bureaucratic doubletalk was able to render the bond all but meaningless. I am joined in this assessment by the Canadian Manufacturers' Association, which described the small business bond as virtually useless. In its first rate analysis of the budget, the Canadian Manufacturers' Association found that the 6 per cent threshold being applied to the small business bond seemed to imply that in order to qualify a firm must be bankrupt, in receivership or in default and at the same time making a profit. Perhaps that explains why the chartered banks are so hesitant in participating and making available this bond to the average businessman.

A greenhouse operator in my community has the capital investment, but he is caught in the high interest squeeze and has a cash flow problem. His greenhouse is heated by natural gas. He is not more than six weeks in arrears but has been threatened with having the heat for his greenhouse cut off. In his attempt to find interim financing, he is rejected by the bank. The Small Business Development Bond is not available to him because he has been told it is placed on hold. He cannot get assistance under the Farm Credit Act because he has not been rejected by the Small Business Development Bond program. What answer can be given to that businessman, or is he to be just one more going out of business?

A month has gone by since November 12 and to my knowledge no small business in Canada has been able to obtain a small business bond. I am told that farmers have fared slightly better; a grand total of three farmers have had success on their applications. These are hardly figures a government can be proud of, and I am appalled that the minister would come before us and say that the small business bond is a positive means of assisting the businessman.

The fact is that the bond is a bust and has been closed off entirely for development and expansion purposes. Where are the 10,000 firms which used that bond now going to turn? One answer is the Small Businesses Loans Act and the resources of that program. Bill C-84 notwithstanding, it is not going to be adequate. In just two years of operation, the Small Business Development Bond made available more development funds than the whole of the Small Businesses Loans Act in its 19 years of operation.

In short, this government has to face the fact that small business is in trouble and at the same time it has to recognize that small business is worth saving. By the government's own reckoning, there are some one million small businesses in Canada and those small businesses, firms and organizations, represent 97 per cent of all business in Canada. At a time when unemployment is high, 8.2 per cent in the month of November, small business accounts for 42 per cent of private sector employment.

In my riding of St. Catharines, which I am proud to represent, unemployment is becoming a chronic problem and higher than average, now 9.1 per cent. The contribution of small business to that city's economic life cannot be underestimated. Out of a population of some 125,000 people, small business employs 42,473 people on a full-time basis and 9,200 on a part-time basis for a total of almost 52,000. I might add that the 2,700 stores and offices in that city occupy almost 8 million square feet of accommodation, a significant contribution to the construction and real estate industries.

• (1640)

Unfortunately, many of these businesses are now caught in a sales slump combined with the problems of a low economic community, high unemployment, inventory and loan costs. Many of those businesses will not be able to meet the costs they are faced with today.

Where will those persons now turn for affordable financing? The Small Business Development Bond is a cruel hoax. The banks are too busy looking at their profit picture to assist. The Small Businesses Loans Act is not available for refinancing or working capital purposes. Of course, the answer is that there is now nowhere to turn. That is what happened to my greenhouse operator.

We have seen in the November bankruptcy statistics that even as the Christmas buying season approaches, a season that traditionally accounts for 25 per cent of annual sales, 790 firms called it quits and filed for bankruptcy. We have no way of knowing, as has already been pointed out, the great number of others who have simply closed their doors or walked away. The minister's remarks today will be little appreciated by those people who have lost everything, while he extols the virtues of the government's small business loan programs. For the over 6,000 businesses that went bankrupt in 1981, it is little comfort to be told by the minister that Canada has the best

environment for small business and tourism of any western industrialized nation.

As I stated earlier, from a national picture and from the St. Catharines statistics, small business is vital to our economic wellbeing. The road to economic recovery in this country is through a revitalized small business community, a community that has one of the best job-creation records of any sector. Bill C-84 cannot begin to provide this necessary revitalization, this necessary renewal, and, indeed, will not be able to undo the damage done by the November 12 budget.

Earlier, Mr. Speaker, I asked where the hardpressed businesses could look for affordable loans. One source often overlooked is individuals, individuals who, like the owner of the business, had some faith in the system and in the eventual success of the enterprise. The individual would be prepared to support that. Prior to this budget, there was an incentive for those individuals as they were able to deduct the interest expense incurred in the making of those investments. No longer is that permitted to the same extent. As pointed out by the Canadian Federation of Independent Business, that source of investment capital, risk capital, Mr. Speaker, is no longer available to enable our country to grow and prosper.

A second blow to small business was the announcement that businesses must now pay the full tax on a sale, regardless of the payment terms with respect to that sale. For businesses dealing in expensive items, and in particular those dependent on time or term sales, this is a heavy tax burden indeed.

Finally, Mr. Speaker, the budget attacks the usefulness of one of the main provisions of the Small Businesses Loans Act, that of assisting firms to acquire capital assets. The capital cost allowance, which this government once boasted, was the best in the world, has now been reduced by one half. Thus, on one hand the Small Businesses Loans Act will enable a businessman to purchase a capital asset and, on the other hand, the budget will sharply reduce any incentive to do so. This is not just contradictory but madness. At a time such as this, as the hon. member to the left of me said, it is madness when we need to instil confidence in our business community?

So let us be honest with ourselves. What small business needs today, most of all, is relief from the high interest rates. I have already stated that thanks to the recent budget there is nowhere for small business to turn, save into bankruptcy, receivership or default. May I suggest to the Minister of State for Small Businesses and Tourism that he takes a hard look at the provisions of the Small Businesses Loans Act as these affect interest rates. He will find that the rate to be charged within that act is 1 per cent over prime. At today's rates, prime of 17 or 18 per cent can hardly be considered affordable financing.

Might I also suggest to the minister that if he and his government are serious about helping small business, then Bill C-84 should have been expanded to include the interest rate formula applied to the now defunct Small Business Development Bond. That bond did provide affordable financing for small business. The Small Businesses Loans Act does not include that aspect and Bill C-84 is no answer to it either.

The conclusion is clear. Bill C-84, as we have agreed to support it, is a stop-gap measure designed to carry a beseiged program through a simple short time period of six more months. I have suggested that, due to the pressures that will be placed on it by virtue of the destruction of the Small Business Development Bond, the Small Businesses Loans Act will not be able to cope with the increased demand. Again, as a result of the disastrous budget of November 12, a budget condemned by some 20 national organizations and groups, small business will be subject to the continuing pressure of high interest rates on one hand and the harsh, unfair, counterproductive taxes of the budget on the other hand. It brings to a halt the growth and development of a country that was built on the dreams of so many people. What is left for the entrepreneur, the adventuresome, the investor or the dreamer?

In short, and I shall conclude on this point, this government has displayed its total lack of appreciation and understanding of the business and commercial world. It completely lacks an employment philosophy. That is entirely consistent with a budget philosophy that refuses to put people first.

PROCEEDING ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Blaker): I am sorry to interrupt the hon. member, but there is a procedure that I must now dispose of. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: The hon. member for Medicine Hat (Mr. Hargrave)—Agriculture; the hon. member for Surrey-White Rock-North Delta (Mr. Friesen)—Foreign Investment Review Agency; the hon. member for Central Nova (Mr. MacKay)—Public Works.

GOVERNMENT ORDERS

[*English*]

SMALL BUSINESSES LOANS ACT (NO. 2)

MEASURE TO INCREASE MAXIMUM AMOUNT OF LOANS

The House resumed consideration of the motion of Mr. Lapointe that Bill C-84, to amend the Small Businesses Loans Act (No. 2), be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Mr. Bill McKnight (Kindersley-Lloydminster): Mr. Speaker, we on this side of the House in the Progressive Conservative Party, by taking part in this debate and in saying that we

wish to pass Bill C-84 quickly, do so because we do not have any other alternative. Bill C-84 that we are speaking to almost doubles the amount of money available for small business loans in this country. We are talking of approximately $700 million. On November 12, there was a budget introduced by the Minister of Finance (Mr. MacEachen) that will take one hundredfold out of the business community over the next year. I am not referring to the large business community, I am referring to the backbone of the Canadian business community, the small businesses that enable this country to prosper, that employ 45 per cent of the people who are employed in business in this country and who have assisted in building this country.

● (1650)

I do not feel proud as a member of the House of Commons to speak in support of a bill which will make far less money available, perhaps 100 times less, to the business community of the country. I do not feel proud about what the government opposite will take away with the proposals in the budget presented on November 12. I cannot understand why we were presented with this bill. At the same time we see provisions in the budget which will take incentive out of the country. These proposals will make small businesses suffer, cry out and disappear in many areas of the country.

The inequities in the income tax legislation have been around for a long time. I recall the election which took place in February, 1980. I should like to refer to a statement of the Minister of Agriculture (Mr. Whelan), as reported in the London *Free Press* on January 31, 1980:

> Inequities in income tax legislation regarding farmer capital gains taxes will be removed, Whelan said, by using as the base date for computing the capital gain December 31, 1971, or December 31, 1974, whichever is greater. He said 1974 values in most cases are more realistic than the 1971 base now used. His party would also give farmers a once in a lifetime capital gains exemption. Whelan said Liberals will prevent "privatization" of the Crown Farm Credit Corporation which provides farmers with low interest capital loans and would expand preferred loan rate availability to the agri-business sector and consumers.

This statement was made during the election campaign. Many people say that if the statement was made during an election campaign, the Minister of Agriculture should not be held to anything he said. But those of us who have watched the performance of the government have noticed that it has not been held to anything, that it has not honoured any of its commitments during election campaigns, either the last one or preceding ones.

I should like to review the statement of the Minister of Agriculture by referring to one segment of small business, that is the farm community. I should like to review the results. So far we have not had presented any change in valuation day. There has not been one statement. The minister was asked several times in the House when he would implement the promise of his government, made by himself personally. So far he has not answered. We have seen no selective adjustments in the tax system to ensure that incentives for economic development are maintained. As a matter of fact we have seen just the opposite. Under this government, especially since November 12, we have seen removed the incentive of someone with the ability to take a risk, someone who desires to expand, grow or contribute to Canada.

I certainly hope that the budget does not become law; I hope some of the provisions will be thrown out. In the past I have had some respect for the Minister of Finance, thinking he was a man who came from a region of Canada wherein people worked hard. The people in his part of the country work hard and save hard so that they have something, so that they contribute and are not a burden upon society. I hope some of his constituents will be able to communicate their feelings to him, in not too harsh a form but in a form he will be able to understand.

Young men and women who wish to start home businesses are drawing salaries from other jobs because it takes four or five years to establish their businesses and to gain livelihoods strictly from their businesses. If they borrow $100,000 to start these home businesses at 18 per cent or 20 per cent, it amounts to $20,000 per year, but their cash flow is only about five or six. Their profitability as they build and expand their businesses is less than their interest costs, but they cannot deduct those costs as an expense. Their cash flow must be greater than or as great as their interest. If that law had been in existence when many small businesses in the country were first established, they would never have expanded or got off the ground. I certainly hope that the Minister of Finance and the Minister of State for Small Businesses and Tourism (Mr. Lapointe) do not feel that this paltry addition of money to small business loans will solve the problems of Canadian small-business men.

The budget has done many things, but one of its most damaging effects on people involved in business is the change in the Small Business Development Bond. The bond was established under the budget of the hon. member for St. John's West (Mr. Crosbie). It was carried on by the Liberal government. Up to November 12, with the exception that one had to be incorporated, it served the small business community well. It served the farming community, small-business men involved in farming, and small-business men in communities around the country. What happened on November 12? From November 12 to the end of this year, strong and viable businesses which can open up their books and say, "Here is my picture; here is where I am going; here is what I have done over the years" will not be eligible for Small Business Development Bonds. I just cannot understand the stupidity of this. Any government, person or individual who is involved in the real world—those who have ever picked up bank books, filled out invoices and attempted to build and expand operations—cannot understand the Liberal government saying that the only people who will be helped are those in financial difficulty. If a company is breaking even or advancing a little, it is told, "Hey, Charlie, you do not get it." What is the problem? I cannot understand it.

I know there are hon. members in the party across the way who have spent a lot of time in the business community. Many of them were farmers, small-business men and contractors who spent time figuring tenders or bids in an attempt to make them work properly. If a viable company needs an extra $100,000 or

$200,000 to expand, after December 31, 1981, it will not be able to obtain it. Hopefully the changes which will be brought forward by the Minister of Finance will remove the stigma of being required to come from the town of "Dire Straits" before being eligible for a Small Business Development Bond.

Mr. Speyer: That is in my riding.

Mr. McKnight: The hon. member for Cambridge (Mr. Speyer) says that it is in his riding. I know his riding really represents small business. Perhaps there are 50 or 60 employees in some plants and more in others; but because there happens to be 100 employees in a plant does not mean it is big business. Because there are 30, 40 or 200 employees does not mean it is big business. It is small business. Those businesses hire and provide jobs, probably 90 per cent of the jobs in the country. I am not talking about Massey-Ferguson or Chrysler. I am talking about a business where someone had a dream or an idea and succeeded because of hard work, perseverance and some luck. Everyone who starts a business knows that he or she is taking a risk. If not, they are in businesses about which I know nothing or they are silly. They know they are taking risks. They are enterprisers and builders. What will happen now when they take risks and get ahead a little? They are no longer eligible for assistance from the government.

• (1700)

The other thing that was changed in the Small Business Development Bond was that not only after the beginning of the year will it not be available to unincorporated companies that need it and could use it, but it will be available only to incorporated or unincorporated companies that show they are in financial difficulty.

I have heard the Minister of Finance and the Minister of Agriculture say that the banks are not bleeding enough, that they are making too much money. That may very well be true, but what makes the Minister of Finance think that writing it down in a budget is going to force the banks or the financial institutions to lend money to people who are financially unstable? How does he think that the banking community will react when someone says, "You have to give me that money and it will cost you more to process my loan because I will have to pay 3 per cent more than I would have before November 12, but you have to give it to me because I am in financial difficulty and the Minister of Finance said so in the budget." That is ridiculous. I notice that the government has not had too much luck in its attempts to direct the financial institutions. The only direction they take is from the Governor of the Bank of Canada. Whether the Prime Minister (Mr. Trudeau) believes that the government has a high interest rate policy or not, everyone else in the country knows that it has. And that is going to continue. We do not see any likelihood of a change.

We cannot deny that $700 million-odd is a fair amount of money. That is a lot of change, Mr. Speaker. In the district of Kindersley-Lloydminster which I represent, land is valued anywhere from $500 to $1,000 per acre and the average farm is over 800 acres. That is just one federal constituency where small businesses have assets which are ten times the amount provided in the bill.

A lot of people feel that farming is not a business but usually they are not involved in it. The farming business has every problem and every disadvantage that any other industry in the country has.

I am sorry that the Parliamentary Secretary to the Minister of Finance (Mr. Evans) is not in the House, Mr. Speaker. On November 2 he was reported in *Hansard* as saying that farmers have the lowest tax rate of anyone in Canada. I see an hon. member on that side smile; he happens to be involved in the farming industry. I wish he would do more than smile and take the Parliamentary Secretary to the Minister of Finance out behind the barn and give him a lesson!

Mr. Epp: He has never been there before, and he would get dirty shoes.

Mr. McKnight: That is sheer stupidity, Mr. Speaker. It hurts this country and the business that I am involved in when someone from the "heavily farmed area of Ottawa Centre" says that farmers have the lowest tax rate in the country. The parliamentary secretary is supposed to assist the Minister of Finance and perhaps that is why we ended up with this budget. I hope there are other hon. members on the government side who could give a little better assistance. I see that the hon. member for Timiskaming (Mr. Lonsdale) is in the House and I know that he could advise the minister better than that about the small business and farming community.

During this debate we have heard something about the ability of the small business sector to perform. Two or three years ago when Chrysler was in trouble, when Massey-Ferguson started to have trouble and when International Harvester started to have trouble, when all the large manufacturers started to get into trouble, nothing was heard about the small businessman who had eight or ten gravel trucks and a crusher. He was getting along; he was hustling and he did so with pride, initiative and hard work. Now the government's policies have gone so far that it is not only the large corporations that do not have "hands on" management, but the small business owned by a man or woman who is trying to manage it, control the inventory, look after stock—the business that has "hands on" management—has had to cut back in many cases. They have had to lay off employees. Not only do they have to manage the business now, but they have to be clerk, mechanic, salesperson or assembly worker. Sometimes other members of the family become involved as well.

Since this government resumed office in February, 1980, it has done nothing to help small business except offer Bill C-84. I can understand that. When something is not very dramatic, when it is not like taking away 25 per cent of the lands of northern Canada, when it is not like fighting with the producing provinces, when it is not like saving Chrysler—maybe it did save Chrysler but I have my doubts—when it is not making large pronouncements, then the government only offers to double the amount available to small business. When

something is inadequate in the first place, it is still inadequate when it is doubled.

I do not know whether the Minister of Finance has had time to look at the list of bankruptcies that occurred recently. The latest figures for January to October, 1981 show 230 bankruptcies in agri-business in Canada. Saskatchewan has the third highest number, Ontario lists 126 and Quebec 45. In the House recently the hon. member for Hamilton Mountain (Mr. Deans) spoke about his concern for the businesses in his constituency and the farm manufacturing plants there. I can understand his concern. People are being laid off in Ontario and Quebec because the small farm businesses in western Canada and the Atlantic provinces cannot afford to make a commitment for a $100,000 piece of machinery and to pay high interest rates especially when since November 12, the capital cost allowance had been cut in half for the first year. There are areas in central Canada and Ontario, the manufacturing heartland of the country, where employees are being laid off because machinery is not selling.

The government's response is to cut the capital cost allowance for the first year in half. That does not make any sense. It does not make farm sense, it does not make horse sense, and it does not make financial sense. But what really puzzles me is that the government does not see that it hurts people in Canada. Everything we have spoken about relates to people. They are not businesses; they are people in businesses. They are not employees; they are people working in businesses. That is what this government has forgotten. That is what the Minister of Finance has forgotten. Definitely the Minister of State for Small Businesses and Tourism has forgotten this. He should be more aware and I hope he will be more aware after today and tomorrow.

• (1710)

Canada will probably end the year with imports of $110 billion and exports of $100 billion, approximately. What Canada needs the most is to be brought into the twentieth century. There are manufacturing industries in this country which need huge investments in technology, in upgrading and in new plants. This is true of almost every industry in Canada, particularly the first one which we saw in trouble, the textile industry, and then the automotive industry. The fact is not that the Japanese have all the technology but that they have our technology. They have gone ahead and built new modern plants to build their cars. Canada needs investment, machines and plants if we are to take our place among the manufacturing industries of the world. What has happened? The government has cut the capital cost allowance by 15 per cent in the first year.

Mr. Speyer: Federal cash flow.

Mr. McKnight: My friend and colleague the hon. member for Cambridge (Mr. Speyer) mentions cash flow. One could borrow a lot of money from the financial institutions in this country, and one could have a great cash flow; but there comes a time when such a cash flow must turn around and flow back the other way. The government has now said, "Whoa! Before you turn around and send it back upstream, we will tax you. You will have to pay tax on the money you are sending back." Every small-business man survives. As a matter of fact, I know many who earn their daily living from cash flow. It is not that their businesses are developing or that they are increasing their monthly draws to provide their earnings. They stay ahead of inflation through increasing cash flow.

I have considered the bill before us and I will vote in favour of it because it is all this government has offered small business. It has provided $700 million. I guess I should say that we are really lucky because the government has finally done something. However, when one compares $700 million to the billions of dollars the government is taking out of small business through the budget of November 12, one really wonders if there is a future in this country for the enterpriser, for the small-business man or woman, and for the people who have built this country.

I cannot understand how such a budget could come from a party with the historic concern—though not in the last 12 or 13 years—which the Liberal Party has expressed for the small-business man or woman in this country and for the growth and development of this country. I simply cannot understand what has happened to the party opposite, to the Liberal Party of Canada, which would cause it to bring in a budget which will take the very heart and the creative core right out of Canada. It will not only do this, but it will also cause a situation where, in any future slowdown in our country, we will not have sufficient businesses upon which to draw encouragement or strength to pull ourselves up by our own bootstraps.

I will be voting in favour of this bill because, as far as I can see, it is the only thing which the Liberal government opposite has done for small businessmen in Canada since it came into office in February, 1980.

Mr. G. M. Gurbin (Bruce-Grey): Mr. Speaker, I join in this discussion of the bill following the hon. member for Kindersley-Lloydminster (Mr. McKnight). As I sat listening to him, I was actually depressed. I think that is partly a reflection on his ability to strike at the very core of the issues with which we are faced here, and it also reflects his very sympathetic understanding of the plight of small business in the country. It is a little bit difficult to be enthusiastic about speaking on the bill, after hearing about all the difficulties which the country is facing at large; but I think it is an important message, and I congratulate him for having well delivered it.

Bill C-84 is a bill which none of us is about to oppose, as many hon. members have previously said. It is a bill which really changes the original bill of 1961, which first came through as S-10, one which increases the amount of money the government will guarantee to the conventional lenders in the country on behalf of small business. In general, it is a measure which everyone can support. I believe hon. members who have spoken previously today have referred to the issues which surround the bill, and have considered the necessity of the bill with regard to small business.

The bill has been modified and amended many times before now. This bill originally started out through the Department of Finance, and then it went through Industry, Trade and Commerce. There have been several other changes. Additional types of businesses were included so that the bill would provide for increasing amounts of loans to individual businesses and so on. Since its original inception, the bill has been responsible for approximately 82,500 loans which, in fact, amounted to approximately $1.5 billion in total. Therefore, with this bill the yearly amount shows an increase from $800 million to approximately $1.5 billion in one year.

Everyone knows the importance of small business. The Minister of State for Small Businesses and Tourism (Mr. Lapointe), who has now left the chamber and has been replaced, I suppose, by the Parliamentary Secretary to the Minister of Finance (Mr. Evans), is very aware of the importance of small business to Canada. The minister, in his speeches, has referred to the one million small businesses in Canada which account for 97 per cent of all businesses in Canada. In total, they account for approximately 45 per cent of all employment and for about 30 per cent of the gross national product of business in the country. Therefore, it is an important factor which must be understood and to which response must be given.

The Minister of State for Small Businesses and Tourism seemed to understand the importance of small business, particularly as he stood in the House and voted in favour of the recent budget and measures contained therein, along with all hon. members opposite, and showed his support of the Minister of Finance. However, in reality, he expressed either a lack of understanding of what the Minister of Finance was saying, or at least a disregard for the impact that the budget would have on small business. In this case, he seems to be more or less standing on both sides of the cash register, standing in front of the counter and representing himself to be a saviour and proponent of small business, while standing behind the counter and taking away much of the ability of small business to survive and to function.

In the time I have left to speak, I must attempt to make the Minister of State for Small Businesses and Tourism understand what he and the Liberal government are really doing to small business through the budgetary measures they brought in.

Many specific points have been described and discussed by hon. members who have previously spoken. There are some very good spokesmen within the small business community, whether from the Canadian Federation of Independent Business, from the insurance companies, or from car dealers' associations. There have been numerous messages delivered with such strength of feeling that a sensitive note should have been struck in the hearts of all Members of Parliament, but particularly those of hon. members in the Liberal caucus who have the greatest influence on the Minister of Finance.

I think that the budget is seen to be a direct affront, a direct attack and a direct threat to small business. It affects small business in many ways. It affects the ability of people to invest in small business, it affects the capital formation for small business, and it affects the ability of small business to be transferred from one individual to the other. It affects a number of interbusiness transactions. It also affects significantly the future security of the small-business man as he retires or plans for his retirement.

• (1720)

The question arises whether this budget is a misfire or whether it has specific direction. If it has direction, what is it? The argument has been made that it was a misfire, particularly if one takes into account the current economic climate. When the Minister of Finance was preparing this budget last summer, he misread or misunderstood what was needed and produced this restrictive document. This is a document which has a terrific impact on the entire economic climate of the country. Therefore, the Minister of Finance must have made a mistake. That question bears some argument.

We need to look more deeply into some of the measures in the budget to see their impact and decide for ourselves whether this was indeed a misfire or a specific direction which the Minister of Finance and the senior civil servants wished to take.

The background of this document is well known and has been described with considerable feeling by the previous speaker. We are all aware that we are in a recession and that we are facing inflation rates of 12.75 per cent. We know that we are continuing to face interest rates that are unbearable, intolerable and deadly to small businesses across the country, interest rates which are being supported by the government through the Bank of Canada and held higher by 4 per cent or 5 per cent than comparable American interest rates. All of these were part of the economic background when this budget was introduced.

Our unemployment rate is important too. The budget impacts heavily on small business. Small business creates jobs. Reference has been made to figures and to the fact that there were 140,000 more people unemployed last month. One group which forms the national association for plumbing equipment, talked about its 24,000 employees and the fact that one quarter of them are now unemployed. That sort of thing has a ripple effect throughout the construction industry. Also, this demonstrates the slowdown occurring in the major sector of our economy.

The aim of this budget is directed toward several areas—fairness, equity, restraint and economic renewal. In looking at whether or not this budget is producing more equity and is fair, I think individuals whether self-employed or otherwise, need to look at the sleight-of-hand that has been exhibited by the Minister of Finance. While he has shown a direct decrease in federal tax for a large number of Canadians—the figure of $8 million is quoted—the real amount of tax that has been decreased is almost insignificant. It is almost so insignificant that it should not be mentioned when one compares revenues being taken in through indirect taxation measures in the budget. We hear that people with an income of $15,000 a year

will have a total tax saving of about $25 a year and those earning $17,000 a year will save $45 in direct taxes a year.

That sort of thing has to be balanced against the increased revenue coming from indirect taxation. I am not speaking about energy price increases. We all know that energy prices have doubled. We know that gasoline and heating oil will go up by about 50 cents a gallon in the near future. We have to remember those taxes that will be imposed through the change in the federal sales tax in a number of other areas in our economy. These taxes are not readily identified, they are not seen, but they will outweigh the gesture of a tax reduction which the Minister of Finance talks about in the name of equity.

Second, the budget is to deal with restraint. By anyone else's definition, restraint is not what this budget is all about. The bottom line of restraint is the question of what government revenues and expenditures are. The increased taxation which this government will achieve through the recent budget is in the neighbourhood of 31 per cent in one year and 43 per cent in two years. This increased taxation will account for increased government expenditures of 22 per cent. This is at a time when the government says it should slow its own growth by a factor less than inflation. That dedication has been described on paper by both the Minister of Finance and this government for some time. It is something the government says it is trying to achieve. The government tells us that it is practising restraint. But the government is increasing expenditures and taxation mightily.

Third, the budget is to deal with economic renewal. Quite simply, there is no hope for renewal not only because of the other taxation measures introduced in this budget but basically because there are no plans. Probably there is no idea about how to plan for economic renewal in this country. If there had been an idea there would have been one long before this. We have not had anything in the last 13 years or even before that, perhaps even since wartime. We should have had a major economic plan for development with proper direction and orientation toward research through all the mechanisms available to government, through regulations, incentives and so on. These things would have stimulated our economy and we could have paralleled the opportunities we have with our resources and skills that have not been developed.

This budget does two things which have been confirmed and reconfirmed by a number of individuals and groups who have had the opportunity to go into some of the budget measures in detail. This budget raises revenues and at the same time changes the taxation system.

There are many things to discuss about the way in which we are changing the taxation system, especially at a time when we face economic recession. What is important is that even in 1977 when this question of tax reform was considered, it was clearly stated, and it has been clearly supported by members of the Liberal Party and by the government, that we should have a white paper for discussion. This would give the public an opportunity to understand and to comment on any taxation changes, something which the business community has identified and has reacted to very strongly, justifiably so, in my opinion. This is important because a change in the taxation system will have repercussions on the economy.

I will not talk about raising revenues any more because I do not think I have enough time to do that. However, it is well known that the government is trying through the closure of so-called loopholes—maybe loopholes in some cases which have been described previously as incentives—to grab $47 billion. This is the amount the government has identified as escaping its net. I suggest that if that money were available, it would have been better placed in the hands of individuals than in the hands of the government. With the track record it has, $47 billion would have been gone with very little to show for it.

● (1730)

I would like to turn now to the specific measures within the budget that will affect small business. One of these measures is the capital cost allowance which has been changed dramatically. Capital cost allowance is a mechanism which was well known and well used by Canadian businessmen to start or expand businesses and provide new opportunities for employment. One businessman stated that the change in the capital cost allowance would have been enough to stop the erection of the Stelco plant in Nanticoke. The change in the capital cost allowance will have a significant influence on business development in Canada and should be reconsidered before it is passed in its present form because it is a substantial business opportunity which may be denied Canadians.

Another measure which has been changed is the federal tax from the manufacturers' level to the wholesalers' level. Within this adjustment there will be a number of effects, among which is the raising of revenues for the federal government by up to 50 per cent. Fifty per cent of the $5 billion which has already been collected from that tax measure is a considerable sum to be taken out of the economy. Another result of this particular change is that the wholesaler must now be involved as a tax collector for the government and this in itself involves extra paperwork. It is an additional measure which will have a detrimental impact, not only on inflation but on the actual difficulties faced by small-business men throughout the country.

The capital gains tax measures have been discussed by many hon. members, and it is our hope that they will be changed. These measures are affecting the ability of small business to be transferred. It is unfair that this provision requires a small-business man or farmer to pay the total tax on a sale in spite of the fact that the only way he might be able to sell or transfer his business is by partially financing the transaction through a mortgage held by himself. It will be very difficult for small businesses to be transferred under these conditions and this must be changed.

Investment interest is another issue which should be discussed. I would like to quote from the comments made by the Board of Trade in Metropolitan Toronto which perhaps described the effects of this measure most aptly. Before doing so I would point out that one of the hallmarks of the entire

budget has been that these measures have been changed in midstream. Many people who have planned for the future have been trapped, after having made financial decisions ten years ago. They are now caught in a fixed situation, whether it be in the form of an insurance policy or any other investment plan. They are caught by changes which were made retroactively. There is an obligation on the part of the government, if not legally then at least morally, to reconsider that aspect of the budget.

To return to the comments made by the Board of Trade in a brief submitted to the Minister of Finance dated December 11, 1981, it said:

> Apart from the retrospective effect of this proposal, we disagree with it on policy grounds. Our economy depends on investment and risk-taking, and this is even more important in these difficult times. The proposed disallowance of interest favours the person who already has a substantial level of salary or investment income and who does not need to borrow. Canadians have traditionally been very conservative and careful investors.

I should point out that that is not in terms of government but in terms of attitude.

> But imaginative investments with great potential for the investor and for future development of the country do not usually bring a large return in the early years. The proposed changes makes it virtually impossible for individuals to undertake such investments.

I repeat that this measure needs to be re-examined, understood and changed.

I can give some examples of what this budget has done to various business. One example is insurance companies. Canadians will not be able to afford the usual level of policy premium they once had. This means that people who are planning for their financial security through an insurance plan will be affected. In addition, young people who are planning their financial future will not be able to invest in insurance policies when they become older because the premiums will increase with age and by the ninth year of a policy they will be paying more income tax than they would be for the premium itself. Consequently, if people are not able to afford insurance, the capital received by insurance companies will not be as great. A large pool of capital will be denied the business community because the insurance companies will suffer a decrease in policyholders. There will be less capital available for reinvestment which could have helped to regenerate the economy.

Another adverse impact on the insurance companies will be the decline in the number of insurance agents and their service activities. This is a definite threat and one about which people are not over-reacting.

Another industry which is adversely affected is the automobile industry. The automotive dealers across Canada have been subject to major impact because capital cost allowances have been changed. Because some of the employee benefits have also changed, and at a time when automobile dealerships are being threatened with extinction because of foreign car competition and the state of the economy, companies are no longer providing fleets for their employees, and these people are going out to buy secondhand cars of their own.

Car dealerships, of which there are already 50 per cent less than there were two years ago, will now diminish in number even further. Some of the dealers who are just hanging on now will go the way of the dinosaur. There must be changes made by the government to correct this situation.

Another area which is affected is the farming industry. Certainly my constituency is concerned about this. The effect of the budget on the farm industry has been disastrous. The budget was to have aided the Farm Credit Corporation and the Small Business Development Bond. When those provisions are studied closely, they reveal another example of sleight of hand by the government and the somewhat deceitful—a word which may be strong but which is very close to being accurate—actions of the Minister of Agriculture (Mr. Whelan) and the Minister of Finance. What they have worked out is a program in which the total contribution of the federal government to the agricultural industry is $5 million. They have done this by providing a repayable loan of $45 million to the Farm Credit Corporation and $5 million to subsidize an interest rate, which was already at 16.75 per cent, through the Farm Credit Corporation. The rest of that $45 million after one or two years, depending on the individual circumstances, will then go up to 17.65 per cent. If neither the Minister of Agriculture, nor his parliamentary secretary nor anybody else on the opposite side knows by now that agriculture cannot survive with those interest rates, I suppose it is too late for agriculture. The government needs to understand that agriculture cannot endure interest rates in excess of about 12 per cent. The unfortunate thing is that only $5 million is the total federal contribution to agriculture in this budget.

● (1740)

Many others have discussed the Small Business Development Bond. The tragedy is that its application is restricted to farmers or businesses in distress. New capital expansion cannot occur. Again we have changed the rules in the middle of the game. We passed a bill a year ago and are now changing the rules. Interest rates are probably 3 per cent higher, if not more, than they would have been for anyone who wanted to try to get in with new capital expansion up until December 31, and then after that this assistance is only available to those in so-called distress situations. That again leaves farmers with interest rates of 13 per cent and 14 per cent. This is of minimal, if any, benefit to them in the long term.

We face two or three impacts. One relates to capital, and I have discussed that in some detail previously. There is an impact on people and their ability to start small businesses. There will be an impact on their desire to become involved in an entrepreneurial way in providing jobs and in business activities. There is an impact on the ordinary Canadian when he is looking to his future and looking at investment to provide secure income as he approaches retirement. All these things have a direct impact on people and should be carefully considered.

Following the question of capital and the question of people is the question of transferring property. There is a very real

and significant threat to the ability of people to buy and sell property, if the budgetary measures of the government we are considering now are carried through. Perhaps for government members this is a philosophical question, but it is a very serious concern to people who want to transfer their property, whether it be businesses or farms. The property of individuals is now very seriously in jeopardy.

We see also that research and development and venture capital will be markedly restricted.

I see my time is rapidly drawing to a close. I suggest the question of the entire free enterprise system needs to be considered very carefully. If hon. members opposite feel that the budget, for which they voted, supports free enterprise, they either have a perceptual problem—which is possible—or an honest, philosophical bent, with which we disagree. If they really believe in free enterprise and if their party wants to support free enterprise, I think they have an obligation—and it will be identified for them by individual Canadians and groups of Canadians represented by organizations—to respond now and to give the Minister of Finance direction so that many of the budgetary measures which seriously affect the future of free enterprise in Canada can be changed.

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, if this bill had been brought before the House by the government prior to the budget, we would probably have looked at it as a housekeeping measure and as something necessary to increase spending under the Small Businesses Loans Act from $850 million to the level indicated, namely, $1.5 billion. However, we are now in the post budget period, and this is the first measure affecting small business after the death blow delivered to small business by the budget. It is almost an insult to think that the Minister of Finance (Mr. MacEachen) could be, first, so incredibly ruthless with the small business sector and then could bring in a measure like this under the guise of helping small business.

I called a banker the other day on behalf of one of my constituents. My constituent had difficulty obtaining an interpretation from his banker or a commitment from him as to whether my constituent would or would not be eligible for a small business bond. I asked the bank manager if he had not heard what the Minister of Finance had said. The Minister of Finance had said he received the assurance from the banks that they would respond and make money available. That was the agreement, and that was in the budget. I told the bank manager that the minister appeared confident that the banks would be responding positively. I know this banker; he is a good bank manager with one of the major banks. He said, "Frank, if I had the Minister of Finance as my client, I would have pulled the rug from under him long before this". He said, "What are you guys doing? This man should not get a loan. His business was not solvent before interest rates went up, and it is not solvent now". The banker said he would not take any direction from a minister of finance who has to borrow money this year to pay interest on loans he did not retire last year. That is the reaction we get from banks.

What is the Small Businesses Loans Act? It is one of the tools, instruments or measures the government has to bring in from time to time to apply a band-aid here and a band-aid there to correct some of the negative effects on small business of other government measures and interventions in the marketplace. The Small Businesses Loans Act, the Small Business Development Bank, the Farm Credit Corporation and the Federal Business Development Bank were all put in place as instruments to react to certain situations in the marketplace not regulated by the invincible hand of Adam Smith. The government knows full well it cannot intervene in the economy just a little because whenever it does intervene, it creates certain imbalances in other areas. For that reason the federal government needs these instruments to regulate from time to time sectors which are negatively affected by government intervention.

Why do we need these measures? I have already stated that we need them because the government intends to take—and has taken in the last 12 years particularly—a very active part in the economy. The public sector does not play by the same rules as the private sector, so the private sector must be controlled. Somebody once said that the private sector is controlled by the government and the public sector is controlled by no one. The government tells us to restrain our demands on the economy, yet it increases its own budgetary expectations and spends money as if there were no tomorrow. That is the reason, when from time to time certain sectors of the economy go under, are in default or become insolvent, the government has to intervene and help them keep their heads above water.

What the small-business man really needs is less government intervention and less competition from government because he can no longer compete with Big Brother in a number of important areas. The federal government itself competes with the small-business man in the marketplace. It is now an active player in the energy sector, and certain small-business men have to compete with the neighborhood service station which is government owned and controlled. The government competes very effectively and rigorously in the labour market, which causes the small-business man a great deal of concern. For instance, what skilled person in his right mind would work for a small-business man today, particularly in the service industry, when he can work for the federal government or any of the provincial governments under the umbrella or the protection of what I call the social hammock where there are all the social benefits anyone could dream of? There are indexed pensions, tenure, 17 weeks' maternity leave and so on. The small-business man cannot afford this. A small-business man may have five or 15 employees, one-third of them women, all performing an important function. If a businessman has only five or six employees and were to grant maternity leave benefits for example, he could have one third of his work force off for 17 weeks. Obviously he would have to hire someone to take over and reserve their place for when they return. The small-business man cannot afford to compete with governments and the large corporate sector in some of these areas.

• (1750)

In answer to my friends in the NDP who like to gaggle and yak when I raise these matters, I have always said that social benefits of that kind should not be selectively dispensed. It is fair and just for a woman to receive 17 weeks maternity leave. I think that is fair. It is an important aspect for the maintenance of the family and survival of our society. If the economy can afford that kind of benefit, it should be available to all workers, not just those who use the NDP as their spokesman in the House, the public sector and corporate sector unions. They are the ones this group speaks for. I speak for all Canadians. I speak for the two thirds of the work force that does not sleep in the social hammock and have the protection of the large powerful unions.

If it is fair for the family of a steel worker to have a dental plan, it should be fair for every worker in our society. However, these social services are dispensed selectively. The small-business man cannot compete. Therefore, he has a difficult time attracting workers to his plant.

The large unions should certainly set themselves social goals and discuss, as they have in other modern industrial societies, with the government and employers the virtues of such benefits. Once having decided and agreed that the general economy, the GNP, can afford such benefits, they should be equally, equitably and fairly dispensed to all workers, not just a select few.

Here is where the government is at fault. It is beginning a very dangerous trend. It is leading instead of following the marketplace. It is creating serious tensions in the marketplace and difficulties for small-business men. In most cases, a small-business man would be better off with some kind of public service job rather than, as my friend, the hon. member for Burlington (Mr. Kempling) said earlier, working 18 hours a day in the hope that some day he will make a profit from his business.

I have started four businesses. They are all still going. Two remain small businesses, one got larger. I know precisely what the hon. member for Burlington was talking about. I worked hard seven days a week. There is no Sunday or holiday when you are in small business, particularly the service sector. You are there seven days a week. If you only have five or ten employees and one does not show up for some reason or another, it is you who must replace that individual.

These are some of the problems the small-business man faces and some of the encumbrances the government, particularly the public sector, places on small business enterprise. The federal government competes in other areas as well, and this is more to the point. It competes in the capital market.

The question was asked where venture capital goes and why the banks are not investing in small businesses. One reason is that the risks are higher. Small business loans are much harder to service and control. If you start a small business away from the metropolitan areas, in the north or in a rural area, the banks are almost completely useless. They like to invest where they can see their investment and control it. I do not begrudge them for that. They are in the business of making money and have to show a profit to their shareholders.

The cost of servicing small business loans is much higher than that of servicing a large loan to the Power Corporation or any of the large conglomerates. It takes one person no longer to administer the large loan than to administer a $60,000 loan to a small-business man.

The government has been very active in the marketplace, particularly in the last couple of years, competing for money. It would be silly for an individual to put money into a small business when he can buy a Canada Savings Bond at 19½ per cent interest. Why put your money into a business when you can get that much interest by lending it to the government and having it fully guaranteed and flexible?

Between now and 1990 the government will have to raise between $400 billion and $600 billion in the marketplace for the energy sector. As a result of Bill C-48, we have what is known in the business world as a contingent liability. We will end up owning 50 per cent of the energy sector. It will take about $600 billion to become energy self-sufficient by 1990. That is the goal of the government and I applaud them for it. However, it will place an incredible demand on the financial market, virtually ruling out any opportunity for the private sector to compete. As a result, there will be no money available from the banks for the small business sector.

As I said, the government competes in the marketplace. May I say also that it competes unfairly. That is one of the main problems the small-business man faces today.

Survival in the small-business world today requires exceptional skills. My friend, the hon. member for Burlington compared the small-business man to an eccentric artist. That is stretching it a bit. I do not consider myself an eccentric. However, I have often said that my dealings with the bankers in my business and professional careers over the past 20 years have developed my political skills. I had to convince them that I had a much better mousetrap and that even though I would lose money for a year, eventually I would make a profit, create employment and serve my country in the best way I knew how. I pointed out that I would help the bank's position. When a banker told me he might or might not be able to help me, I always reminded him that I wanted to help him and would be doing so since I always retired my loans and paid my interest. I want to expound on this a little further, but I see that it is now six o'clock and I know it is Your Honour's duty to interrupt the proceedings. May I call it six o'clock, Mr. Speaker?

The Acting Speaker (Mr. Blaker): I will interrupt the proceedings at this point. I do now leave the Chair until eight o'clock this evening.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

The Acting Speaker (Mr. Blaker): When the House rose at six o'clock, the hon. member for Prince George-Peace River (Mr. Oberle) had the floor.

Mr. Oberle: Mr. Speaker, thank you for recognizing me once again and pronouncing my riding the proper way.

Before the House recessed for the supper hour I was discussing the Small Businesses Loans Act in the context of why it is necessary from time to time for the government to take these measures so as to protect or help certain sectors in the economy. Of course, the reason is that the marketplace can no longer function as it has previously. In other words, there is no longer a free market economy. In my contribution to the budget debate, I demonstrated why it is that the conventional and traditional tools and instruments that governments, monitors and fiscal planners were using were no longer effective. Of course, the reason is that there is no longer a free market economy in our country in the traditional sense. In the small business sector there is free enterprise and competition, but the small business sector or, indeed, the private sector as a whole, is no longer the dominant force in the economy. In fact, it is the government which is now the biggest employer—and I suppose it always has been—the biggest investor and the biggest corporate entity in the country, not only in the public service sector but in several major sectors of the economy, the most important being the energy sector, but also in transportation, communications and so on.

The government, which occupies such a dominant position in the economy, does not play by the same rules as does the private sector. That is the reason that the conventional tinkering, the conventional exercise of government regulations can no longer function. It does not really matter how much the private sector restrains itself in spending and in expanding the economy, as long as the government continues to spend as if there were no tomorrow. Then it really would not matter what we were doing. That is the main reason we have these distorted problems in our economy today. Because the government attempts to regulate a free market economy, there is no longer a free market economy operating in our country.

The Minister of Finance and the government spokesmen are ready always to blame others for the problems that the small business sector and the economy confront. It is either the American high inflation rate policy or, in the last few weeks, it has been the banks. The Minister of Finance and some of his colleagues actually stand in the House and blame the banks for the problems facing the small business community as if it were the banks that set the interest rates. It is the Governor of the Bank of Canada, on the advice of the minister, who sets the interest rates. We all lament the fact, and the NDP is in the forefront, that the banks are making excess profits.

● (2010)

Mr. Deans: Right, right!

Mr. Oberle: But if we are intervening and telling the banks what interest to charge, they cannot be blamed for making profits. We cannot blame the oil companies for making profits on selling oil when we set the oil price, without controlling it completely and without taxing away any of the profits. I am not advocating that we should have an excess profits tax but, as I said in the budget debate, one cannot be just a little pregnant. Once one starts intervening, one either goes all the way or else one gets out. It is not the fault of the banks that they have made excess profits. It is the fault of the government and of the Governor of the Bank of Canada, as it is their fault that the oil companies are making excess profits.

There are ways to get around the banks. As I said earlier, I have never been a great friend of the banks. I have always operated three years ahead of them. Small-business men are always a nuisance to the banks because their loans are as difficult to administer and service as the loans of large corporations such as Massey-Ferguson and Chrysler. The banks would much prefer to operate in the large corporate sphere of activity without having to worry about small-business men. From time to time the government has to intervene to encourage or provide competition for the banks, as was done with the Federal Business Development Bank and the Farm Credit Corporation. These institutions were actually put in place to give some competition to the banks and to keep them honest.

If we were really serious about helping small-business men, we could do it. Because we are always accused of not advancing any positive ideas, I should like to advance one. The Small Business Development Bond program was brought in in the budget of the hon. member for St. John's West (Mr. Crosbie). Perhaps my speech is too penetrating or too cutting; it must have melted the wire inside my microphone as apparently I cannot be heard. In any event, if we were really serious about helping the small business sector and about keeping banks honest, I know what we could do. I raised the question with the Minister of Finance the other day during question period. I asked him whether he had given thought to the idea of allowing private investors, through the mortgage exchange corporation, which is already on the books of the House but not yet proclaimed, to put more money into the mortgage field. This would make money available at acceptable and manageable interest rates. All we would have to do is to give the same concessions which the banks already enjoy to private investors. We could get them to cash in their term deposits and to buy private mortgages through the mortgage exchange corporation. If we gave the same concession to private investors, the interest earned on such investment would be free of income tax. For example, if one has money in a term deposit today, probably one would enjoy a 15 per cent or 16 per cent interest rate. I am only speculating because I have not checked recently. If one purchased a mortgage exchange corporation bond at 11 per cent and did not have to pay income tax on the 11 per cent, one would probably be further ahead. Not only would it be a better investment guaranteed by the Government of Canada, but one would be further ahead. Usually the people with term deposits in the bank are income earners who have a few dollars left at the end of the month. They should be putting that money into the economy.

There are two things which we could be doing. Of course I am leading up to the fact that we would not necessarily have to use the mortgage bond to stimulate housing construction and address the crisis in the housing market. We could also sell Small Business Development Bonds to private investors with the same concessions that are being offered to banks. First, if private investors could buy Small Business Development Bonds, government guaranteed and taxfree interest earnings at 11 per cent—and of course the government would require insurance on the bonds and would probably want to add one percentage point—effectively 12 per cent money would be available for venture capital. Also there would be 11 per cent or 12 per cent money available in housing areas. This is not a new, revolutionary idea. This is exactly what is being done in the United States and in other industrialized countries where they have considered something which I suppose we have forgotten, namely the fact that the ownership of a house and the affordability of decent accommodation for one's family is a social right, not a privilege conferred upon us by government. There are various techniques which could be used. Furthermore, it would give the banks some competition for much needed deposits. The banks are always competing for deposits, particularly when the government solicits money by offering savings bonds at 19.5 per cent, which took a lot of money out of the banks. The government is paying 4 per cent to 5 per cent more on its Canada Savings Bonds than the banks are paying on term deposits. Naturally everyone who could afford it bought as many Canada Savings Bonds as they could. It took a lot of money out of the banks, money which could have been invested and loaned to small businesses. If we offered these same concessions to private investors, we would give the banks some competition because they would have to compete for deposits. Also it would put more low interest money into the small business sector, into the venture market.

I have some positive suggestions which I hope the government and the Minister of Finance will some day consider. Certainly there could not have been any consideration of the true needs of the small business sector when the budget was written. The measure we are debating tonight, authority for the government to spend another $700 million or $800 million through the Small Businesses Loans Act, will not even go half way toward correcting some of the measures contained in the budget which, in practical terms, rendered the small business sector vulnerable. Literally thousands of small businessmen and farmers are walking away from enterprises in which they have worked and invested all their lives. Small business bankruptcies are up by 48 per cent. This does not even take into account the businesses which were abandoned by people who have given up and can no longer be bothered filling out government forms, having bureaucrats looking over their shoulders, watching every move, and getting it in the neck every time they turn around. They are tired of their profits being regulated and of being told that they should compete in the marketplace, while every other sector of the economy, particularly the government, is behaving as if our economy were controlled and structured similarly to the one which is operating behind the Iron Curtain.

Many people overlook the fact that as interest rates rise, as energy costs rise, and as input costs from all sources go out of sight, small-business men cannot do what the government simply does—pass them on to consumers. The government never has any problem. It can just raise taxes, and in Crown corporations it can convert loans to equity. It just makes another $800 million available here and there. The Minister of Energy, Mines and Resources (Mr. Lalonde) told us yesterday that they just finished budget discussions with PetroCan, the newest child in the government corporate arsenal. He said that the outlook for the next season is glowing. This means that we are probably in for another takeover of a private company, probably again for $1.5 billion, $2 billion or $3 billion. No one ever asks where this money comes from. The government raises it on the private market in competition with private enterprise. The cost of operating these businesses as Crown corporations with all their inherent inefficiencies, is passed on to the taxpayer. The small-business man competes with the large corporate sector which can pass on any labour costs, any energy costs and high interest rates to the consumer. Many of the large integrated corporations and marketing groups no longer operate in a truly free market environment where they compete with marketing groups such as the OPEC countries or European marketing groups; they have to be totally integrated and compete in an environment that is not ideal for free enterprise. As a result, it is the small-business man alone who is supposed to operate in a free market economy. He cannot pass his costs on to the customer, however, because the customer just cannot pay, so he is forced to reduce his profit to the point that the business becomes insolvent. He then must close down and lay off his employees. I think that the government believes that when a small business closes down, some magic employer will take over the people who are laid off. The government does not come to the rescue of those employees and they are just as unemployed as the people who worked for Massey-Ferguson, Chrysler or any other corporation that the government keeps afloat although it is no longer competitive in the marketplace.

● (2020)

If the small-business man closes his establishment the government seems to feel that it is obviously because he could not manage his business. That is not necessarily the case. He just cannot cope with the burden of regulation and control and, if the latest budget is any example, with the ignorance displayed by the government.

Some of my colleagues have said that when we speak of the small business sector we speak of the heart of the economy—the engine that drives the economy. Up to 60 per cent of all workers in this country are employed in the small business arena. They are that two thirds of the work force that is not unionized. All we ever hear about are the social benefits that unions want to achieve, and it seems to be taken for granted that by some magic those concessions will automatically flow to the two thirds of the work force that is not organized. That is not so. Small-business men employ the 60 per cent of our work force which is not unionized and which sometimes works

for the minimum wage just because the employer cannot afford to pay more. The social benefits are often less than adequate when compared to those enjoyed by employees of the federal government, provincial governments and the large corporate sector which passes the cost on to the consumer. That consumer is often the small businessman who has to buy his raw materials and products from the corporate sector.

The small business sector is almost totally Canadian-owned. There is no problem with foreign control there. And the small-business man always invests all his profits in the business. I said earlier that I personally had started four businesses, all of them successful and still operating. In no instance did I take any profit out of a business, apart from a monthly wage for myself and my wife, who was always active in them with me. For 20 years everything was plowed back into the business. The only time I ever made a profit was when I turned one business over to the employees who worked for me, when I decided to seek election or when we sold out and a profit was realized. If I were to turn the clock back and the budget we now have was in place, I would think twice about selling a business or building for the future as I have done for 20 years because the minister would be there next day confiscating 50 per cent of the profits that I had stored up.

Will these measures entice people to leave the comfort of a government or a corporate job and test their skills in the free marketplace? I do not think so. In good conscience I could not even advise my own children to start a business and test their ingenuity in a competitive manner.

I do not think a small-business man starting out in the climate that this government has created would be rewarded for the effort of building a new enterprise, of being innovative and inventing new products as was done in the businesses I started, and the effort of creating employment which will help stimulate the economy and improve conditions in general.

We are tearing the heart out of our total economy. Over 50 per cent of the gross national product is created by the small business sector. That is the sector which is efficient, productive and innovative. Unless we realize what we are doing before it is too late, we will destroy not only our small business sector but the total economy.

I do not want to appear philosophical about it but no matter how many times we change the Constitution or entrench rights, there is no personal freedom or individual right in a country that does not have economic freedom. One only has to read history and look around the world to realize that. If we destroy our free market economy, as the latest budget would, we destroy our personal liberty and freedom.

Some hon. Members: Hear, hear!

Mr. Cyril Keeper (Winnipeg-St. James): Mr. Speaker, I want to take this opportunity to put my feelings regarding Bill C-84 on the record, not because I am an economist or small-business man but because I think it illustrates the way in which the government has approached economic matters. My views on the bill are probably representative of those of many Canadians.

The bill is pretty flimsy—just two pages. That is not just a cheap trick that I am trying to use, but what that demonstrates is the nature of the legislation which offers loans to small-business men at prime rate plus one per cent which, as my colleague indicates, is nearly 20 per cent. I do not know what small business could operate in today's economy while paying 20 per cent interest.

The bill also gives a small token increase in the amount of money that can be borrowed, and clearly that is just a catch up for inflation. The bill is just a token response to tough problems. I say "token" because it is not going to do anything fundamental to create a climate in which small business can prosper or in which the employees of a small enterprise can make a good living and enjoy the good life.

Why do we have this token response, this flimsy legislation? It is because of the approach of the government toward economic matters in general. It has locked itself into an approach concerning the economy which completely abandons any attempt to manage the economy. Today it has adopted what is popularly called a monetarist approach to the economy. This approach has been recently rejected in Manitoba, for example, where the Conservative government, which followed this monetarist approach to the letter, was thrown out by the people.

• (2030)

Mr. Fulton: Turfed out on their ear.

Mr. Keeper: The Conservative government was turfed out because people will simply not put up with abandonment of economic responsibility by government. While it is the Liberal government in office today which continues that kind of Tory attitude toward the economy, it is clear from the record—

Some hon. Members: Oh, oh!

Mr. McDermid: Talk about cheap tricks.

Mr. Keeper: —that the short lived Progressive Conservative government followed the same kind of monetarist policy, as is well illustrated by the fact that interest rates rose at least four times during its administration. Therefore, it followed the same monetarist route. We know the Tories to be monetarists, the people know them to be monetarists, and that is why they threw Lyon out of office. That is why Margaret Thatcher, another Conservative in Britain, suffers the lowest esteem of any government leader in memory. That is why Ronald Reagan, who is also a Conservative monetarist, is likely to be a one-term President. People will simply not put up with this Conservative approach to economics.

Mr. McDermid: How is Foot doing these days?

Mr. Keeper: There is no forgiveness for the fact that a Liberal government follows these Tory approaches to economic matters.

An hon. Member: How long did the Commies last in B.C.?

Mr. Keeper: The budget of November 12, which has put small businesses into such dire straits, and small business people into such difficulties, was based on the assumption that the greatest problem we face today is inflation and the way to beat it is by tight monetary controls and by restraint in public expenditures.

The economic record of the last decade clearly demonstrates that these policies which have been carried on by successive governments just will not work in combating inflation. However, they certainly work when it comes to creating recession, when it comes to knocking people out of work and when it comes to making it impossible for small-business men to prosper. This, of course, would not be anything to decry if it were inevitable and there were no other ways by which to approach the economy. However, there is now clearly a good history of acceptance by governments of intervention in the economy and of intelligent approaches to economic planning. The Japanese and the Germans have done this, and we have done this at times, although not as well as we should have done it. However, it is clear that if we are to help small-business men, we need to take an intelligent approach to the economy. We must now stimulate the economy so that we can create employment and a market in which small business people can sell their goods and in which their enterprises can prosper.

Some hon. Members: Hear, hear!

Mr. Keeper: We must once again make a commitment to economic planning and to adding some intelligence and compassion to the economic system.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Gérald Laniel (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Mr. Speaker, I shall try to make this contribution to the debate as brief as possible, but I should nevertheless like to take advantage of this opportunity to show my colleagues in the House and the general public what we are accomplishing today by proposing another amendment to the Small Businesses Loans Act. Like most or perhaps all of the members of this House, I unreservedly support this bill to amend an act that has assisted small businesses to a very considerable extent, as was explained this afternoon by the Minister of State for Small Businesses and Tourism (Mr. Lapointe) when he opened the debate.

Mr. Speaker, it is easy for the opposition parties to criticize the government and government policy and to attack the budget. I feel that from time to time, the opposition should, in addition to the constructive criticism it occasionally produces, act sensibly and responsibly. The previous speaker on the Conservative side said earlier that small businesses are practically all that is left of the private sector in Canada.

So the federal government and other levels of government are accused of interfering in business and industry, while at the same time the government is asked to do something to save businesses. These people should be a little more responsible in what they say. They are asking us to reduce the deficit, and at the same time they want us to establish new programs. I was listening to the previous speaker for the New Democratic Party who seemed to disagree with the rate charged under this act, namely prime plus 1 per cent.

If we look at the statistics, we see that since the rate was changed, though remaining attractive for the private sector—after all, banks are also private businesses—small business loans have become accessible and the program has become very popular. On one side, they say loans cost too much and the government should subsidize, and on the other side, they complain that the government is interfering too much with private business and the Canadian economy, and should just pass legislation and let the situation evolve according to the natural laws of free enterprise. At the same time, they want the government to reduce interest rates on small business loans and I suppose also at the Federal Business Development Bank, and they are asking the same favour for home owners' mortgages and other loans granted through institutions governed by federal legislation—obviously—and at the same time they are asking us to fight inflation. They want people to spend more, they want the government to spend more, they want to give the economy an artificial boost by making people spend, without making them responsible, and at the same time they want the government to get rid of its deficit.

Mr. Speaker, this Small Businesses Loans Act is not brand new. It goes back to the time when I arrived in this House! It was passed in January, 1961, a little over a year before I entered Parliament, and on a number of occasions, I was in the House when certain amendments were considered. The act was passed to help the lender make sums of money available at competitive rates, to secure such loans against any losses and to enable small businesses that lacked the collateral to obtain such loans, to go to a banking institution and, with the government's guarantee, obtain its financial services for a maximum of ten years for the purpose of improving his business. In 1961, when the act was first passed, the maximum loan was $25,000. Subsequently, this amount was raised in 1974 to $50,000 per business and was available to businesses whose gross revenue did not exceed $1 million. As Canadian small businesses expanded, the government had to increase these amounts. Today, under the provisions of this act which run parallel to the provisions of the Federal Business Development Bank, a business may borrow up to $100,000 provided its gross total revenue does not exceed $1,500,000.

I participated in the previous debate in the House in 1980 concerning the last amendment which increased the lending

ceiling for the present two-year period. During the same debate, if I remember correctly, we increased maximum individual loans to $100,000. Today, a business which grosses up to $1.5 million per year may borrow up to $100,000, and can do so through the banks. In recent years, I believe in 1970, credit unions have become authorized lenders, and this also applies to trust companies and other financial institutions recognized and approved by the minister. Formerly, the Act was administered by the Minister of Finance who was the minister responsible to the House. This task has now been given to the Minister of Industry, Trade and Commerce. Mr. Speaker, who, in fact, takes advantage of these loans? Often, businessmen meet members in their offices and discuss their financial problems. They already have substantial mortgages on a building and liens on machinery and automotive vehicles, they have no idea where to go, and they are reluctant to see the director of a chartered bank or a credit union in order to have their application processed and obtain the tools they need to make their business grow.

As I said before, any business whose total gross revenue does not exceed 1.5 million and which is engaged in manufacturing, wholesale or retail trade, services, communications, construction or transport, is eligible for this program. There are many small businesses that could take advantage of this legislation, and I would encourage them to do so. The specific aim of the act is to make money available for the purchase and improvement of buildings or the renovation of facilities, for the purchase or construction of such facilities and for the purchase of property and machinery, but it does not provide for inventory financing. The government has decided, and this applies both to the Federal Business Development Bank and to the Small Businesses Loans Act, that it was up to the chartered banks and businessmen themselves to negotiate loan guarantees and credit margins on inventories.

Well, Mr. Speaker, the House is considering an act which, as I said when I started my speech, has been extremely helpful to small businesses in this country, especially, as my Progressive Conservative colleague mentioned earlier, since small businesses employ about 60 per cent of the Canadian labour force. This is a substantial figure. My hon. colleague said that these people were not unionized. That is perhaps the unfortunate part. Maybe some day they will be better protected, somehow, some way, and it will be up to the employees themselves and to the appropriate authorities to provide for that aspect. The fact remains that small businesses represent a considerable economic force in the development of the Canadian economy and of our country. Mr. Speaker, in the year ending on December 31, 1980, 16,417 small business loans, totalling $408 million, were granted, and I may point out that, although it is often said that Quebec is not an active participant in the economy, Quebec is still one of the most active borrowers. However, borrowing is not just owing money, borrowing means doing something with that money. I am looking for a table, Mr. Speaker, which I had just now.

The figures for each province show that between January 1, 1981, and the end of October 1981, 4,363 Quebec businesses had borrowed $116,408,674 under this legislation for an average loan of $26,681, compared with only 2,451 small businesses in the neighbouring province for total borrowings of $74,188,468, which represents $31,000 per loan. It is only with this last figure that Ontario beats Quebec. It still remains that these two provinces obtained 50 per cent of all loans granted under this legislation by banking institutions. We should be pleased that small Canadian businessmen take advantage of this legislation. It is surprising to find, when all the figures are added up to the end of October of this year, that during the whole twenty-year period 96,158 loans for a total of $1,841,738,178 were put at the disposal of small-business men throughout Canada.

Members opposite might try to attempt to scare people by saying that a 20 per cent interest rate is prohibitive, but a businessman who is a good manager has commitments to meet; these commitments are often proportionate to his receipts, and that is why he can afford this rate of 1 per cent above the prime rate, which seems to be acceptable because these loans cost nearly nothing to the government. I could go on at length and quote figures showing that this legislation costs the government between $8 million and $10 million a year to administer because of loans which are not repaid and insurance costs.

In any case, Mr. Speaker, I hope that all members will readily comply with the request of the Minister of State who expressed the wish this afternoon that this bill be passed quickly so that it may benefit small businesses during the entire period, because if we do not act quickly, as we have spent about $500 million, I believe, of the $850 million maximum available, we shall not be able to meet the demand. It is only by increasing the maximum from $850 million to $1.5 billion that we can do so. In the present circumstances, when businesses must limit their expectations, be competitive and perhaps make more long-term or medium-term commitments than usual, during this period of high interest rates which are partly due to conditions in other countries, at this time of economic slowdown, small businesses are more hardly hit, and if we want to help them right up to end, right up to 1982, when this act will be reviewed and hopefully improved, we should give speedy passage to this bill.

● (2050)

[*English*]

Mr. Doug Lewis (Simcoe North): Mr. Speaker, before I commence I would like to make a few comments about some of the remarks I have heard tonight. The hon. member for Beauharnois-Salaberry (Mr. Laniel) made reference to attacks on the government's budget. I would like to say to the hon. member that it is difficult to attack the government's budget because we have to find a place in line among the many

thousands of business organizations, farmers and home owners who want to attack the government's budget. It is not easy to get any media space or attention when there are so many who want to attack the budget. We on this side can rest assured that when the hon. member returns to his constituency for the holidays he will have to contend with his constituents. I think that he will be relieved to return to Ottawa once he has had his full share of his constituents' comments.

The hon. member also referred to the consistency of our comments about the budget, and I will refer to this later in my speech by making reference to the complete lack of consistency on the part of the government with respect to the Small Business Development Bond.

The hon. member in the NDP commenced his speech by saying that he was not an economist, and then went on to prove it, sentence by sentence. When the hon. member for Winnipeg-St. James (Mr. Keeper) talked about the political situation in England, he occasionally mentioned the Tory party. However, I would suggest to the Chair that those knowledgeable about the political situation in England would have recognized that the hon. member consistently put his "Foot" in his mouth. I would say that his speech was as short in content as it was in length.

An hon. Member: Yours is real swift.

Mr. Lewis: It is a pleasure for me to speak on the Small Businesses Loans Act and its amendment. The amendment increases the maximum of all loans which may be guaranteed during the two-year period ending June 30, 1982, from $850 million to $1.5 billion. We on this side endorse the thrust of the amendment because of the problems facing small businesses in the economy of Canada today. There is a desperate need by Canadian business to have the financing which this government is not providing in any other way. Bankruptcies are increasing continually in this country and there is little or no action by the federal government.

The purpose of the act is commendable in that it is designed to encourage lenders in the private sector to make loans available to small businesses. These loans must meet certain criteria in order to be guaranteed, and this is specified in the legislation.

The hon. member opposite referred to some of those specifications earlier, and I would like to expand on that. Eligible borrowers must have a gross revenue of less than $1.5 million in the year of the application. Anyone knowledgeable about the wholesale trade knows that it is not very difficult to obtain a gross revenue of $1.5 million in any one year. This is a provision which is not amended by this act and should be reviewed in detail. Loans may be granted for the purchase of fixed or movable equipment, improvement for modernization of plants, purchase of or construction of premises and purchase of land. However, that does not include inventory financing or working capital requirements or the refinancing of existing debts, and these are the areas in which small businesses are hurting today. Small business traditionally financed its inventory by using bank financing. Today, that bank financing is costing small businessmen a startling amount every month. Working capital requirements and refinancing of existing debts are being financed at horrendous rates which could have been greatly improved by the Small Business Development Bond. That bond would have helped small business, a subject about which I will say more later.

My experience with this legislation was gained in the field. It has not been all that good. I am not impressed by what the Canadian chartered banks do in Canada, despite the figures shown in the 1981 Small Businesses Loans Act annual report. I am not impressed when I see that the National Bank of Canada can lend $41 million under this legislation in Quebec and the other banks can not come close to that figure. As a resident of Ontario, I wonder why the Bank of Montreal lends more money in British Columbia than in Ontario and Quebec together. I wonder what the government is doing to ensure that all small businesses receive just treatment from all banks under this legislation.

I would like to discuss the responsibilities of the banks. It is about time, Mr. Speaker, that banks started to demonstrate some responsibility in this country. What we did as parliamentarians is to set up a bank system in Canada which would ensure successful banks. Where are the banks in this time of need? What are they doing for us? I suggest that they are spectators and not as heavily involved as they could be in helping to solve Canada's problems. I suggest that they have failed the Canadian people by not using all the personnel and financial resources which are at their disposal to come to our aid. The chartered banks in Canada, with the exception of a few branches, did not act very favourably toward the Small Business Development Bond program. I suggest to you that they use the switch and bake technique and provide people with conventional loans.

I know for a fact that when dealing with the Small Businesses Loans Act, the banker who was asked about a small business loan would reach under his desk and produce a book about as thick as the stack of *Hansards* which I have on my desk here and flip halfway through it and say, "You do not want this kind of loan anyway." They use the switch and bake technique to their advantage when dealing with the Small Businesses Loans Act.

I am concerned about why the average spread between what the banks pay out on savings deposits as opposed to the prime rate which they charge has increased. It concerns me that commercial mortgages are almost impossible to get. Why have the banks received direction from their head offices to demand appraisals on fixed assets involved in loans to businesses connected with farming? Why have bank profits increased so dramatically? Why are bank branches closing down in small towns and villages in Simcoe North? When are we going to see some initiative and innovation from Canadian banks? Although a Canadian bank has not failed since the Home Bank during the 1920s, they are failing Canadians morally every day.

I would now like to deal with the legislation which was passed in Saskatchewan recently. I suggest that it is an

indication of the problems facing the banks today. As I understand the legislation, it has created a moratorium on foreclosures in Saskatchewan for one year. Home owners in that province can continue their mortgage at the same interest rate. I suggest that should scare the banks of Canada. Let me give an example of how the banks get money to lend. An elderly person sells his home and realizes $50,000 on the sale. Let us say he did that in 1978. He went to a bank and obtained a three year deposit certificate at, let us say, 10.5 per cent. If he had gone to a trust company, he might have obtained a guaranteed investment certificate. In any event, the bank holds this deposit certificate for three years until January 1, 1982, when this legislation comes into effect. He goes to his bank in Saskatchewan and says he would like his $50,000 back because he wants to put it into Canada Savings Bonds at 18.5 per cent. The bank in Saskatchewan would have to say, "We do not have the money; we will continue to lend it to you at 10.5 per cent". That is what will happen to the banking system. There will be unhappy depositors and a breakdown in the system if that kind of legislation is in effect right across the land. That is what the banks fail to realize, and that is why our party called upon the government to do as we did, that is to have the Standing Committee on Finance, Trade and Economic Affairs review bank profits and interest rates. We have asked for it but have been turned down by the government.

● (2100)

This amendment is really necessary because the small business sector of Canada is in serious trouble. The Progressive Conservative Party introduced the Small Business Development Bond. Our original concept was exciting and innovative. We brought it in in the December 1979 budget. We gave small business a way to translate long-term capital requirements into long-term financing at a preferred interest rate. Small business, the backbone of Canadian industry, which was in difficulty at that time, would have had a chance. All right, we lost, but in April, 1980, the Liberal government adopted the idea of the Small Business Development Bond. It adopted the wording but not the philosophy. New ventures were eligible but not ongoing ones. We were pleased nonetheless because at least new ventures could be financed. A brochure put out by the Minister of State for Small Businesses and Tourism (Mr. Lapointe) says that the Small Business Development Bond measure:

> —is a tax initiative designed to reduce the interest costs of qualifying small business corporations . . . in recognition of the important contribution small businesses make to Canada's economy and in support of their continued growth and development.

What could it be used for? It could be used for acquiring land, for financing Canadian scientific research and development expenditures, for refinancing a loan to the extent that a qualified expenditure had been made or for assisting a small business in financial difficulty. That was what the government designed it to do.

What did the Canadian Federation of Independent Business say about what it would have done? The federation says that even in its semi-emasculated state, the Small Business Development Bond would have given help to between 5,000 and 10,000 small corporations; it would have provided about 36,000 direct jobs; the gross tax expenditure during 1980-84 per job created would have been $5,000 in 1980; and there would have been no net costs to the federal treasury and an actual gain of $77 million in the first year of the program. That is what it would have done. Now there are problems with it. I do not want to dwell at length on the problems, but let us look at what the government did with the Small Business Development Bond. In that "equitable" budget of November 12, 1981, the bond was extended for firms in financial difficulty.

An hon. Member: Ian Deans is in the chair now.

Mr. Lewis: Mr. Speaker, I can only comment at this point that you have aged considerably. However, you do have more hair for the job than the last Speaker.

An hon. Member: Be serious now.

Mr. Lewis: Those are not my instructions.

I suggest that what I am about to say will really curl your hair, Mr. Speaker. I am sorry. I am trying to give you all the dignity I feel you deserve, Sir.

What we are really doing to the Small Business Development Bond in this budget is saying to small business—

Mr. Riis: We are gutting it.

Mr. Lewis: My colleague from the NDP is correct. I note a shift in emphasis on the part of the NDP. My colleague is absolutely correct that the government has absolutely gutted the Small Business Development Bond and emasculated it completely. In order to get a Small Business Development Bond now a business has to be going broke. Is that not a great advertisement? The next brochure from the Minister of State for Small Businesses and Tourism will say: "Terrific! You can get yourself a Small Business Development Bond as long as you are broke". That is a lot a nonsense. It is absolutely no way to treat small business to say that in order to get help from the government and in order to get a guarantee from the government a business has to be going broke or be in financial difficulty. Is that something for the Liberal government to be proud of? "Yes sirree, if you are going broke, we are there," and the reason businesses are going broke is that the government put them there. I suggest that the banks saw through these Small Business Development Bonds immediately. There is absolutely no way any branch manager of a bank in Canada will telephone his head office and say: "Guess what, Mr. Vice-President? A customer just walked across the street from one of our competitors, and he looks really good because he is going broke". No bank will steal that customer from the bank across the way if he is going broke, but that is the criterion of the Liberal government's Small Business Development Bond program. No branch manager in the world would lend money to a customer because he is going broke; he could not be bothered with the paperwork.

I would like to read from a memorandum sent out by one of the major banks in Canada respecting the Small Business Development Bond. It is dated December 9, so it is current. It was written about one month after the tragedy called the MacEachen budget. It says this:

This new formula is being developed and . . . branches will be advised shortly of the formula. Until that time it is not possible to enter into any new SBDB agreements . . . the SBDB program cannot be offered by banks until the government defines more precisely the eligible borrowers.

Presumably the government is going to great lengths to define financial difficulty, and by the time it gets financial difficulty defined, anyone who was not in financial difficulty when the government started defining it will certainly be in financial difficulty once the government has defined it. The criterion is not there and when it is, it is going to be disasterville!

I would like to refer to a recording of a telephone conversation my research assistant had with a bank manager in my riding on November 9, 1981. The bank manager said:

The new program stinks! They just received their instructions from head office today. They are cancelling their files as far as SBDB are concerned . . . The only way they feel that they could consider an SBDB would be if the person had a marginal account with them already and that an SBDB would release the pressure. Even at that they would have to add 3 per cent to the rate to make up for the imposed 6 per cent dividend.

● (2110)

I want to read to the House a letter from one of my constituents addressed to the Minister of Finance (Mr. MacEachen). It reads!

We had been gearing up all year to build a new energy efficient building material showroom at our location in . . .

Simcoe North.

Financing was tentatively approved at—

A bank.

—through the Small Business Development Bond program.

We wrote you September 8, requesting an extension to this program since we were having problems obtaining completed blueprints with approvals. When we received your letter of November 6, no definite answer was obtained only to look for an extension or change in the budget November 12.

It appears from the budget that we cannot now use this form of financing to complete our plans.

This business is not going broke. It is not in financial difficulty. To return to the letter, this is what is facing Canadian small business across this country. It says:

It just does not make sense to start to build considering the present economic conditions, interest rates at over 18 per cent, inflation running at 13 per cent and the number of business failures in our industry. Looking over past years profits and projecting (or predicting) the future is so uncertain that to contemplate building at this time would be out of the question without this type of financing available to small business. At a time when many companies are closing, laying off, etc. this incentive for financing new buildings, equipment, etc. was really needed to help small business to expand and improve the economy.

Please reconsider your position on the budget for the Small Business Development Bonds.

There is no question but that we should support this bill. We do it with sadness, sadness because there was the mechanism available to this government to do something for small business in Canada. There was no need to gut the Small Business Development Bond, but this government gutted it. Effectively, it is now the small business disaster bond. That is no reflection on you being in the Chair when I say so, Mr. Speaker. You have done a good job. It is now the small business disaster bond.

We can blame the government for this all we like, but the people who do not understand what the Small Business Development Bond was supposed to do for Canadian economy are the same bureaucrats living in this cocoon called Ottawa who fail to realize what the entire budget will do for the economy of Canada.

If ever these people get out of this place and visit small businesses in constituents like Simcoe North, we will show them the reality of making a living in these times. We will show them that if bureaucrats get out in the field, they can see what is going on.

In closing I should like to say that I intend to support the bill and I thank you for your time, Mr. Speaker.

Mr. Blaine A. Thacker (Lethbridge-Foothills): Mr. Speaker, we have a new face in the Chair. I must say this evening we have a very handsome face in the Chair.

Some hon. Members: Oh, oh!

The Acting Speaker (Mr. Deans): I think the hon. member is out of order.

Mr. Thacker: I apologize for being out of order. I would never challenge the Chair. Presumably that says something about my comments.

This evening I want to say a few words on Bill C-84, the Small Businesses Loans Act. Because this is second reading of the bill I can discuss the principle, which is that there will be more government involvement in the lives of our citizens, particularly small-business men.

This amendment increases the amount the government guarantees to the banks to $1.5 billion. I am sure Your Honour is aware this is the eighth time the amount has been increased. When the bill first came in, it was $300 million. It is now $1.5 billion.

This bill increases the welfare of our banking system. We certainly would not want to have any banks fail. The bill says to the banks that if they will make loans to small business of up to $1.5 billion, the government will guarantee they will not lose it. This is an incredible bill and an incredible role for government.

The contingent liabilities of this government are now truly enormous when you add up all of the various contingent liabilities such as small business, farm improvement loans, Petro-Canada and the loans to our Crown corporations.

I suppose it is a proper question to ask why the amount has increased. I am sure government members will say it is because small business is important. There is no doubt about that. Over 90 per cent of all Canadians business is small business. There are 2.5 million people employed directly, and

25 per cent of our gross national product comes from the people who are statutorily defined as being in small business. If you add to that our farm community of some 330,000 farmers, you can clearly see the enormous impact of small business on our country.

Given the importance of small business, it is a very good question as to why this government has hurt them in so many ways. Small business is being given this little bit, a guarantee to the banks of $1.5 billion. That is just a drop in the bucket when contrasted with the many ways small business has been hurt.

The prime way in which the small business community has been hurt is as a result of the massive government deficit of $83 billion. As a result of that deficit, the government recently had to go into the marketplace and pull out $12.7 billion. That pool of capital should have been available for small business and other industries. The government has taken that pool of capital at a rate of interest that small business cannot compete with. No small business can pay 19.5 per cent and still make money.

What is happening is that those in this country with wealth are not using it to set up small businesses which would employ men and women, thereby increasing our communities and requiring more doctors, dentists and so on to serve the people. These people would rather lend it to the government at 19.5 per cent, and why not? It is guaranteed. That is a prime example of how the government is hurting small industry.

Politicians in general and cabinet ministers in particular have learned by being in government that they can deceive the people. They perform very well. The Liberal government is an absolute master. It proposes tremendous programs, all sorts of social programs, but there is a small capitalistic tax attached to it. The government says it will give the people this or that program without increasing their taxes. The trick performed by the great magicians is to borrow the difference. At first it is great. The people get the programs with no corresponding tax increase. Everything seems to be hunky-dory. At first only 5 per cent of government revenues went to service the debt. Suddenly it went to 10 per cent, 15 per cent, 20 per cent, and we are now in the situation where 25 per cent of the revenue collected from working men and women in this country goes to service the debt.

This money is not distributed equally in servicing that debt. Those with wealth receive 19.5 per cent from their government. That is a very real concentration of wealth. Within ten years we will have a nation of very, very rich and very, very poor. As a result of government deficits and a concentration of government wealth in the hands of a few, we are in the process of wiping out our middle class. A huge deficit prevents the government from having flexibility and the ability to help those who genuinely need help. Keynesian economics will work in the sense that during bad times governments should be able to borrow money on the collective strength of the nation, put it into an automotive industry or wherever it will create jobs. But during the good years, it is incumbent upon the government to pay the money back. That is where we have fallen down in Canada. During our good years, in the 1950s, 1960s and the 1970s when we were really economically strong and we should not have been having deficits, indeed, we should have been lowering taxes and building up surpluses if we had to, instead we were increasing the deficit. Therefore, when we need to have government involvement, we cannot because 25 per cent of our revenue goes to service the debt. That debt concentrates wealth among the very rich. It is the small business people who hurt the worst.

● (2120)

There is no doubt that the major curse upon the nation at the moment is the Liberal government, a government that spends $100 million in advertising to tell people what a great government it is and what a great Constitution it now has with all of the entrenched rights. The Chair, as well as I, knows that all of the so-called entrenched rights were rights that we had because some of us believed that individually we all had the rights. Government gives us absolutely nothing. Government takes away rights. Government does not give me rights.

What are some of the most important rights one should set forth and entrench? Clearly one would be property. The reason our ancestors emigrated to Canada was to get away from countries where they had governments that did to them exactly what this Liberal government is trying to do to our people today. People emigrated to Canada because they had an opportunity to get land. Do we have that entrenched in our national Constitution? No, because the government deliberately took it out. That is something that Canadians need to understand. On a Friday during the constitutional committee meetings, the government agreed with the Conservative Party proposal to include it, but on Saturday morning the Leader of the NDP party stood up and said to the Prime Minister (Mr. Trudeau), "If you put that in, we will withdraw our support". On the following Monday, the Liberal government returned to the committee and withdrew that amendment granting individuals the right to ownership of property.

Did they accept any of our suggestions and proposals that we have economic rights in the Constitution? It could be stated in our national Constitution that governments cannot have deficits unless they (a) have a referendum or (b) there is a war or a depression, some major overriding concern. If it were included in our Constitution that there had to be balanced budgets, except for those few exceptions, we would not get into the situation where the deficit is so crushing to small business and to individuals.

The next way government has hurt small business in this country is through the curse of inflation. There is absolutely no doubt that inflation is primarily caused by government. Right now in this country government is taking over 50 per cent of our incomes. It takes it municipally with municipal taxes and licences, it takes it provincially with all of the sales taxes and provincial taxes, and it takes it federally. I agree with the hon. member for York-Peel (Mr. Stevens) where he describes a slave as simply someone who is taxed 100 per cent. That being so, Canadians are at least half slaves, and the person who puts

them there is the government. All that means is that 50 per cent of our income goes to other people who make the decisions with regard to how that money is spent. That is what I do not like about it. The philosophy of the Conservative Party is to leave the money with the people and that millions of individual decisions will come to a far wiser result, rather than to leave it up to the federal cabinet consisting of some 30 people and the civil service bureaucracy which is not answerable to anyone. I do not like that, Mr. Speaker. I do not agree that over 50 per cent of my income should be spent at the whim and wish of other people. Leave it with me, Mr. Speaker, and I shall make those decisions. If all hon. members were to do that collectively, the system would work much better.

Mr. Taylor: Hear, hear! That is democracy.

Mr. Riis: I rise on a point of order. Mr. Speaker, would the hon. member from Lethbridge-Foothills (Mr. Thacker) entertain a question at this point?

The Acting Speaker (Mr. Deans): I wonder if the hon. member will entertain a question from the hon. member for Kamloops-Shuswap (Mr. Riis)?

Mr. Thacker: Mr. Speaker, there are so many bad things about this government that I would be delighted to entertain a question at the end of my speech if, in fact, there is time left at the end of my 40 minutes, which is doubtful because I could really continue for four or five days.

It is absolutely clear that the Canadian people have a clear, philosophical choice. If the Canadian people were to vote for the NDP party, there would be an enormous concentration of wealth and decision-making power in the hands of government.

Mrs. Mitchell: A point of order, Mr. Speaker.

Mr. Thacker: And if citizens want to have government—

The Acting Speaker (Mr. Deans): Does the hon. member for Vancouver East (Mrs. Mitchell) have a question?

Mrs. Mitchell: Mr. Speaker, I should like to point out to the hon. gentleman—

Some hon. Members: No, no.

Mrs. Mitchell: My point of order—

An hon. Member: That is not a point of order.

The Acting Speaker (Mr. Deans): I should like to suggest to the hon. member that it is quite appropriate for the hon. member to raise a point of order as a question, but that she might do it as a point of view rather than a point of order.

Some hon. Members: Hear, hear!

Mrs. Mitchell: I rise on a point of order, Mr. Speaker. My point of order is that the hon. member who represents the Conservative Party in its traditional terminology continually repeats NDP party. Would the Chair please correct the member and explain to him that it is the New Democratic Party and not the New Democratic Party Party.

The Acting Speaker (Mr. Deans): I recognize the aggravation it causes the House. It has been raised a number of times. I bring to the attention of all hon. members the fact that the proper terminology is NDP. Of course, the "P" means party.

Mr. Thacker: Mr. Speaker, I am pleased to have the floor once again. One becomes accustomed to these interjections from the NDP.

Some hon. Members: Hear, hear!

Mr. Thacker: There are different definitions of "P". I suppose we all have our own with regard to the NDP.

As I was saying before I was interrupted, clearly a vote for the NDP in this country means a vote whereby ordinary Canadians will have to give up more of their tax dollars. The decisions about how those tax dollars will be spent would be by a cabinet and a bureaucracy. The Liberal Party always picks up the themes of the NDP. There is no doubt that a vote for the Liberal government will have the same results.

Only a vote for the Conservative Party—and small business and individuals are beginning to realize that—will result in a real choice and people will be returning to our party en masse.

Mr. Taylor: PET socialism is the same thing, instead of NDP.

Mr. Thacker: Under the government's economic philosophy and the NDP philosophy, all roads will clearly lead to Ottawa. It is the same in the oil industry and under the National Energy Program where we have seen the flowering of that policy, where, previous to the NEP, individuals who formed their own companies could go out and drill a well if the seismic results showed that it should be drilled. They were entitled to deduct the cost of that well against any income that might accrue. That was a decision that was made as a function of management. Then we come along to the NEP policy which states that no longer will that be the case. The oil companies now have to come, first of all, to the bureaucracy in Ottawa for approval of the lease and where they can drill the well. If the seismic data says that it should be drilled in spot A, but the bureaucracy decides it will be in spot B, it will be in spot B. The bureaucrats will also decide whether or not one receives a grant based on a number of factors, one of which will be one's Canadian rating. People must first come to Ottawa for approval. As part of this philosophy, industry must operate that way now. If an industry wants to receive a DREE grant, it must obtain approval from Ottawa. It is a decision-making process which is now occurring in the centre, rather than being based on good economic business principles. I do not believe that is how the country should operate.

• (2130)

Previously, under the Federal-Provincial Fiscal Arrangements Act universities and provinces have been able to make decisions as to how dollars would be spent. Basically they have

been university decisions because they are autonomous institutions which prepare their own budgets, submit them to provincial governments for approval, and very seldom are they approved in total; they will often be cut back. Under the new proposals of the government pursuant to the philosophy that all roads lead to Ottawa, the universities and colleges will soon have to come to Ottawa to have their programs of instruction approved before money will paid out to them. Students will have the same philosophy applied to them. One program which is being discussed actively by the government is the voucher system. This will mean that students will come to the national government to receive vouchers with which they can go to universities of their choice. One might think that is great, that it is free choice for people, but we know it has some very severe ramifications.

First, large institutions will be able to destroy the small ones because they have the existing infrastructure, power and programs to offer more attractive packages to students. This will mean the closing of universities in various small towns and cities across the country where universities have added immeasurably to the cultural, intellectual and social life of communities.

Second, with respect to students individually, the voucher system will initially apply to all disciplines. For example, if one wanted to be a philosopher, one would probably be able to obtain a voucher. But it will not take very long before the bureaucracy starts to say, "We need more engineers in the next four or five years. Therefore, if you want to study philosophy, there is no national money for you; but if you want to study engineering or something else, here is your voucher". This will totally disrupt and distort what has heretofore been free choice on the part of students to decide what they want to study in response to their own interests. It goes back to the increasing philosophy of the government that all roads lead to Ottawa.

The next major kick at small business surely must be the budget. We know that the budget tax take is truly enormous. Since the government came back into power in 1980, it presented the budget of April, 1980, the tax increases in the budget of October, 1980, the energy taxes which were placed on the backs of ordinary citizens, and now the enormous tax take of the November, 1981, budget. If we add these together, we realize the tremendous pressure which is being felt by ordinary Canadians. It is very understandable why all hon. members are receiving dozens and dozens of letters from organized groups indicating that every aspect of the budget is wrong. At a time when ordinary Canadians, the men and women who really add something new to the country, are taking home less net pay, government revenues are up 30 per cent and government expenditures are up 22 per cent.

Just to get an idea of the extent of the unhappiness, perhaps I could refer hon. members to the article which appeared in *The Globe and Mail* indicating that some 18 accountants from the city of London, Ontario, sent a letter to the Minister of Finance (Mr. MacEachen) pointing out how absolutely devastating are the budget provisions. Those 18 accountants represent between 85 per cent and 90 per cent of the small business community in London. London, Ontario, is a very significant city, it is a major city in the country. Through their accountants, 90 per cent of the businesses are writing to the Minister of Finance to say, "Look, it is absolutely crushing us and it will not wash". Perhaps Canadians, small-business men and women are waking up to the real danger in the country.

Mr. Keeper: Mr. Speaker, I rise on a point of order. I think the hon. member has been using what I would describe as unparliamentary language. Given that increasing percentages of people these days who are entrepreneurs are of the female sex, why does the hon. member continue to refer in an old-fashioned way to businessmen?

Some hon. Members: Oh, oh!

The Acting Speaker (Mr. Deans): That is an interesting point of view, but it is hardly a point of order.

Mr. Taylor: Is that not a wonderful contribution? It is an NDP contribution.

Mr. Thacker: Mr. Speaker, the hon. member shows his true level of mentality because in fact I heard his speech and he used the word "businessmen" too.

Mr. Keeper: Mr. Speaker, I rise on another point of order. The hon. member is correct that in the first instance I used the term "businessmen", but with the interjection of my learned colleague I learned from my experience and talked of business people.

Mr. Thacker: Speaking of learning, it has never ceased to amaze me how hon. members of the ND Party have never been able to learn lessons from history. Their solution to the economic problems of Canada is for more government. Let me look at what happened in other countries where that occurred. Since the Second World War in the United Kingdom there has been a total nationalization of the coal, harbours, electrical and automobile industries. Every aspect of the life of citizens of the United Kingdom has been nationalized. Are they better off with the nationalization of every major industry in Britain? Of course they are not, and they are trying to get out of Britain by the hundreds of thousands. The reason they are trying to get out by the millions is that, as we can tell and chart statistically, for every year the country has a socialist government it will have a year of real pain and anguish. The people of Britain are going through the agony of hell because they have had so many socialist governments which have nationalized all their industries.

Let me refer to another example, that of Poland. Poland has an incredible history in which it was several times a major world power. Also it has a fabulous culture, social life and respect for the family unit, which are hard to beat. It is a very religious country. As a result of government, we find in Poland that all means of distributing food and all industries have been nationalized. Again it is governed by a cabinet of some 30-odd people, with the bureaucracy making decisions as to how

money should be spent. They simply cannot do it, and history teaches us this. Rather than Poland being a food exporter today, as it was, its people are now standing in line waiting for food.

This is where small business people come in. Small business people are really the buttress, the group which can make quick decisions. When the economy is going sour, they can make the necessary adjustments to get back on stream, which is impossible for the government. We have found that to be the case with PetroCan. We have $1.5 billion in it. We must remember that it started out with the $300 million or $400 million which we put in. It took over one company. It was not working, so we gave it more money. Every year we give it hundreds of millions of dollars. It still was not a success, so we gave it access to 25 per cent of all northern lands from which to choose. That still was not working, and now we have the flowering of the policy to expropriate wealth from the people who have found oil and give it to Petro-Canada. The reason for this is clear. That company cannot fail because if it did, the political image of the government would be tarnished. It does not matter how much money it will take; Petro-Canada will succeed if they have to take over every oil company in this country so there are no competitors.

• (2140)

Mr. Taylor: It is straight communism.

Some hon. Members: Oh, oh!

Mr. Taylor: Behind the scenes communism, and you are hiding it but the people are waking up.

The Acting Speaker (Mr. Deans): Order, please. The hon. member for Témiscamingue (Mr. Tousignant) on a point of order.

Mr. Tousignant: Mr. Speaker, I have listened to the hon. member since he began speaking. It seems to me that he thinks he lives in the year 1881. I should like to remind him that we are living in 1981.

The Acting Speaker (Mr. Deans): That is an interesting reminder.

Mr. Thacker: Mr. Speaker, it is interesting how hon. members get exercised when they are given a clear enunciation of principles and a clear explanation is given to the people of Canada of what it means to vote Liberal, what it means to vote NDP as compared to voting for this party. This party believes that government should basically restrict itself to regulation—I do not care how strict the regulations are—so that there cannot be an exploitation like that of the 1880s. The hon. member for Témiscamingue (Mr. Tousignant) should remember that it was the people of France in 1790 who had to have a revolution in order to get government off their backs and that it was the people of the United States who had to have a revolution in order to get government off their backs.

The Canadian people are going to be faced with exactly the same choice, although perhaps not in my generation because I will survive and not in the generation of my son or daughter because they will survive. We will teach them the system and they will be able to manipulate within it. One day the ordinary citizen of Canada will have to fight the French and the American revolutions again in order to get government off his back because the problem is government per se.

There is another attack on the 330,000 farmers in this country who are small-business men as well as the 2.5 million people who work for small business in Canada. That attack in the budget was clearly related to capital gains. It has effectively blocked small business people who have worked their whole life, taking perhaps only a meagre salary, and who would use the proceeds of the sale of the business for their pension when they retired. Until the last budget was introduced, such people used to sell the business to their children under an agreement for sale whereby the payments would be spread over ten or 15 years and the capital gain realized on the sale spread over the same period. In each year they received a payment from their child, they would pay a portion of the capital gains tax and keep the rest of the money for their pension.

Sometimes, in the case of farmers, the children could get a loan from the Farm Credit Corporation or, in the case of a small business, from the Small Business Development Bank. They could get the cash and then give that to the parent who would buy an income-averaging annuity and spread the capital gain over 10 or 15 years, and thus have a good pension. That scheme has been wiped out by the budget. The government insists that the forward-averaging provision will be equally generous but it has not been able to demonstrate this is the case I am convinced that forward-averaging is not going to be as generous to a man or a woman of retiring age—perhaps because it often happens that they do not live long enough to enjoy the benefit of it.

I think figures will show that if a farmer sells his property and then dies within the next year, the government will take the bulk of the estate, even though the spouse might be involved.

I could go on talking about the other budget attacks such as energy costs and employee benefits that have been taxed, higher housing costs, higher food costs, unemployment—I could wax eloquent about how the solution is more small business entrepreneurship, with the government acting as regulator and setting regulations to protect people so that those with initiative and drive would be able to compete in the marketplace. That would mean a continuous process of the weak and inefficient dropping out of the system. But when government becomes involved, anything it touches never has to apologize thereafter, even if it is inefficient. The system is just perpetuated.

A classic example of this, one in which I am sure you will be interested, Mr. Speaker, as you come from an Ontario riding, concerns the automobile industry. Very few Canadians realize that lay-offs today in the automobile industry are the result of government decisions taken in 1973-1974 to keep the price of Canadian oil depressed. That decision sent signals to ordinary Canadians that the price of gas would remain low and so they

could continue to buy big cars. It sent signals to the car manufacturers to continue building big cars. Meanwhile, Japan and Germany, not having the resource cushion that we have and having governments that are more direct and honest in matters of economics, immediately put their oil to world price and the best brains in their country to designing efficient engines and cars. Now, eight years later, they are whipping our industry because they made hard decisions.

I am sure it is difficult for the man in the street today to appreciate that he has lost his job in the automobile industry because ten years ago a Liberal government made a decision about the price of oil. Any Canadian who fails to appreciate the relationship between government decisions and subsequent injury, makes a fatal mistake.

Generally speaking, Canadians do not spend enough time on their politics. Perhaps that is because the country is so big. Other countries such as Greece and Great Britain take their politics seriously. I wish it were so in Canada. I believe that if ordinary Canadians understood more about the relationship between government decisions and the subsequent economic effects on them individually, they would pay more attention to all of us as politicians. It gets down to the fact of politicians being able to fool Canadians almost always!

Some hon. Members: Hear, hear!

Mr. Benno Friesen (Surrey-White Rock-North Delta): Mr. Speaker, I take pleasure in being able to spend the remaining 11 minutes speaking to Bill C-84 which extends the limits of borrowing under the Small Businesses Loans Act.

I was somewhat amused by the puerile interjections made during the speech of my hon. friend, the hon. member for Lethbridge-Foothills (Mr. Thacker), by the hon. member for Vancouver East (Mrs. Mitchell) and the hon. member for Winnipeg-St. James (Mr. Keeper). Their remarks reminded me of Alexander Pope's perceptive comment—"A little learning is a dangerous thing".

Again we have seen why the New Democratic Party is so dangerous. While we are extending the borrowing limits of this bill or, rather, the security to a lender to $1.5 billion, we really are not addressing the problems that are faced by the business community.

● (2150)

First of all, we need to address the greatest need of the business community, which is an atmosphere of stable planning for itself. No business can thrive, prosper or plan for the future if the future is filled with insecurity. The kind of insecurity which has been built into the economy by this government is destroying the planning and building capacity of our business community, particularly the small business community.

I would like to refer to a couple of previous Liberal budgets which were designed to send signals to reach the business community to plan for the future. First of all, I would like to refer to the budget presented on November 18, 1974, by the then minister, Mr. John Turner. On pages 1426 to 1427 of *Hansard*, in relation to MURBs he stated:

> I am confident that this measure will attract a significant amount of private equity capital into the construction of new rental housing.
>
> . . . will provide the impetus necessary to increase the housing stock in this country at a healthy pace and fulfil our commitment to place decent accommodation within the reach of every Canadian.

In 1974 that was called an incentive, an initiative; but in 1981, under this present budget, it is called a loophole. I refer to the same budget where the then minister was speaking of depreciation write-offs. On page 1427 of *Hansard* of November 18, 1974, Mr. Turner stated:

> . . . in the area of business investment, I wish to announce the extension of a measure which has made a major contribution to the strong investment performance, which is improving our productivity, enhancing supply, creating new jobs and helping to sustain the Canadian economy . . .
>
> This measure is the two-year write-off of expenditures on new machinery and equipment for manufacturing and processing in Canada—

In 1974, that was called a business investment incentive; but in 1981, that is called a loophole, and it is called unfair.

In 1976, the then minister of finance, referring to capital cost allowances, said, "After making an extensive review of the Canadian system of capital cost allowances, the main conclusion reached is that it is basically sound. It is not out of line with systems in other industrialized countries." That was an incentive in 1976; but today that is a loophole. The point I am trying to make is that business people have come to all of us, expressing their desire to invest, wanting to look into the future in order to do their planning, and asking, almost in anguish, "What are the intentions of government in this area?" I think that builders have come to all of us and have asked, "What is the future of MURBS? Will the government extend the program to December 31 of this year?" I suggest that it is the atmosphere of instability and insecurity which is killing the incentive, the drive and the zeal of the small-business man today.

Second, what we need and what business needs is a redirection of government goals! I would like to underscore what has already been stated to us tonight by the hon. member for Lethbridge-Foothills. He said that the government formerly acted as a policeman, as a regulator, to ensure that the economic actors in our economy were functioning well. At one time the government was the policeman. Today it is a principal actor in the community. I point out that at one time the government did most of its borrowing out of the country and dabbled with borrowing within Canada. However, the last Canada Savings Bonds changed all that. On the first day of the sale of those bonds in my community, one vendor alone sold $1.5 million worth. That should be considered, let alone considering all of the other vendors who sold bonds to a total of $12 billion across Canada. That has robbed the business community of a potential $12 billion borrowing pool which ought to have belonged to it by right. Therefore, the small-business man can no longer go to the private investor and borrow $50,000 or $100,000 because that money has now been lent out to the government. I might add that when the

government borrowed that money, it invested in non-productive investments.

Finally, since I have only a few minutes left to speak, I would like to address myself to the Small Business Development Bond and what the government has done to it through this particular budget. In doing so, I would like to read into the record a letter I received from an accountant in my constituency. In the letter, he is pleading with the tax policy and legislation branch of the department of finance on behalf of his clients. He writes:

My client is a company involved in poultry processing in the interior of B.C. As you are probably aware, poultry processing is a very high risk business as evidenced by the present proposed closure of the Panco Poultry plant—

The Panco Poultry plant is in Surrey, British Columbia. The letter states further:

—and by the previous closure of Maplewood Poultry. The Honourable Eugene Whelan has been indirectly involved in assisting the Maplewood Poultry Plant and, I am sure would provide you with any required details about the high risks involved.

Three years ago my client started a very small plant from 'scratch' and has recently been involved in large capital expenditures to increase capacity and employment. A publicly stated goal of the federal government has been to encourage investment in secondary industry (and of course increase employment as a result) in the lesser developed areas of the country. My client's investment expenditures have been until November 12, 1981, a specific example of physically putting into practice the government's highly acclaimed self-laudatory goal.

The client had a large amount of plant expenditures eligible for the SBDB, and, until November 12, 1981, arrangements had been 'substantially concluded' (as had Dome Petroleum) to refinance existing loans originally made for plant expansion so that the burden of record interest rates could be alleviated somewhat by the SBDB.

The only outstanding issue at November 12, 1981, was that the client had not yet decided what total expenditures were still to be incurred before December 31, 1981. Prior to November 12, 1981, because of the nature of the SBDB, it had been decided to wait until the last possible moment before December 31, 1981, to issue a SBDB, so that the precise and maximum amount could be financed under a SBDB. This would result in the maximum relief possible from the interest expense burden.

However, the client's diligent plans have been put to waste by the November 12, 1981, budget. As you can see from the enclosed photocopies the bank has advised that the formula regarding interest expense on the SBDB had changed. Now the client has been advised that the interest expense on SBDB, issued after November 12, 1981, will be 3 per cent higher than for those that had been issued before November 12, 1981. For all practical purposes that reduction 3 per cent spread now makes it no longer attractive for the client to issue SBDB. The net result of the client's diligent planning based on the previously set rules and deadline of December 31, 1981, is that they are penalized by the budget by losing out on an interest expense reduction of an estimated $5,000.00 per year (3 per cent of $169,500.00).

I would respectfully request that the SBDB budget prepared be amended so that it results in no difference in the interest formula charged by banks. Then my client (and other similarly affected Companies) can be treated in the same fashion as those companies who had issued SBDB before November 12, 1981.

The accountant went on to write to the Royal Bank, who was the lender of that bond. He stated:

I am writing to confirm our telephone conversations of November 17 and December 1, 1981. On November 17th you advised that the Company's SBDB application progress was still acceptable as the application was substantially complete before November 17th. On December 1st you advised that the bank's formula had changed because of the federal budget and the result is an effective rate increase of 3 per cent per annum—

As a result of the dramatic change in the cost to the Company, it has been decided to temporarily shelve its plans to obtain a Small Business Development Bond pending any change in government proposals.

• (2200)

That is what the government is doing by providing an insecure and a hostile climate where the government is the major competitor in the lending industry of our country.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

AGRICULTURE—REQUEST FOR PROGRESS REPORT ON INTRODUCTION OF BEEF STABILIZATION PROGRAM. (B) REQUEST THAT SURVEY RESULTS BE PUBLISHED

Mr. Bert Hargrave (Medicine Hat): Mr. Speaker, this adjournment debate is a follow-up to my question addressed to the Minister of Agriculture (Mr. Whelan) on November 19 which can be found in *Hansard* at page 12920. My question was a specific request for a progress report on a national harmonized beef cattle stabilization program for the calendar year 1981.

The minister knows my views and concerns about Canada's beef cattle industry, which is now in such a serious crisis throughout all of Canada. We have talked about it privately and in committee on various occasions. I advised the minister of the exact subject of my question in advance. It concerned stabilization, but he ignored my question.

He said:

Madam Speaker, the hon. member asks about what kind of plan I was proposing.

The minister went on to brag about his 1977 proposed stabilization program for several agricultural products. The situation four years ago was entirely different from today's cattle crisis. In 1977, our Canadian markets were trying to recover from political manoeuvring, mostly by the American government following that country's price and wage controls and its infamous "Nixon freeze". That was the occasion when United States over-fat steers, some of them weighing as much as 1,800 pounds, were able to be brought into Canada for slaughter and then be re-exported as beef to avoid the Nixon freeze. That was also the period of massive offshore imports from Australia and New Zealand that had unrestricted access to our Canadian markets at give away prices.

When the minister recites this story of his 1977 stabilization plan, which incidentally never came into being for our cattle industry, he should tell the whole story and why that plan could not work then. Now, of course, we have an entirely different and much more critical situation. The biggest difference is that our cattle numbers and supply cycles are at their low points and have been for over four years. Our industry is

fast becoming a complex total of balkanized regions as one province after another competes through its own treasury board with each other with various provincial subsidies and top loaded stabilization plans. Surely this is the wrong approach to take.

My original question was on national stabilization. The minister answered by discussing his personal cattle questionnaire. It seems that 140,000 copies of this questionnaire had gone out over his signature, including 53,000 to dairy producers. That sounds like a large number, but the minister and his staff must now know that many beef producers and feeders had never received a copy of this questionnaire.

Our beef cattle associations in Alberta and in Ontario through a recent follow-up survey have found that only one third of Alberta cattlemen and 40 per cent of Ontario cattlemen have received the questionnaire. These are beef cattlemen and not dairy producers. If the minister cannot do a better job than that, he would be well advised to abandon the questionnaire. It is no accident that the wording of the questionnaire was deliberately slanted to answers that favour marketing boards and supply management. Does the minister realize that Alberta's three largest feed lots turn out more fat cattle in one year than all of Quebec, including Quebec's dairy cattle population?

In the meantime, our Canadian-fed cattle market prices have dropped $6 to $7 a hundredweight over the last ten days. The crisis is here now. It is demanding attention now.

The least disruptive approach is to use the federal stabilization legislation with cost sharing by the cattle provinces and cattle producers and feeders themselves. I suggest that it is most unfortunate that the minister has made it rather obvious that he does not intend to act until after the three current cattle investigations have been reported. These three investigations are, first, the Senate Agricultural Committee studies on Alternatives to Beef Marketing; second, the questionnaire I have just mentioned which the minister has sent out and, third, the two-man investigative committee which has finished making its private investigation, throughout western Canada especially, and who are presently writing their report.

● (2205)

I sincerely hope that the minister will realize the situation which Canada's cow-calf, yearling and feeders sectors in the cattle industry are faced with today and does indeed meet with cattle producers, through their associations, to get the cattle stabilization program under way.

Mr. Ralph Ferguson (Parliamentary Secretary to Minister of State (Small Businesses and Tourism)): Mr. Speaker, in response to the hon. member for Medicine Hat (Mr. Hargrave), who is not only a fellow member in the House but is also a fellow beef producer, let me say that I can understand his concern in this regard. I fully realize that since 1977 the cowherd in the United States has increased by approximately 6 per cent and the number of replacement heifers are up accordingly, while these numbers have remained quite consistent in Canada since 1977. Therefore, we must move to ensure that the proper programs are implemented to continue the existence of a beef industry in Canada.

One of the reasons that the minister had sent out the 140,000 questionnaires to the beef producers in Canada, which of course included some dairy farmers, was to get background information and the opinion of the producers at the local levels since there was a difference of opinion between various cattle producers' organizations. I am well aware of the fact that not all of the beef producers received these questionnaires. I have received similar complaints in my own constituency, but I did contact the Cattlemen's Association in those two counties and asked them to submit lists of their membership so they would all receive a questionnaire.

In regard to the proposal for stabilization, if we could have a system of nationalized stabilization which was in harmony with each province, I could agree that this may be a proper direction to follow. However, when there are incidents of top loading, as referred to by the hon. member for Medicine Hat, which existed in the hog industry last spring, that proposal is clearly unacceptable and unfair to the individual provinces and producers in those provinces across Canada. Until there is a move in the direction of harmony between the provinces toward stabilization programs, which the minister has attempted in many commodities since 1975, I think perhaps we must look at all the alternatives. It is in this context that we want to make sure that all alternatives are examined, not only that of the Senate committee but that of the two-man committee from which the minister will receive information, and also from the questionnaire.

● (2210)

I should perhaps advise the hon. member that the minister has said that it is not desirable to make the preliminary findings public but only the final tabulation.

With respect to an estimate of the number of questionnaires returned, I think it would be pure guesswork at this point to make any estimates in that regard. I hope the hon. member will bear with us until all alternatives are examined respecting the critical situation we are facing at the present time.

FOREIGN INVESTMENT REVIEW AGENCY—APPROVAL OF SALE OF TORONTO HOTEL TO HONG KONG INTERESTS. (B) TIME TAKEN TO ISSUE AGENCY APPROVAL

Mr. Benno Friesen (Surrey-White Rock-North Delta): Mr. Speaker, on November 24 I rose in the House to ask the Minister of Industry, Trade and Commerce, (Mr. Gray) about the approval of the sale of the Harbour Castle Hotel, a Campeau property, to a wealthy Hong Kong interest controlled by Mr. Canning Fok. At the same time I asked the minister what the average time to gain approval through FIRA is. He indicated, "At least 50 per cent of the applications are dealt with in three weeks or less." What he neglected to say was how long it takes the other 50 per cent.

According to testimony in committee on May 14, 1981 Mr. Gorse Howarth, commissioner of FIRA, stated that for the rest the record is not so good. He said that the median for the remainder—that is, the average—is at present running at about 150 days. If we consider that to be the average, we can imagine what the lowest possible one is compared with the highest.

I have before me a chart from the latest FIRA annual report. It shows that in 1980-81 there were 62 applications pending on small business cases on which more information was requested by the minister, 166 unresolved applications carried forward from the previous year and 311 applications under assessment at year end. This incredible backlog is familiar to the business community and to the lawyers who are faced with the frustration of shepherding the applications through that national boondoggle. That is why I was concerned about the background of expedient treatment and special consideration given to Mr. Robert Campeau and his organization.

The particular concern on which I focussed on November 24 refers to the swift sale of the Harbour Castle Hotel to Hong Kong interests. It is not an exaggeration to say that eyebrows went up all over this country about the way it was worked through, and it would be interesting to know what significant benefits to Canada were received in the process. I was also concerned about the answer the minister gave on November 24 when he said:

> I can assure my hon. friend that the full process was followed and the decision that was announced about the transaction involved significant benefit for Canada, as stated in the relevant press release.

My immediate question has to do with the minister's statement that the full process was followed. Commissioner Howarth says that sometimes the cabinet is responsible for delays, but it seems clear that there was absolutely no cabinet indecision with regard to Mr. Campeau's hotel deal. It is reported that a couple of strategic telephone-calls were made, which greatly facilitated its passage within a comparatively short period of time. It was done within a few days and no more than 10.

Second, the minister referred me to the press release and suggested there was a significant benefit for Canada. "Significant benefit", of course, are bywords or catch words to justify approval by FIRA—particularly in this case, I would say.

I noticed that the press release in which the minister announced this decision also announced another one to establish a new business at Tillsonburg, Ontario. The press release lists all the significant benefits to Canada on this second decision but not one whit of information regarding the sale of this hotel or any of the supposed benefits which are to accrue to Canada. I might revise that just a little bit, look at the chart appended to that press release and refer to two significant benefits to Canada dealt with thereon. There is "new investment" and "increased resource processing or use of Canadian parts and services". I wonder what incredible increase in use of parts and services there will be as a result of the purchase of that hotel by Mr. Fok.

• (2215)

The question with which we must come to grips is how much longer this kind of obvious favouritism, based on what can only be assumed to be political sympathy, large campaign contributions and other factors, is going to continue? Mr. Campeau is not the only one who benefits from this largesse of the Liberal party establishment, but he has to be one of the most obvious and distressing examples.

Mr. Gérald Laniel (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Mr. Speaker, I am pleased to try to answer the hon. member. As the parliamentary secretary, I have been closely associated, maybe more so than other members, with the personnel of FIRA. I appreciate the way they have tried to be efficient and at the same time just.

[*Translation*]

Mr. Speaker, the government is often accused of taking too long to process investment proposals submitted for consideration under the Foreign Investment Review Act. The government is obviously very sensitive to such criticism and it has throughout the years developed ways of making the process faster and more efficient. I am happy to say that these methods have been improved, but the question asked by the hon. member is not concerned with this aspect. Apparently, the hon. member is accusing the government of processing certain cases too quickly, which I feel is a compliment to the Foreign Investment Review Agency, and I wish to thank him for giving me an opportunity to discuss the agency in this House. Mr. Speaker, the Canadian government has always tried to deal with the problem of delays in processing. In 1977, it introduced a procedure for small businesses, which made it possible for foreign investors to submit a less detailed application when a proposal concerned assets of less than $2 million and a business with fewer than 100 employees. Since this change was made, about 60 per cent—not 50 per cent as my colleague said—of investments considered under the act were in this category. The processing time for an investment proposal in the case of a small business is about three weeks. It is clear that other cases which may be more substantial and more complex and may have a considerable impact on the Canadian economy will take longer. But even in such cases, the government has tried to reduce processing time by encouraging investors to discuss their plans informally with the responsible officers, in order to save time and prevent delay.

Mr. Speaker, I would also refer the hon. member to the information document "Economic Development for Canada in the 1980's" which was published at the same time as the budget. In this document, the government again states that it wants the administration of the act to be timely and efficient. The document also mentions that a review of the administrative procedures is under way to establish what changes in these procedures are warranted and should be made on the basis of the experience of the last seven years. Mr. Speaker, the transaction to which the hon. member is referring was made in

the best interests of Canada. The agency was informed of the plans before an official application was made and was able to act quickly. The transaction has resulted in a number of important benefits to the Canadian economy.

[*English*]

As the hon. member stated in his remarks, FIRA has found that this transaction can be judged as one that brings significant benefit to Canadians. Of course, it is impossible to unveil all the information that was made available to FIRA during those negotiations. But the hon. member must understand that the records of FIRA prove that it is a dependable organization and that that decision, as many others, will be for the benefit of all.

● (2220)

An hon. Member: It is only because it is illegal to tap phones.

PUBLIC WORKS—CONTRACT FOR USE OF CENTENNIAL TOWERS OFFICE BUILDING IN OTTAWA. (B) REASONS FOR GOVERNMENT PROPOSAL

Hon. Elmer M. MacKay (Central Nova): Mr. Speaker, like my colleague who spoke before me, I am rather outraged at the special status that Mr. Campeau and his organization appear to enjoy in this country. I am amused to think that this expedient treatment, as described by my hon. friend opposite, is somehow a dramatic improvement in the procedures of FIRA. Actually, it is a remarkable departure. We will see if this kind of treatment is extended to anyone else in the future.

In raising the issue that I brought up on the same day as my colleague as to whether or not Public Works should be dealing with Robert Campeau and his organization yet again with regard to a building owned by that company here in Ottawa, I think it is appropriate to keep in mind that the Department of Public Works inventory of vacant space in Crown-owned buildings as of November 1, 1981, indicates approximately one million square feet of surplus space in the national capital area, and there is a note on the data that indicates there is yet another 1,735 square meters, if we must pay tribute to metric these days, of vacant space in 17 other Crown-owned buildings.

Of course, this is the official Department of Public Works version. Mr. Speaker, we both know that there is likely at least as much vacant space camouflaged by unused desks and empty filing cabinets in many departments such as Statistics Canada, for example. Some of us who are used to that—even hardened political observers of wastes and profligate spending by this government, keeping in mind well-known incidents such as Mirabel, the Consolidated Computer debacle that cost $100 million, and most recently the Bank of Canada over expenditure and the CNR overpayment of $50 million—somehow find it offensive to see what has been happening over the years with Mr. Campeau. He is in a special category. He is in a recurring category. I guess it should not come as a surprise to everyone that Mr. Campeau is getting another sweetheart deal since he has made political influence and back-stage manœuvring an art form. Mr. Campeau's latest attempt to deal through the Liberal Party establishment and around the public service, at the taxpayers' expense, is typical. Whether it is making a mockery of the procedures of FIRA, as just pointed out by the hon. member, with some high level assistance from his friends in order to expedite the sale of his organizations, hotel, or buying back Campeau stock from the public at less than fair value, after receiving benefits once again to inflate it, from the taxpayer, this leech—or perhaps it would be better to say political proctologist of the Liberal Party—has certainly been consistent in his methods for many years. His latest proposal regarding Centennial Towers is yet another manifestation of his penchant for putting his snout into the trough. The fact that this building, like many others he has built, is in poor condition is one factor for concern. Leaving that aside for the moment, I want to ask the government why the long suffering taxpayers, at a time of so-called financial restraint, have to have yet another umpteen thousand square feet for this swollen and bloated bureaucracy and why it must come from Mr. Campeau. Of course, I guess that figures.

A very comprehensive and estimable research project has been carried out by two Ottawa ladies, Helen Deachman and Joy Woolfrey. The article is entitled "Les Terrasses de la Chaudière: How the Liberal, federal government did business for us with the Campeau Corporation". This is an excellent article. It should be required reading for a lot of people in this country. I will certainly do whatever I can to see that it is widely circulated. I only wish that it were possible for me to table it. However, I understand that is not possible. I will certainly send it to a lot of people, including our friends in the United States, where Mr. Campeau's organization is now attempting to establish some in-roads. I believe it will save a lot of grief to a lot of people. We owe that to the Americans. We owe that to them, in a small way, to make up for some of the things that have been going on between the two countries.

This research project took more than a year to complete. It clearly outlines the methods and personalities that were involved and the tremendous rip-off of the Canadian taxpayer. The Department of Public Works, the National Capital Commission, past ministers of public works and several cabinet ministers, past and present, are all indicted. Of course, Mr. Campeau is accurately portrayed, I believe, as having nothing but contempt for any and all of those he is able to manage. I believe it may be said with accuracy that while Mr. Campeau, with the help of his friends, has achieved a considerable amount of financial success, no one could ever seriously maintain that he has achieved any financial respectability.

● (2225)

Instead of dealing with Mr. Campeau in a further shameful way, the federal government ought to initiate a public inquiry into the past wheeling and dealing of this man and his organization, especially with regard to the artful and cynical manoeuvres involved in the project in Hull, the infamous Les Terrasses de la Chaudière, and forget about acquiring any

particular space from him or anyone else at a time of alleged budgetary restraint.

[*Translation*]

Mr. Gérald Laniel (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Mr. Speaker, I am not here to try and defend Mr. Campeau and his business but to answer questions on behalf of the Minister of Public Works.

[*English*]

I should like to respond further to the question raised by the hon. member on November 23 by giving the facts as they are. Public Works Canada and the Department of National Defence have been seeking suitable accommodation for long term consolidation of space requirements for the Department of National Defence and to replace outdated premises which it now occupies in Rockcliffe and in various leased premises scattered throughout the city of Ottawa. In Rockcliffe, National Defence will vacate wartime temporary buildings which are scheduled for demolition. The premises currently rented in the city are of low quality and the leases are expiring.

National Defence asked Public Works Canada to seek space which would allow it to consolidate its services in one building, thereby saving administrative and security costs. The Centennial Towers, a building which has remained vacant since its lease with the federal government expired, fit the space requirements of DND. It is in downtown Ottawa, near other DND buildings, and it is large enough to permit consolidation of various DND branches in one building. Thus, the Department of Public Works entered into lease negotiations with the owner, Campeau Corporation.

Hon. members may recall that the Department of Public Works undertook a few years ago under two successive governments to ease the burden of excess vacant office space in the private sector whenever possible, rather than building itself. We are now in a position to do just that. In lease discussions with Campeau, the Department of Public Works obtained two independent appraisal reports on the value of the property as it now exists. The appraisals were $13.9 million and $16.2 million.

In order that this building can meet current occupancy standards, the owner would have to undertake major renovations to the building fabric, structures and services to raise it to class A office building standards. This would no doubt be a significant expenditure. Apparently Campeau Corporation estimates that after completion of this type of renovations, the building would have a market value of approximately $44 million. Hon. members may be assured that at the moment the lease-purchase of this building is only a proposal. Should this proposal prove to be competitive on the market today, it will be submitted to Treasury Board for approval.

The vacant space at Place du Portage in Hull to which the hon. member referred in his question was in fact assigned some time ago to the Public Archives with Treasury Board approval, and Public Archives officials are now working on detailed requirements for fitting-up this space for occupancy. In conclusion, let me say that again the hon. member is seeking a scandal which does not exist.

The Acting Speaker (Mr. Blaker): The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 2 p.m.

At 10.29 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Wednesday, December 16, 1981

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

AGRICULTURE

BUDGET'S ASSISTANCE TO FARMERS—MOTION UNDER S.O. 43

Mr. Charles Mayer (Portage-Marquette): Madam Speaker, prior to the November 12 budget the Minister of Agriculture (Mr. Whelan) implied that, if there was no help for Canadian farmers in the budget, he would resign. The budget just passed in this House provides for approximately $15 per farmer in direct assistance, as a result of the budget. I therefore move, seconded by the hon. member for Lisgar (Mr. Murta):

That this House takes note of the fact that the Minister of Agriculture must therefore be satisfied with this amount of assistance, $15 on average per farmer, or he would have followed through with his previous threat and resigned.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HOUSING

DIRECTIVE SOUGHT ON ASSISTANCE TO HOME OWNERS—MOTION UNDER S.O. 43

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, through the November 12 budget we were given to believe that the Government of Canada was offering assistance to home owners facing mortgage renewal at current interest rates. If their payments exceeded 30 per cent of their total income, home owners would be eligible for interest deferrals up to $3,000. This was proclaimed by the minister of housing and the Minister of Finance (Mr. MacEachen) to be a guarantee to the lending institutions. However, banks and trust companies are not honouring this plan because no direction has been given to them on how the plan will work. Therefore I move, seconded by the hon. member for Rosedale (Mr. Crombie):

That the government immediately inform all banks and trust companies that this plan is to be implemented forthwith, how it will work and assure them that the guarantee will be honoured so that home owners facing the prospect of losing their homes can be assured that the assistance offered in the Liberal budget will in fact be passed on to them and then they and their families can have Christmas without fear of eviction.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

CANADIAN ARMED FORCES

CONGRATULATIONS OF ACTS OF RECOVERY IN EVACUATION OF INDIANS TO SAFETY—MOTION UNDER S.O. 43

Mr. André Maltais (Manicouagan): Madam Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43.

Considering the exceptional work done by the Canadian Forces at La Romaine this past weekend, I move, seconded by the hon. member for Roberval (Mrs. Beauchamp-Niquet):

That this House congratulates unanimously Canada's Armed Forces for their efficiency and their humanism in rescuing one civilian and in evacuating some 160 Montagnais Indians from the lower north shore of Quebec.

Madam Speaker: Under the provisions of Standing Order 43, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Madam Speaker: The House has heard the motion. Is it the pleasure of the House to adopt the motion?

Mr. Maltais: Madam Speaker, I want to take advantage of this opportunity to tell the House that I have just come back from La Romaine, a village where one of the large Montagnais Indian reserves is located, and I wish to stress the complementary role of the Canadian Forces in providing for the safety of civilians and especially in providing transportation to areas that are literally shut off from our larger urban centres. I also wish to take this opportunity to ask the Department of Transport to give close consideration to the issue of municipal airports in this area, because this past weekend I had to stay two days longer, at the expense of the House of Commons, because it was necessary to rent a helicopter in order to get out. I should also like to congratulate Father Alexis Jovenot, a missionary who has been in La Romaine for 28 years and

takes care of the spiritual needs of all the Indians and whites living in this village which is 350 miles east of Sept-Îles. Without the quick thinking of this missionary Father, it would have been impossible to evacuate the Indians. Second, Madam Speaker, I wish to ask the co-operation of the Department of National Health and Welfare, in taking specific action in these areas, because, for instance in St. Augustin, it was impossible to treat a twelve-year-old girl who had been sick with appendicitis for five days. I want to ask the Department of National Health and Welfare to increase its presence in these areas, because we depend on them for medical care. Once again, I wish to congratulate the Canadian Forces, and I want to thank the House for giving me an opportunity to express my views on this subject.

[*English*]

Madam Speaker: Does the hon. member for Esquimalt-Saanich want to debate this motion?

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, just one moment, if I may. I would like to join with the hon. member in congratulating the members of the Canadian Armed Forces on their heroic endeavours. I just wish that that same unanimity had been shown yesterday when we were congratulating the Armed Forces with a standing ovation, with one single exception in the person of the Prime Minister, for their heroic rescues off Sable Island.

● (1410)

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I should like to join with the hon. member who moved the motion congratulating the Canadian Armed Forces, and also express our concern from this corner of the House that this kind of rescue undertaking had to be undertaken. There ought to be some measures available to ensure that in the future this is not necessary. However, I cannot allow the comment of the previous speaker who was speaking on behalf of the Conservative Party, to pass. I personally noted that the Prime Minister was not the only member who did not rise, because there were members in the Conservative Party who did not rise either.

Madam Speaker: Is it the pleasure of the House to adopt the motion? Does the House agree to adopt the motion?

Some hon. Members: Agreed.

Motion agreed to.

* * *

FISHERIES

EUROPEAN ECONOMIC COMMUNITY TARIFF ON CANADIAN FISH EXPORTS—MOTION UNDER S.O. 43

Mr. Lloyd R. Crouse (South Shore): Madam Speaker, I rise under the provisions of Standing Order 43 to move a motion. In view of the fact that the Canadian fishing industry is facing a potentially disastrous marketing situation, and given the position of other major producing countries such as Denmark, Norway, Iceland, the Faroe Islands and Greenland, that ship fish into the European Economic Community at little or no tariff, while Canada faces a 15 per cent tariff, I move, seconded by the hon. member for Halifax West (Mr. Crosby):

That the Canadian government contact officials of the European Economic Community requesting that the tariff on Canadian fish exports to that market be eliminated.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

AIRPORTS

MIRABEL—REQUEST THAT EXPROPRIATED LAND BE RESOLD TO LOCAL PEOPLE—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43.

Whereas the federal government has expropriated 90,000 acres in the Mirabel area, of which only 17,000 acres are being used for the airport, and whereas local representatives have joined together to ask the federal government to end its control over the area, I move, seconded by the hon. member for Spadina (Mr. Heap):

That the House require the Minister of Public Works (Mr. Cosgrove) to publish the report of the Canada Lands Company (Mirabel) Limited and to honour the commitment he made in February to sell back all property expropriated in excess to the local people, as soon as possible.

Madam Speaker: Under the provisions of Standing Order 43, this motion requires the unanimous consent of the House. Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

AUDITOR GENERAL

FINDINGS ON CANADA STUDENT LOANS PROGRAM—MOTION UNDER S.O. 43

Mr. Bill Wright (Calgary North): Madam Speaker, in the 1981 report of the Auditor General he stated that the Department of Secretary of State had failed previously to remedy reported inadequacies in controls over the Canada Student Loans Program. He added that it is unacceptable that an operation the size of the Canada Student Loans Program should continue to have inadequate control procedures, resulting in defaulted loans of $173 million. Therefore I move,

seconded by the hon. member for Lethbridge-Foothills (Mr. Thacker):

That the Department of Secretary of State immediately undertake to review the Canada Student Loans Program and develop adequate control procedures for its operations and management.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

REGIONAL ECONOMIC EXPANSION

IMPACT ON REGIONS NOT RECEIVING ASSISTANCE—MOTION UNDER S.O. 43

Mr. Arnold Malone (Crowfoot): Madam Speaker, I should like to commend the Department of Regional Economic Expansion which has worked to the advantage of a number of developing regions in Canada by giving a stimulus to otherwise slow growth areas.

Some hon. Members: Hear, hear!

Mr. Malone: However, in view of the fact that marginal areas of economic growth which are not supported by DREE feel discriminated against by the fact that many of their normal, local industrial projects are siphoned away by the attraction of DREE's financial support elsewhere, I therefore move, seconded by the hon. member for Medicine Hat (Mr. Hargrave):

That this House urge the Minister of Regional Economic Expansion to undertake a study to ascertain the scope and significance of the negative impact on those regions not assisted by DREE but because of DREE programs elsewhere lose their potential and are robbed of the opportunity to grow.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1415)

CANADA POST

CALL FOR CHANGES IN PROPOSED POSTAL RATES—MOTION UNDER S.O. 43

Hon. W. G. Dinsdale (Brandon-Souris): Madam Speaker, the 60 days for the review of the proposed exorbitant increase in postal rates has expired without any changes being made by the Canada Post Corporation. It is now incumbent upon the Governor in Council to accept or reject the 30-cent rate. Because of the hardship the increases will impose on all Canadians, in particular upon senior citizens, voluntary charitable organizations, and small businesses, at a time of growing economic distress, I move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling):

That before Parliament adjourns for Christmas the government accepts its responsibility and announces changes in the postal rates to bring them to a more reasonable level, and especially that the Secretary of State takes the necessary action to cushion the shock of these rates to pensioners and charitable organizations, as has been suggested by the president of the postal corporation.

Madam Speaker: Is there unanimous consent for the presentation of this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

THE BUDGET

SPECULATION ON POSSIBLE CHANGES TO PROVISIONS

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, my question is directed to the Minister of Finance. There is speculation that the ongoing saga of change in the minister's ill-fated budget will continue this Friday with some announcement in the House. Would the minister care to confirm that speculation today? Would he comment on the nature of the changes which he is proposing to make? Would he also say whether this would be part of an ongoing series of change that we can expect during the Christmas break?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I think, to be brief, the answer to each question is no. As the hon. member knows, I have been involved since the weekend with the provincial finance ministers at a conference, which has interrupted my intensive consideration of the representations that I have been receiving on the budget. Therefore it is not possible for me to indicate today when I may be making any announcements. All I can say, as I said to the Leader of the New Democratic Party last week, is that if I am prepared to do that before the House rises, I will certainly draw it to the attention of the House. But I am not prepared yet to say to the hon. member when that will be possible. When it is possible, I will certainly let him know.

PRE-BUDGET DISCUSSIONS

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, many people in the past month have seriously questioned the competence of the Minister of Finance as a result of the budget which he introduced. There is tremendous opposition to the budget. I think this is apparent in the many representations which have been made to him in the past few weeks. My question relates to the process which the minister used in

preparing his budget this year. Why did the minister introduce such a wide-ranging change in tax policy without drawing on the normal sources in the private sector which have been drawn on in the past, before the budget was prepared? Why did he avoid discussing this with an expert in his own caucus, the President of the Treasury Board, particularly when tax officials in the department are not as strong or as experienced as they have been in the past? Why did he follow this process, rather than introducing these wide-ranging changes through a white paper?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, it has not been the custom, as the hon. member knows, prior to tax measures being produced in the budget to have the kind of consultation the hon. member mentioned.

Mr. Nielsen: Tell that to Walter Gordon.

Mr. MacEachen: We have had a good deal of comment about the question of budget secrecy. Certainly that convention obviously precluded any meaningful consultation on specific measures prior to budget presentation. It seems to me that that is an issue which Parliament may want to examine as to how it may be possible in the future to alter that convention to have specific consultation before tax measures are introduced. In the past the practice has been to hear representations following the budget presentation and, where justified, to make changes. That has happened frequently in past budgets and it is something that I am quite prepared to contemplate in the present circumstances.

● (1420)

ADVICE GIVEN TO MINISTER

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, I would suggest to the minister that he brief himself on the past practices because, in the past, the knowledge of experts in the private sector was drawn upon. I should like to draw the attention of the House to the fact that this was done in this case as well. It appears that the only outside expert who was used in the preparation of this budget was a Professor Neil Brooks of Osgoode Hall. Professor Brooks is a well-known left wing tax adviser who, in the past, has advised the NDP on their tax proposals.

It is becoming more clear every day why the minister defends this budget that has been so misguided—

Madam Speaker: Order. Order, please. Does the hon. member have a question?

Mr. Baker (Nepean-Carleton): Sure he does; so does the country.

Mr. Wilson: Madam Speaker, I do have a question and I hope I get an answer. By ignoring the outside advisers who have assisted in the past, was the minister introducing a distinct shift in the philosophy of the government by relying only on Professor Brooks this time, who clearly has a different point of view from that of many people in this House?

Mr. McDermid: From the majority of people in this House.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I want to assure the hon. member that I received no advice from Professor Brooks prior to the budget. I do not know what consultations my officials may have had with various persons. I hope that they did consult a wide group of people, as I did, on general matters. On the face of it I do resent the notion that any particular person with expertise in the field should not be consulted simply because the hon. member might describe him as a left winger. I am told there are some left wingers in the Tory party.

Some hon. Members: Oh, oh!

IMPACT OF PROVISIONS ON EMPLOYERS' CONTRIBUTIONS TO HEALTH BENEFIT PROGRAMS

Hon. David Crombie (Rosedale): Madam Speaker, my question is also for the Minister of Finance.

Mr. Broadbent: That is the whole left wing!

Some hon. Members: Oh, oh!

Mr. Crombie: I am sure the Minister of Finance is aware that one of the truly socially beneficial developments in the past number of years has been the negotiation of health and welfare benefit plans within collective agreements. This has allowed ordinary working people to gain coverage with respect to long-term disability, health and dental plans, group life insurance and so on. One of the great incentives of these plans has been the fact that employers' contributions have not been taxable. All that has changed in the budget and it has put those plans at risk. I know that the minister has received a number of representations from unions across the country and, indeed, from the Minister of Labour. I should like to ask him when he intends to announce a revision of this aspect of his budget.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, am I justified in concluding that the hon. member is the left wing to which I referred earlier?

Mr. Baker (Nepean-Carleton): Take your choice, but answer the question.

Mr. MacEachen: The answer to the question is that if any revisions are made to any particular aspect of the budget they will be announced in the regular way.

REQUEST THAT MINISTER REVISE TAX PROVISIONS

Hon. David Crombie (Rosedale): Madam Speaker, this is no small or laughing matter to lots of people. These plans cover

750,000 men, women and children in this country. They were not negotiated as loopholes. They are not diversions for the rich; they are social programs for working people. I want to know, and they want to know, whether the minister is going to revise his budget and make sure that he keeps faith with these plans.

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, when the hon. member is contemplating the question of social justice he should ask why it is that he would support the proposition that employer contributions in the hands of a particular group of workers should be taxable, and not in the hands of other groups. That is the question of equity which is raised in the budget, concerning which the hon. member has said very little.

● (1425)

Mr. Crombie: They made agreements.

Mr. MacEachen: Maybe justice is not an important part of his approach to social affairs.

NEGOTIATION OF EMPLOYEE BENEFITS

Hon. David Crombie (Rosedale): Madam Speaker, the question is a clear one, and it ought not to be dealt with simply in that casual fashion. These agreements have already been negotiated, and negotiations are coming up again next spring. Union leaders, in their negotiations, will have to determine whether or not they can negotiate those benefit packages again. The minister owes them an explanation so that they can do their job.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, is the hon. member saying that any benefit—

Mr. Nielsen: Never mind the rhetoric. Let's have an answer.

Mr. MacEachen: —which is negotiated should not be taxable? Surely wages and salaries are negotiated, and they are taxable. Why is the hon. member drawing that red herring into the discussion?

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

ANNOUNCEMENT OF POSSIBLE CHANGES

Mr. Bob Rae (Broadview-Greenwood): Madam Speaker, when one's left wing is not working, one tends to fly around in circles a great deal.

Mr. Baker (Nepean-Carleton): What part of the chicken are you?

Some hon. Members: Oh, oh!

Mr. Rae: Easy, now! Easy, boys!

My question, which is directed to the Minister of Finance, relates to the speculation about changes in the budget. Over the past couple of weeks the minister has made it clear to the House that he intends to make some changes, and that he intends at least to try to give the House of Commons an opportunity to hear about these changes and to debate them before they are put into effect. Will the minister advise us concerning these changes before Friday and, if not, why not? The implication is that several changes will be taking place throughout the months of December and January when this House will have no opportunity to discuss them.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I answered that question in response to a question put by the hon. member for Etobicoke Centre. As soon as I have completed the process of hearing representations, giving consideration to the matter and, indeed, discussing any proposals with my colleagues, I will then make an announcement. If the House is here, I will certainly ensure that changes are drawn to the attention of the House.

Mr. Rae: Madam Speaker, the House will be here, but the question is whether we will all be here or whether the minister will be here. That is the problem. The fact is that he did make a commitment over the last couple of weeks that he would bring these matters before the House, but now he seems to be backing away from the commitment. This is yet another retreat by the minister.

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FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS

PROPOSAL TO DROP REVENUE GUARANTEE

Mr. Bob Rae (Broadview-Greenwood): I would like to direct a supplementary question to the Minister of Finance arising from the meetings which he had with the provincial finance ministers on Monday and Tuesday of this week. In view of the figures which were released today by the Conference Board of Canada which show that growth in every one of the provinces will be down and that unemployment will be up, significantly, in all of the provinces, how can the minister possibly carry on with a plan of dropping the revenue guarantee, which will have the effect of reducing the transfer payments and the possibilities of social investment, not only in one part of the country but in every single province of Canada?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member is aware that in the proposals I have made to the provinces, I have suggested the dropping of the revenue guarantee. I have also made it clear to the provinces that in no way would the dropping of that particular guarantee have an effect on their capacity to support health services or post-secondary education.

In addition to that, I provided, through the budget, that the loss of the revenue guarantee would be offset to a great extent by revenue flows to the provinces as a result of the tax changes.

Mr. Rae: The minister is carrying on as though the economy were not in a recession. It is unbelievable that the minister would persist in his plans to reduce the over-all federal commitment to social spending and to social investment at a time when we are in a recession which, according to all the figures and indications, is becoming worse.

* * *

BANKS AND BANKING

INQUIRY RESPECTING EXCESS PROFITS

Mr. Bob Rae (Broadview-Greenwood): Madam Speaker, my final supplementary question is addressed to the Minister of Finance and is concerning bank profits. The minister gave statements to the House on June 12, 1980; March 13, 1981; April 9, 1981; May 29, 1981; December 2, 1981; and December 7, 1981, in which he indicated that he was still considering the question of whether or not an excess profits tax would be appropriate. The minister wants to make the banks bleed. It is clear that he intends to gum them to death, and that is the only way in which he is doing it. Does the minister not think the gumming has gone on long enough, and that it is time to take action with respect to excess profits of the banks?

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member has asked three questions and has described them as supplementary questions. I wonder how one can ask a supplementary question when one's first question is on tax changes—

Some hon. Members: Oh, oh!

Mr. MacEachen: —one's second question is on fiscal arrangements, and the third question is on bank profits. To what are they supplementary? Are they supplementary to the gumming which this hon. member has been practising as a profession for the last several months?

* * *

● (1430)

[*Translation*]

REFERENDUMS

POSSIBILITY OF CONSULTING QUEBECERS ON DESIRE TO REMAIN CANADIAN

Mr. Gaston Isabelle (Hull): Madam Speaker, my question is directed to the Prime Minister. Following a number of more or less obscure and convoluted statements by the leader of the separatist government in Quebec, concerning the same old, rather unrealistic, question of sovereignty or sovereignty with association, French Canadians living in their formerly "belle" province are now totally confused and they are suffering from acute anxiety and are extremely concerned about their own future and especially their children's. Can the Prime Minister inform the House whether the federal government intends to consider the possibility of asking the citizens of Quebec, once and for all, and by whatever means, whether or not they, in the free exercise of their democratic rights, wish to separate from the rest of a country as free, as vast, as peaceful and as prosperous as Canada is?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the proposal is, of course, worth considering, but it seems to me that, to a considerable extent, the people of Quebec gave their answer when they replied to an ambiguous question put to them in May, 1980, and the majority made it clear that they did not even want to discuss the possibility of sovereignty associated with something else. We all know that the Parti Québécois did not consider the will of the people of Quebec at that time, and therefore I am not so sure that, if the people of Quebec express their views in the way suggested by the hon. member, these views will be respected any more than they were after the last referendum.

* * *

[*English*]

NATIONAL SECURITY

INVESTIGATIONS IN QUEBEC

Hon. Allan Lawrence (Durham-Northumberland): Madam Speaker, my question is for the Prime Minister. It also relates to a situation within the province of Quebec, specifically the whole question of the security service investigations in that province involving the Parti Québécois and Quebec cabinet ministers. A Canadian Press wire story is appearing across the country today in which the Solicitor General of Canada has some statements attributed to him. They are quite short, Madam Speaker. I quote:

—any political information discovered by the RCMP during the course of it—

The word "it" refers to the investigation. The sentence continues:

—will not be passed on to the federal government—

This is reiterated in the final paragraph in this story which reads:

If the RCMP happened to uncover any political secrets, it would not pass them on to the government.

Will the Prime Minister tell this House who will be making that judgment as to whether it is a political secret or not? Will it be the RCMP or will it be a member of the ministry of the federal government?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I have not had the advantage which the hon. member

has had of reading the comments of the Solicitor General. I can restate the policy of this government, as I did just a few days ago, and maybe that will satisfy the hon. member. The RCMP have no authority or mandate to investigate political parties as such, neither his party nor mine, nor any other provincial party. When evidence comes to the police that there has been purloining of confidential documents, whether by a political party, by an individual or by the hon. member himself, I think it is their duty to try to stop such practices and ensure respect for the property of the federal government. Therefore, if in doing that, they have to investigate political people, I think they will just do their duty and do so.

Mr. Lawrence: Madam Speaker, before I address my supplementary question to the Solicitor General, I must say to the Prime Minister that simply because some clerk in the Privy Council office happens to stamp a political document confidential that is not going to stop anyone else, Official Secrets Act or not, from attempting to get something which should be legitimately in the public realm, and that includes the hon. member for Durham-Northumberland as well.

INSTRUCTIONS ISSUED TO SECURITY SERVICE

Hon. Allan Lawrence (Durham-Northumberland): Madam Speaker, my supplementary is for the Solicitor General. What instructions, if any, has he issued to the security service—not just the RCMP in general, but to the security service—which is being utilized in these investigations, to make sure that there are some guidelines, some parameters, or some definition about political information for them to follow?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, I have not issued any new instructions because the instructions have been long standing. They are as follows. In the course of a legitimate investigation under the mandate of the security service, it often happens, I understand, that unrelated information comes to the attention of the security service. I have indicated that political information of the sort I described in that article is not brought to the attention of the government, and that it is the security service itself which makes that decision.

The recommendation of the McDonald Commission on that subject was precisely that, that the government, and ministers in particular, should not be given that kind of political spill-over information. The McDonald Commission described the existing situation, which is rigorous, and that is the situation that will continue.

It is always inevitable that if a legitimate investigation is being conducted by the security service, spill-over information will be included in it and will come to the attention of the security service. Their responsibility is to act as a screen, and to protect the privacy of individuals and to protect the political secrets and objectives, if you like, of their targets that are not related to the national security. That they have done, and that they will continue to do.

HOUSE OF COMMONS

DURATION OF CHRISTMAS RECESS

Hon. George Hees (Northumberland): Madam Speaker, my question is for the Prime Minister. In view of the fact that there are a great many matters that are of tremendous importance to the country which must be dealt with immediately by Parliament for the country's good, will the Prime Minister advise the House and the country why it is that this House is to be in recess for a full five weeks instead of being recalled on Monday, January 4, to deal as quickly as possible with revisions that are vitally necessary to the budget, and also with the economy which is sliding steadily into recession every day?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I am somewhat puzzled by the hon. member. He is making a suggestion which contradicts the motion which was supported by his own party and, I believe, by the hon. member himself, to have an agreed adjournment date to January 25. I imagine if the hon. member voted for that, either silently or vociferously, it is because he has plans to go skiing at that time.

Some hon. Members: Oh, oh!

REASON FOR LENGTH OF RECESS

Hon. George Hees (Northumberland): Madam Speaker, I can assure the Prime Minister that I am not planning to go skiing and, if Parliament is recalled on January 4, I will be here, as I hope he will.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Hees: As the Prime Minister has not made any attempt to give an answer to a very important question, and is quite happy to see Parliament recessed for a full five weeks, when it should be sitting for the last three of those five weeks, will he not admit that the real reason Parliament being recessed until January 25 is the fact that the government is trying to avoid, for as long as possible, the embarrassing questions which the opposition puts to it every day on the worst budget that has been presented to this country for more than 30 years, and on the great harm that is being done to the economy of this country by that simply terrible budget?

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I am sure the hon. member has not forgotten that after the last budget put forth by his party there was a long recess, too.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

[*Translation*]

INCOME TAX

THE BUDGET—REVENUE FROM LIFE INSURANCE POLICIES

Mr. Normand Lapointe (Beauce): Madam Speaker, my question is directed to the hon. Minister of Finance. In recent weeks, I have received a number of complaints from constituents regarding budget provisions that affect holders of life insurance policies. Accrued income of life insurance policies is now taxable. Could the minister inform us whether he intends to modify this aspect of the budget, considering that life insurance is more a form of protection than an investment, and that most policyholders are people on low incomes?

● (1440)

[*English*]

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member's question gives me the opportunity to assure him that current policyholders presently in possession of such policies are not affected at all by the tax measures in the budget. The system of accruing taxes will continue for policyholders presently in possession of such policies. This has been a misunderstanding that has been widely conveyed, namely, that somehow the tax treatment of current policyholders would be changed. That is not the intention.

I should add further that I have had consultations with representatives of the insurance industry, and certainly in my discussions with them they have acknowledged the particular effort of the budget to prevent the use of policies for tax avoidance or for tax deferrals. But they have raised the special question of the tax treatment in the future of new whole life policies. I have undertaken with them to continue the discussion, and they have undertaken to provide further information and to make further suggestions. That is the process under which I am operating at the present time.

* * *

ENERGY

DEVELOPMENT OF TAR SANDS PROJECTS IN ALBERTA

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, my question is for the Prime Minister and it involves government policy on the tar sands. In light of the fact that Canadianization seems to be at the heart of government policy on energy, and in light of the fact also that the Alberta-Ottawa agreements are at the heart of the new policy, and with respect to those agreements both Mr. Leitch for Alberta and the federal minister of energy here have said there is enough money in the agreements for the oil companies to develop the tar sands, why is the minister now negotiating with Alberta and with the oil companies to give more money to foreign-controlled oil companies to develop those tar sands?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I do not remember the hon. member or his party supporting the energy policy of the minister, and it is obviously true that some of the corporations on the other side do not support his policy, but in the same way as he has listened to representations from members of that party he is probably now listening to representations from members of the tar sands corporations.

REQUEST THAT ADDITIONAL FUNDS BE PROVIDED FOR CONSERVATION

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, surely the Prime Minister must understand that he is being inconsistent in policy on this matter. Let me put another question to him that is perhaps more in his realm. The fact is that these projects are now going to cost something like $13 billion a project—$26 billion for Cold Lake and for Alsands—by foreign controlled companies. The government has been sitting on the Energy Alternatives report for months and has done nothing about it. As a matter of government policy would the Prime Minister be prepared to put more money into and more emphasis on alternates and on conservation, especially in light of the fact that we have some evidence now that Canadians are starting to respond and conserve energy? Is he prepared to put more government money and energy into that and perhaps less into the tar sands development by foreign-controlled oil companies?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the oil sands, as the hon. member knows, are a very important part of the reserves on which Canada's energy self-reliance will depend, and it is important that those projects proceed; it is important that they proceed on a basis that would be profitable to the Canadian consumer, making it worth while for the producers in effect to produce that oil. That is the substance of the matter.

The hon. member, as usual with his party, always has suggestions for more spending, but I can assure him that in so far as alternate energy is concerned, and in so far as conservation is concerned, this government has already made those an important part of its policies. Once again the hon. member is in the comfortable position of criticizing everything we do, always ending up by saying we do not do enough of the very thing he is criticizing.

* * *

THE BUDGET

PROVISIONS AFFECTING LIFE INSURANCE POLICIES

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question to the Minister of Finance is supplementary to a question asked by a member of his own party. The minister announced a clear policy that involved the taxation of the accrued income on life insurance policies issued in the future. Is the minister telling the House of Commons that he is

now considering pulling back from that policy announced in the budget?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): No, Madam Speaker. What I have said, in order to clarify the situation, is that insurance coverage presently in effect is not brought under the new tax regime proposed in the budget. What I have said is that I have had representations from the insurance industry which has recognized that the provisions and the practice which existed prior to the budget provided significant opportunities for tax avoidance and deferrals by high income individuals. They were quite prepared to co-operate and to draw a line between that group and those who may be in possession of whole life insurance, and we undertook to further our consideration of that problem, but no decision has been taken as to any alteration at the present time.

Mr. Clark: Madam Speaker, with regard to that clarification, and just to translate it into English, it means that the minister has decided to change part of the policy he announced in the House of Commons but he will not tell the House of Commons what part of the policy he intends to change, or how he intends to change it.

MEDICAL AND DENTAL PROGRAM BENEFITS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I want also to ask the minister a question supplementary to that posed by my colleague, the hon. member for Rosedale. The minister will know that yesterday his colleague, the Minister of National Revenue, indicated that the government of Canada has a policy on parking lot benefits. They are not going to be taxed. That is the policy announced by his colleague. Yet the minister, if I understood correctly, indicates that while they have a policy on parking lot benefits they do not have a policy yet as to whether they are going to impose taxes on employee benefits respecting dental care and other health and welfare services which are now part of contracts and which affect, in the construction industry alone, some 450,000 Canadians. Those people might be denied the opportunity to take advantage of medical and dental care programs.

Will the minister tell the House of Commons why in his priorities he puts parking lots ahead of the health and dental care of 450,000 Canadians working in the construction industry?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I think the hon. member has introduced the subject of parking lots. I have never discussed parking lots in the House of Commons, so I do not know what the relevance is. I have stated in the budget the tax treatment of employee benefits, to introduce similar treatment to all employees in the country. That concept of justice does not appear to sit well with the Leader of the Opposition. Well, that is his responsibility.

STATEMENTS MADE BY MINISTER OF NATIONAL REVENUE

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, let me ask the minister whether the Minister of National Revenue was speaking the policy of the government yesterday when he said the government would not be having its policy apply to parking lot benefits, that it would not be applying to servicemen in respect of flights back to Canada or in relation to other specifics he mentioned in the House of Commons? If the Minister of National Revenue was speaking for the government on that matter, would the Minister of Finance give consideration to allowing the Minister of National Revenue to speak to the question of the health and dental care packages that the minister now proposes to deny to approximately 450,000 Canadians working in the construction trades?

• (1450)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the Leader of the Opposition is quite confused about this whole area, which is evident from his questions.

An hon. Member: We heard him say it.

An hon. Member: Read *Hansard*. He said it.

Mr. MacEachen: There were only two items mentioned in the budget with respect to this particular subject, namely, board and lodging, and transportation passes. No other subject was raised in the budget. All the other items which have been thrown into public debate have arisen from speculation in the newspapers and other media—

An hon. Member: From your colleague, the Minister of National Revenue.

Mr. MacEachen: —and from questions raised by the members of the opposition. It has not been raised in the budget. The question of employee discounts has not been raised in the budget. The question of parking lots has not been raised in the budget.

Mr. Epp: Ask Rompkey.

Mr. MacEachen: The question of alleged taxation of clergymen has not been raised in the budget.

An hon. Member: What about dental plans?

Mr. MacEachen: Madam Speaker, all of these questions have been raised by members of the opposition who are drawing conclusions which are not justified by the budget proposals.

Oral Questions

AGRICULTURE

NATIONAL BEEF STABILIZATION PROGRAM

Mr. Bill McKnight (Kindersley-Lloydminster): Madam Speaker, my question is for the Minister of Agriculture. My question is with regard to the national stabilization plan for beef which the minister has so often repeated is necessary. I am not talking about a supply management program, I am talking about a national stabilization system. Has the minister had communication with the province of Saskatchewan regarding the implementation of national beef stabilization program?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, I do not know what the hon. member means when he asks if I have had communication with the province of Saskatchewan. I have an office in Regina and we are in communication with them every day. I do not know how long back he wants to go, whether it is the full eight years I have had the office there, or not.

Yes, we had communication as late as a week ago today when the minister of agriculture for Saskatchewan was here. I am sure the hon. member knows that they have initiated a provincial program. They, too, want some kind of national program, but they want it their own way. We proposed in 1977 a 100 per cent income insurance program.

Some hon. Members: Oh, oh.

Mr. Whelan: They do not want to hear about that, Madam Speaker, because they say that we did not offer them anything. We offered them a plan that guaranteed 100 per cent of the cost of production. They turned it down in Saskatchewan.

INQUIRY RESPECTING CONSULTATION WITH SASKATCHEWAN

Mr. Bill McKnight (Kindersley-Lloydminster): Madam Speaker, the Minister of Agriculture can answer my supplementary question with a yes or no. Has the minister consulted with the province of Saskatchewan within the last two to three weeks in order to implement a national beef stabilization program and, if so, has Saskatchewan agreed to accept the proposal?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the hon. member knows very well that we have sent out 142,000 letters to beef producers in Canada. They are still coming in by the thousand. We have not put them through the computer to see what the response is. The agriculture committee in the other place has just finished hearings. Senator Hays, the chairman, will be making recommendations. I have a two-person committee who has studied all the reports on beef marketing, etc. It will be sending in a report. As soon as all that is finished, we will be presenting a report to the Parliament and people of Canada.

EXTERNAL AFFAIRS

EL SALVADOR—HOLDING OF DEMOCRATIC ELECTIONS

Mr. Edward Broadbent (Oshawa): Madam Speaker, my question is for the Secretary of State for External Affairs. The minister is aware of the unanimous report tabled by the 15-member sub-committee yesterday on Canada's relations with Latin America and the Caribbean. In that report they approached the important question of elections in El Salvador from the fundamental perspective of human rights, stressing that in the present circumstances of "murders, tortures and disappearances" the circumstances are not right for democratic elections. Does the minister now agree that the unanimous recommendation contained in this report that there first should be negotiations between the parties involved in the conflict, then a supervised cease-fire, and finally an internationally supervised election, should be the order of priority?

Some hon. Members: Hear, hear!

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, the report of the committee is one of great interest to members of the House and to government. I admire the idealism of the members of the committee.

An hon. Member: It is called democracy.

Mr. MacGuigan: In many ways, we share that idealism. However, the situation with which we are confronted is not whether we approve of something which another government might do, or whether we do not. The government of El Salvador has already called elections for a certain date, so the hypothetical situation which the members of the committee have set up, which would reflect the ideal, is not the one which we face in reality. Therefore, we have to make a decision in the real world as to what we will do in response to this situation.

We have continually said that we favour a political settlement and negotiations among the parties. We have even offered to make our territory available for such negotiations. We will continue to pursue that line. We will do our best to influence El Salvador and the rebel forces, both of whom I will be meeting shortly, in the direction of a peacefully negotiated settlement. It is not for us to interfere in the internal affairs of another country and to determine the manner in which one of their election campaigns will be run. We can give advice, and we will.

Some hon. Members: Hear, hear!

REQUEST THAT GOVERNMENT ATTEMPT TO PROMOTE NEGOTIATED SETTLEMENT

Mr. Edward Broadbent (Oshawa): Madam Speaker, the minister says that it is not for the Government of Canada to approve. I point out to him that several times in this House in the past that he has given approval for elections at this time. Therefore I ask the minister, following the unanimous report from members of all parties, and the lead given by the Presidents of both France and Mexico, as well as the 632 to 43

vote by the Inter-Parliamentary Union Conference saying that elections now would be totally inappropriate, will the minister offer assurances to the House that he will make a determined effort to obtain a negotiated settlement between the two parties involved in this conflict, and then set the stage for democratic elections?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, I do not know why the hon. member cites the authorities which he thinks he has. I do not know why he does not look at the vote of the Organization of American States.

An hon. Member: Almost all of which are dictatorships.

Mr. MacGuigan: Only last week they voted 22 to 3 in favour of the election to be held in El Salvador. My comments to which he refers were made at an earlier time when conditions of the election were still to be determined, and we had hopes that more of the usual guarantees would be present. Subsequently we endeavoured to ensure that they would be present by proposing that negotiations take place between the parties. We will do our best to influence the parties in El Salvador in that direction.

* * *

[*Translation*]

AGRICULTURE

INQUIRY WHETHER SUBSIDY FOR MILK PRODUCERS WILL BE MAINTAINED

Hon. Roch La Salle (Joliette): Madam Speaker, my question is directed to the Minister of Agriculture. The minister is no doubt aware of the concern among dairy producers, and of the possibly harmful effects, both for the consumer and for the producer, if milk subsidies are not maintained. In the circumstances, could the minister inform the House today whether he can give the dairy industry the assurance that the subsidy program will remain the same as it has been for a long time? I feel that the dairy industry needs a reply by December 31.

[*English*]

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the hon. member knows as well as I do that the dairy review is still under way. By his wish to see the program continued, the hon. member shows that he agrees that the dairy program has been a very good one. I am not in a position to tell him, or anyone else, what will be the new program. I can only tell the hon. member that we will make sure that it is a very good program for the dairy farmers of Canada. They want a good program and we want a good program.

Point of Order—Mr. Clark

[*Translation*]

INQUIRY WHETHER FIVE-YEAR AGREEMENT WILL BE SIGNED AND WHETHER $2.66 SUBSIDY WILL BE MAINTAINED

Hon. Roch La Salle (Joliette): Madam Speaker, the minister may wish to reassure dairy producers, but he is certainly not doing so with the kind of answers he is giving today. The minister knows perfectly well that the Dairy Producers' Federation has to have his signature on the five-year plan. Can the minister inform us today whether he will sign the five-year plan by December 31, and also, can he inform us whether he has personally recommended that the subsidy be maintained at $2.66 per hundredweight?

• (1500)

[*English*]

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, it is not a problem with us signing. At the present time it is a problem of getting all the provinces to sign that agreement. Some provinces have a concern about increasing their production for the domestic needs in their area of jurisdiction. They have not all agreed to sign that. That suggestion has been made to them. We have no problem with it. It does not necessarily have to be signed to continue on with the program. Some changes have been made by the majority of the producers and the provincial governments across Canada. The dairy commission has been negotiating that with the provinces. I met with one of the dairy commissioners last week. I believe there are two or three provinces that have not yet signed because they have certain reservations about parts of the agreement. I remind the hon. member that we have the best dairy policy in the whole world, and he knows that.

* * *

[*Translation*]

PETITIONS

TABLING OF REPORTS OF CLERK OF PETITIONS

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the table reports of the Clerk of Petitions stating that he has examined the petitions presented by hon. members on Tuesday, December 15, 1981, and finds that they meet the requirements of the Standing Orders as to form.

* * *

[*English*]

POINTS OF ORDER

MR. CLARK—REQUEST THAT MR. OUELLET RETRACT HIS STATEMENT

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I rise on a point of order to draw to the attention of the Minister of Consumer and Corporate Affairs (Mr. Ouellet) an inaccuracy in a statement he made to the House which

I am sure he offered to us involuntarily and will want to retract in accordance with your ruling yesterday. In relation to urea formaldehyde foam, the minister said yesterday and I quote:

[*Translation*]

... the quality of this product was first questioned under a Conservative government. Nevertheless, the Conservatives did not ban the product while they were in power ...

[*English*]

The minister knows very well that on August 4, 1978, Dr. Richard Viau, acting head of the chemical and fire safety program of the minister's department, issued a warning to Canadians through the medium of the public press about the dangers connected with UFFI. Now that this has been drawn to his attention and now that I am prepared to indicate that I believe his misrepresentation to the House yesterday was not intentional, will the minister take the opportunity to set the record straight?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, the argument of the Leader of the Opposition is based on an interpretation of the comments made by Dr. Viau. He is quoting a journalist, who, according to Dr. Viau himself, had misquoted him. As for my statement of yesterday that the Progressive Conservative government had an opportunity to deal with this product when it was in power, I may remind the Leader of the Opposition that on November 18, 1979, on a television program called *Market Place*, the commentator, Mr. Paul, who was discussing problems caused by UFFI, said the following, and I quote:

[*English*]

With Dr. Anderson's concern in mind and the victim's concerns in mind, I went to Ottawa this week and showed our report to two federal ministers, the then Minister of Consumer and Corporate Affairs—

Today the hon. member for Durham-Northumberland (Mr. Lawrence).

—who said that because the foam is mixed on site it falls under the municipal and provincial jurisdictions for control of licensing and installation. Secondly, I went to the Minister of National Health and Welfare—

Today the hon. member for Rosedale (Mr. Crombie).

—who said, responding to the request and the questions of the commentator, he had a suggestion. If you think you have a problem, first see your doctor. Then let his ministry know about it.

That is what two ministers of the then Prime Minister did.

[*Translation*]

Madam Speaker: Order, please! In my opinion this is not a point of order. I thought the minister wanted to set the record straight, and that is why I gave him the floor, but this is, in fact, a debate.

[*English*]

MR. WENMAN—REQUEST THAT PETITION BE READ AND REFERRED TO COMMITTEE

Mr. Robert Wenman (Fraser Valley West): Madam Speaker, I rise on a point of order relating to your acknowledgement that the petitions were in order. I would ask that the petition I submitted yesterday be read.

Madam Speaker: I am sure the hon. member knows he needs unanimous consent for the petition to be read. Does the House agree that this petition be read?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Wenman: Under the provisions of Section 695 of Beauchesne's, I would ask that the petition be referred to the committee on rules and procedure.

Madam Speaker: The hon. member is asking me to proceed to stage two of a procedure when stage one has been refused by the House. If we are to proceed logically, it is difficult for me when directing the debates in the House to proceed to the second stage. I do not even feel I can ask the House if it will give its consent to stage two. Since the petition has not been read, I do not see how it can be referred to a committee or even how the House can be asked to refer it to a committee.

Mr. Wenman: Madam Speaker, since it has been received and found to be in order, I say you can refer the subject matter to the committee should you so wish or should the House so wish. Further on the point of order I wish to quote Beauchesne's Citation 698(2) which reads:

Petitions affecting the House will at once be taken into consideration in accordance with parliamentary usage in all cases of privilege.

The petition yesterday in fact referred to the privilege of reading petitions in the House of Commons. It relates to my privilege directly. Therefore, under that provision I ask that this matter be now taken into consideration.

Madam Speaker: I have had occasion to tell the hon. member what the procedure is concerning petitions. These are the usages and customs of this House. A petition can only be read if the House gives its unanimous consent for the petition to be read. The hon. member has not received that unanimous consent. He would now like me to proceed to stage two which allows that once a petition has been read, it might be referred to a committee or dealt with in another fashion, again with the unanimous consent of the House.

The petition has not been read because the hon. member has not received unanimous consent. I am afraid that ends the procedures which the hon. member can invoke in order to have his petition dealt with, except in the usual way when it is presented to the House, registered, and recorded in *Hansard*.

Mr. Wenman: Madam Speaker, the citation I am referring to now does not refer to whether the petition is read, received, or any other matter. It refers to a petition that has now been

received by the House of Commons. It says that when that petition has been received, as it has been received, and when it is examined by yourself and, in fact, you find that it does involve a case of privilege, my personal privilege to read it, then in fact it should be taken into account. It is a different procedure which I have not previously brought to your attention. It is isolated from the other two. I would therefore ask Your Honour to rule on the basis of Citation 698(2).

Madam Speaker: I did rule on that previously at the request of the hon. member. Petitions in the House are dealt with subject to the usages and practices of the House. The discretion to which the hon. member refers has never been resorted to except by unanimous consent of the House.

If the hon. member is asking me to change this custom and usage in the House, I say to him that I will not change it unless a discussion takes place between the leaders of the parties in the House and they include that new practice in the usages of the House. The petition has been received but not read because the hon. member has not received unanimous consent for that. I repeat, it has been received. I said that it conforms as to form, as to what is required to present a petition, but I am afraid that ends the procedures which the hon. member can invoke at this time.

• (1510)

ROUTINE PROCEEDINGS

[*Translation*]

COMMITTEES OF THE HOUSE

OFFICIAL LANGUAGES

Second report of Special Joint Committee on Official Languages in both official languages—Mr. Corbin.

[*English*]

REGULATIONS AND OTHER STATUTORY INSTRUMENTS—PRESENTATION OF TENTH REPORT

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, I have the honour to present the tenth report of the Standing Joint Committee on Regulations and Other Statutory Instruments in both official languages.

[*Editor's Note: For above report see today's Votes and Proceedings.*]

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PETITIONS

MR. GILCHRIST—PROPOSED INCREASE IN POSTAL RATES

Mr. Gordon Gilchrist (Scarborough East): Madam Speaker, I have a duty to present a petition on behalf of my constituents. The purpose of this petition, which is signed by

642 concerned citizens of Scarborough East, is to protest in the strongest possible way the 76½ per cent increase in postal rates from 17 cents to 30 cents which is said to be forthcoming immediately when there is absolutely no improvement in postal delivery, nor of any guarantee of continuity of postal service against strike action offered by the Post Office.

The nature of the petition is to demand that the postal rate increase be put off until the aforementioned conditions have been met and greater postal efficiency is achieved by the new Crown corporation. If the need for an increase is proven, then the rate increase should be much lower than 13 cents. It is hoped, in your examination of their petition, Madam Speaker, that you will find it in order and that you will understand and sympathize with the concern of the petitioners for the grievous distress caused by the much too large increase, which will add to the already intolerable cost of living increase being borne today by all Canadian citizens, especially senior citizens. I personally applaud their initiative in bringing this important matter to Parliament's attention.

MR. DANTZER—PROPOSED INCREASE IN POSTAL RATE

Mr. Vince Dantzer (Okanagan North): I also have a petition, signed by 152 residents of Enderby, British Columbia. It is to indicate to the government that the proposed postal rate increase is outrageous and it will affect most low-income families and those on fixed incomes. The nature of the petition is to register with the government the concern of these citizens and to demand rejection of the proposed increase.

MR. WENMAN—EFFECTS OF HIGH INTEREST RATES

Mr. Robert Wenman (Fraser Valley West): I have the duty and responsibility to present more petitions on behalf of 414 constituents. The nature of this petition is to protest against the high interest rate policy of the government. It is especially burdensome to home owners and those on low and fixed incomes. The purpose of this petition is to demand changes to the policy so that home-owning citizens get the equitable treatment they deserve. They ask that interest rates be reduced and that either mortgage interest rates be made a tax deduction or that limits be placed on mortgage interest increases upon renewal. Their concern about this matter remains unabated, Madam Speaker, because nothing has been done by this irresponsible government to protect and uphold the basic right of home ownership for Canadian citizens and to alleviate this despicable situation. The petitioners hope, Madam Speaker, that in your examination—

Madam Speaker: Order, please. The matter of presenting a petition should not be the occasion to make a speech on the subject. The only thing that hon. members can do is to tell the House what the subject matter of the petition is and to make a statement as to the subject matter of the petition, and that is all. Members are really abusing the amount of time they are allowed to take in presenting petitions.

Mr. Wenman: Madam Speaker, I was just getting to the portion of the petition that prays or hopes. These petitioners hope that in the Chair's examination of their petition, you will find it in order, will heed the urgency and desperation of their plea and will use the discretionary powers vested in your office, Madam Speaker, to allow discussion and referral to a committee at the earliest possible moment.

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ADMINISTRATION OF JUSTICE

MEASURE TO ABOLISH WRITS OF ASSISTANCE

Hon. Allan Lawrence (Durham-Northumberland) moved for leave to introduce Bill C-645, to abolish writs of assistance.

Some hon. Members: Explain.

Mr. Lawrence: Madam Speaker, writs of assistance are extraordinary powers which have been given for life to certain officers of both the RCMP and the Department of National Revenue under four federal statutes: the Food and Drugs Act, the Narcotic Control Act, the Customs Act and the Excise Tax Act. This bill will not only abolish the authority for the issuance of writs of assistance, but it will also abolish the use of writs of assistance.

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

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 3,098, 3,275, 3,308 and 3,314.

[*Text*]

ACQUISITION OF SHARES BY DEFENCE CONSTRUCTION (1951) LTD.

Question No. 3,098—**Mr. Clarke:**

1. During the period 1970-80 did Defence Construction (1951) Limited acquire shares or other ownership interest in any other corporation, limited liability company or unincorporated company and, if so, what was the (a) name of the corporation, limited liability company or unincorporated company and any subsidiaries thereof (b) percentage of equity acquired (c) cost of acquisition (d) book value of the acquisition?

2. Does Defence Construction (1951) Limited have a plan to change the present portion of ownership in any of these enterprises and, if so, what is the plan?

Mrs. Ursula Appolloni (Parliamentary Secretary to Minister of National Defence): 1. No.

2. Not applicable.

MEDICAL RECORDS

Question No. 3,275—**Mr. Cossitt:**

1. Does the medical services of the Department of National Health and Welfare or the Department of National Defence medical centre provide information, documentation or interpretations to the Parliamentary Health Unit or other parliamentary offices in relation to illnesses reported by physicians on form NHW 500 concerning Members of Parliament or parliamentary staff?

2. To what extent are the operations and activities of the Parliamentary Health Unit concerning Members of Parliament and parliamentary staff supervised, co-ordinated or complemented by any government agency and are the channels and records of any such information, documentation or interpretations supplied or made accessible to other than duly-qualified physicians who are licenced provincially to practice medicine?

3. Are any of the data collected by or on behalf of the Parliamentary Health Unit or other parliamentary offices transmitted to the medical services of the department and, if so, for each of the past five years, do they reflect increases or decreases in the incidence of illnesses and related sick leave absenteeism and what are the relevant figures?

4. What disposition is ultimately made and at what point is the disposition made of forms NHW 500 completed by private doctors for their patients who are Members of Parliament or parliamentary staff and what are any statistical records or analyses compiled therefrom?

5. Will the government include provision in the estimates for qualified physicians to be responsible and accountable for the Parliamentary Health Unit?

Hon. Monique Bégin (Minister of National Health and Welfare): 1. No.

3. The answer to the first part of the question is no. The second part, therefore, does not apply.

2, 4 and 5. These matters fall under the jurisdiction of the Speaker of the House of Commons. The hon. member should therefore address these questions to the Speaker.

MR. J. R. GAUDET

Question No. 3,308—**Mr. Cossitt:**

1. What is a complete history of employment in the Public Service of Mr. J. R. Gaudet?

2. Is he presently employed as a counsellor with the Department of Employment and Immigration in Prescott, Ontario, in the constituency of Leeds-Grenville and, if so, what are his duties?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): 1. In so far as the Canada Employment and Immigration Commission/department records indicate, the reply is:

December 4, 1972—Appointed on a term basis as a CR 6 senior examining officer at the Toronto International Airport;

March 30, 1973—Tenure of employment changed from term to indeterminate status;

April 1, 1976—Position and incumbent reclassified to the PM 1 level;

March 3, 1977—Promoted to the PM 2 level as an immigration counsellor, Canada Immigration Centre, Prescott.

2. Yes. Mr. Gaudet is presently employed as an immigration counsellor at the PM 2 level at the Canada Immigration Centre, Prescott.

His duties are to select and counsel prospective immigrants in Canada and to assess applications by Canadian citizens or residents for sponsorship of relatives; to control and prevent

violation of immigration laws; to investigate status of persons in Canada.

MR. MAURICE GOGUEN

Question No. 3,314—**Mr. Cossitt:**

1. Is Mr. Maurice Goguen the deputy director of personnel security in the Department of External Affairs and, if so (a) on what date was he appointed (b) what were the names and job designations of all those who played any part in the decision to make the appointment (c) what are all the qualifications that Mr. Goguen possesses for the position?

2. Was Mr. Goguen formerly a member of the Royal Canadian Mounted Police and was the government aware that at the time he was appointed to the department he was to be charged by the attorney general of Quebec, as a result of the Keable commission report?

3. Is the government aware that he was one of eleven persons charged by the Quebec justice department with conspiracy and breaking and entering?

Hon. Mark MacGuigan (Secretary of State for External Affairs): 1. Mr. Goguen is a deputy director of the security division, and responsible for personnel security, in the Department of External Affairs.

(a) April 21, 1981.

(b) The position was filled by means of a competition, which Mr. Goguen won, held under the Public Service Employment Act and regulations; the following officials comprised the selection board: Miss R. Bernier (chairperson), Public Service Commission; Mr. A. P. Sherwood, director, security division, Department of External Affairs; Mr. J. P. L. Bibeau, deputy director, security division, Department of External Affairs (on loan from the RCMP).

(c) Extensive experience in law enforcement and personnel security, supervisory experience, the requisite abilities and linguistic requirements.

2. Mr. Goguen is a former member of the Royal Canadian Mounted Police. At the time of his appointment, no charges had been laid against him.

3. Subsequent to his appointment, the attorney general of Quebec laid charges against him. The government is aware of this development.

[*English*]

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

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

Some hon. Members: Agreed.

Mr. McKinnon: Madam Speaker, I would like to ask the Parliamentary Secretary for the seventh time what is holding up question No. 2035 and question No. 2519, which are now some nine and eleven months old. The Parliamentary Secretary has assured me on half a dozen occasions that he would take notice of my representation and make inquiries, but he has never been able to give me any of the results of his inquiries. Will the Parliamentary Secretary tell me if they are held up in the Department of National Defence, the Department of Transport or at the Privy Council office?

Mr. Smith: Madam Speaker, I have made inquiries as a result of previous representations. I will continue to make further inquiries and hopefully I will be able to provide an answer to the hon. member before too long.

Mr. Malone: Madam Speaker, I should like to ask the Parliamentary Secretary to the President of the Privy Council (Mr. Smith) when he intends to answer question No. 2410 which has been on the Order Paper since April of this past year, which is a period of some eight months, and especially in light of the fact that it was a question directed toward administration within the Department of Agriculture and on which the Minister of Agriculture (Mr. Whelan) in today's Ottawa *Citizen* is making comment by specifically naming me, talking about the questions that I asked and giving excuses, such as last summer's recess, as part of the reason the answer is not being given. All hon. members know that when we returned to the House this fall there was a long list of answers to questions on the Order Paper because of the summer recess. I want to know from the Parliamentary Secretary when that question will be answered.

Mr. Smith: Madam Speaker, I will look into the matter and see what I can do to expedite the answer to that question.

* * *

MOTIONS FOR PAPERS

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, notice of motion for the production of papers No. 41 in the name of the hon. member for Vaudreuil (Mr. Herbert) is acceptable to the government.

I ask, Madam Speaker, that the other notices of motions for the production of papers be allowed to stand.

[*Text*]

DOT—COPIES OF REGULATIONS FOR PUBLICATION OF TENDER CALLS

Motion No. 41—**Mr. Herbert:**

That an Order of the House do issue for copies of all regulations and instructions in the Department of Transport, concerning the publication of tender calls for construction work, including all references to the amount and form of deposits that may accompany such tenders.

Motion agreed to.

[*English*]

Mr. Herbert: I call motions Nos. 34 and 54, Madam Speaker, and I ask that they be transferred for debate.

[*Text*]

COMMUNICATIONS BETWEEN CANADA AND THE COMMONWEALTH CARIBBEAN

Motion No. 34—**Mr. Herbert:**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House, copies of all correspondence, telegrams, minutes of meetings and other communications during the last year, between the government and the communities of the Commonwealth Caribbean that relate to the exchange of commodities and technology, the exchange of students, tariff changes and other measures to improve trade, tourism and cultural exchanges between Canada and the Caribbean area.

[*English*]

Madam Speaker: Transferred for debate.

[*Text*]

COPIES OF AGREEMENTS OR COMMUNICATIONS BETWEEN ENTERPRISE DEVELOPMENT BOARD AND GENERAL ALUMINUM FORGING LTD., HAMILTON, ONT.

Motion No. 54—**Mr. Herbert:**

That an Order of the House do issue for a copy of any agreement signed between the Enterprise Development Board and General Aluminum Forging Ltd. of Hamilton, Ontario, including copies of all communications and minutes of meetings between the two parties prior to the signing of the agreement.

[*English*]

Madam Speaker: Transferred for debate. Shall the remaining notices of motions for the production of papers stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

SMALL BUSINESSES LOANS ACT (NO. 2)

MEASURE TO INCREASE MAXIMUM AMOUNT OF LOANS

The House resumed from Tuesday, December 15, 1981, consideration of the motion of Mr. Lapointe (Charlevoix) that Bill C-84, to amend the Small Businesses Loans Act (No. 2), be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Mr. Peter Elzinga (Pembina): Madam Speaker, in speaking to the bill that is before the House today, let me begin by paying tribute to my colleague, the hon. member for Cambridge (Mr. Speyer) for leading off the debate for our party and for doing an excellent job of outlining the position of our party in support of this legislation. Let me also share this with the House, that in the short period of time he has been in the chamber his speeches have always made good reading and have always made good sense.

● (1520)

As the majority of hon. members are aware, the amendment will increase the maximum of all loans which may be guaranteed during the two-year period ending June 30, 1982, from $850 million to $1.5 billion. This is an increase of some $650 million on the ceiling which may be guaranteed by the Government of Canada.

Small business plays a vital and essential role in the economic, social and community lives of all Canadians. I should like to share some facts about the small business sector with the chamber in support of the significant role it plays and the significant contribution it makes to the economic wellbeing of Canada. Over 95 per cent of all business is small business. Small business provide jobs for close to 60 per cent of the work force. Two-thirds of all new jobs are created by small business. Small business contributes over 30 per cent to the gross national product. Small business is the largest employer outside government. Agriculture is a renewable resource and is Alberta's number one industry. It is comprised almost totally of small businesses. Small business develops more new products and services, builds more new outlying communities, replaces more imports and generates more exports than any other segment of the economy. The important goal of small business is obvious, but let me review how the Liberal government reacted to this sector.

It has always been my belief that if business were given the opportunity to expand and flourish the way it should, we would have a thriving economy. I have always believed that business was founded on the idea of private enterprise, that if one built a better mousetrap, the world beat a path to one's door. But if one builds a better mousetrap today, the government comes along with a better mouse. There is no better example of that than the recent budget which was tabled in the House on November 12 by the Minister of Finance (Mr. MacEachen). I will have more to say about the budget shortly, but first I wish to review some more important aspects of the small business sector and the vital role it plays in our social wellbeing. Small business provides more funding and volunteer public service than any other source. It fills the needs of all persons, whether they be residents or visitors. Small business is independent and self-supporting. For every new enterprise in the community, the spin-off benefits create additional new enterprise. Small business provides the greatest source of improved skills training, more than any other segment of the business world. It unites the spirit of every community, providing a common bond to all residents. The majority of revenue produced by small business is recycled within its own trading area. Small business is responsible for the creation of more competition than any other source. It provides the greatest opportunity for innovation. Small business is truly big business.

It appears that there is a wave of contempt, almost hatred born of ignorance, for the free enterprise system of today; a system sparkplugged by the hope of economic reward which has lifted more burdens from the backs of those who toil than any other system the world has known. Some people today would curtail private property rights; others declare that the word "profits" is synonymous with evil. Both groups have

forgotten that profits, property and freedom are inseparable and that one cannot have the third unless one has the first two.

It takes a special type of person to become involved in the business sector. He or she faces no regular paycheque or any possibility of ever collecting unemployment insurance. Yet, hundreds of thousands of Canadian men and women are there by choice. They are the small, independent operators who have relinquished most of society's security blankets to take a fling at making it on their own. At times the rewards can be great, but most likely the average business operator does no better working for himself than he would as an employee of someone else, despite the risks he takes. As we know, small business is the backbone of the Canadian way of life. Because of this we as legislators have an obligation to foster a climate which encourages the small business sector. The present Liberal government has fostered a trend whereby the public sector has been playing an ever-increasing role in society. The truth of the matter is that the government violated the principles of the free enterprise system and then blamed the system for its failure. At a time when restraint was required, the government printed more money. When economic restraint was required, it bragged about the country's wellbeing and encouraged "the good life". Now we are paying for these mistakes. We face high unemployment, thanks to the present government not to the free enterprise system. Today we need decision and action, but we are faced with indecision. The government is hoping that the American recovery will pull us out of our economic recession; it hopes that some of their positive responses will spill over into Canada.

We in this party look forward to an over-all policy and economic guidance. We find that hon. members opposite can only talk about economic diversification, but they have no over-all program by which this can be achieved. The government has not stated its policies and does not know the economic consequences of its actions. I feel Canadians wish to get back to basics. They do not expect something for nothing. Indeed, the history of this great nation has shown this to be true. But what they want and expect from government is leadership and guidance.

At this time I think it is noteworthy to review the record of hon. members opposite. Let us consider for a moment what they have done over the last number of years. They have given us record inflation, record unemployment, record trade deficits, record budgetary deficits, record interest rates, record mortgage rates and record high prices. They have contributed to a situation wherein Canada has the highest level of foreign borrowing of any western nation. This is contrary to what they campaigned on during the 1980 election. I should like to review for the record what the Prime Minister (Mr. Trudeau) said in Toronto on January 12, 1980. He indicated that members of the Liberal Party would not simply stand by and let the recession come, that they would fight it and overcome it. He also indicated that they had an economic program for the 1980s which would enhance dignity, create opportunity and provide security.

Let me review what has happened. Economic growth in 1980 was only 0.1 per cent, the worst in 26 years. Productivity fell by 1.5 per cent last year. Inflation has skyrocketed since the Liberals came into power and now stands at 12.4 per cent, the highest level in six years. Housing starts fell to their lowest level in 13 years. Statistics Canada reports that the economy went from bad to worse since the summer and that the deteriorating trend seems to be intensifying. This was indicated in the monthly review. The report also indicated that demand for retail goods and housing, which began to slip in early summer, "will likely be further depressed as employment fell sharply in September and October and as interest rates remained near record levels." It went on to say that the weak national economy has lowered business investment in machinery and equipment. This is the result of destructive Liberal policies, Mr. Speaker.

● (1530)

I sympathize with the Minister of State for Small Businesses and Tourism (Mr. Lapointe). He is living in a policy vacuum. The small business community is slowly becoming aware that he is offering nothing more than lip service. I do not blame the minister himself. I blame the government and the Prime Minister for creating a lame duck department which does not have the power or the right to deal directly with the problems and potential solutions of the small business community.

The budget appears to have been influenced by three beliefs. The first belief is that for a private citizen to make money is sinful; the second belief is that there is one law to restrict the governed and another much less restrictive law for the government itself; and the third belief is that governments may increase the tax burden upon the population without limit and without hindrance.

To illustrate this I should like to quote from a paper which was sent to all members of this chamber by the Canadian Federation of Independent Business. The paper includes a letter addressed to the Minister of Finance, which begins as follows:

> The tax measures in your November 12 budget are causing and will continue to cause serious damage to the economy and the small business community.

It goes on to say that the proposals of the Minister of Finance are more pervasive and that this time there is no opportunity provided for public input. That is exactly what we on this side of the House are asking for. We want the public to have an opportunity to participate in policy discussions since the budget entails in excess of 160 changes to the Income Tax Act.

The paper contends that the budget will close off access to the risk capital markets for new small business ventures and high growth medium sized enterprises which are the major source of new jobs; it will restrict the cash flow for businesses facing excruciating pressures by financing capital expenditures at high interest rates, and it will also increase the tax burden on investors in small corporations.

In addition, the government has gutted the Small Business Development Bond program, which was advocated by this party when it was in government so that the small business sector could further expand and develop. The government has made it more or less a bail-out bond, as the hon. member for Cambridge suggested yesterday, rather than a development bond; it has increased taxes on the small business sector; it has reduced by half the capital cost reduction; it has destroyed most possibilities of employee stock ownership, and it has limited the provisions whereby one could deduct interest for business purposes.

If this government truly wanted to do something for the small business sector which would be considered constructive not only by that sector but by all areas of our community in Canada, it would reduce the record high rates of interest and the high rate of inflation. More important, it would offer Canadians an efficient postal service. The small business sector relies on this very heavily for its cash flow.

The record of the government speaks for itself, Mr. Speaker. If we compare the bankruptcies in November of this year with those that occurred in November last year, we find they have increased by some 50 per cent. If we compare the first nine months of 1981 to the first nine months of 1979, we see that in the primary sectors bankruptcies have increased by 108 per cent and that in the farming sector bankruptcies have increased by 133 per cent.

When a certain small town was having its annual charity drive, the chairman for that year went to a leading citizen of the town to solicit a contribution. He said that the record indicated the citizen had never contributed to the charity although he had an income of some $90,000 per year. The citizen replied as follows: "Do your records also show that my widowed sister with four children has no means of support? Do they show that my brother who was wounded in World War I is totally disabled? Do they show that I have an aged mother who is unable to provide for herself?" The canvasser replied that the records did not show this information, and the citizen said, "Well, I don't do anything for them so why should I do anything for you?" That is exactly what the Minister of Finance is saying to the small business community of this country, Mr. Speaker. He is saying, "I am not doing anything for Canada so why should I do something for your sector?"

If we want the small business sector to survive in our society—and I am sure we all do—then the federal government must take immediate action. The small business community is what the free enterprise system is all about; it is what this country was built upon and it is the base upon which this country will prosper.

My concern regarding the problems of the small business sector is so genuine that I hope the seriousness of those problems can be dealt with by the government. The small business sector cannot wait any longer; it has waited long enough. I am not talking about government intervention but about governments fostering a productive climate for the small business sector.

It cannot be denied that public opinion has been moulded into an anti-capitalist mentality. John Kenneth Galbraith who, in my opinion, is living proof that economics is an inexact science, has written a book entitled "Economics and the Public Purpose". He has researched the market arrangements of our economy and says it has given us inadequate housing, a terrible mass transit, poor health care and a host of other miseries. Mr. Galbraith comes out from behind the white cloak of liberalism and openly proclaims that the only answer to our problems is socialism. He deals in fairy tales just as do our Liberal friends opposite.

Under this system of ours, in the early 1900s the majority of the people in this country lived below what we consider to be the poverty line. Two-thirds lived in sub-standard housing. Today, both figures are less than 10 per cent. Ninety-five per cent of the people in Canada have a daily minimum intake of nutrients essential to maintain health, 99 per cent of Canadian homes have gas or electric kitchen appliances, and 96 per cent of the homes have TV sets. Thousands of automobiles and trucks are owned by Canadians. Some people will point out that this is evidence of our materialism; but we have been the most generous of people. We have shared our wealth widely. We support with voluntary contributions churches, libraries, symphonies, operas and non-profit theatres.

If Mr. Galbraith is right and socialism is the answer, we do not have to theorize about it; we have a concrete example we can look at for comparison. We can be just like that great nation, Russia, rich in natural resources, with millions of capable people and 60 uninterrupted years in which to fully implement socialism in their nation.

• (1540)

As I say, we could be like them, but it will require just a little doing. We would have to cut our paycheques by 75 per cent, move thousands of our workers back to the farm, abandon two-thirds of our steel-making capacity, destroy thousands of TV sets, tear up miles of highway, junk 19 out of 20 automobiles, tear up miles of our railway tracks and demolish 70 per cent of our houses.

Mr. Gustafson: They don't produce enough food to feed themselves.

Mr. Elzinga: Then we would only have to find a capitalist country which would sell us wheat on credit so that we would not starve.

In my brief presentation, I attempted, more or less to outline my philosophy concerning what should be done for the small business sector. However, let me just state once again in closing that we do support the intent of this legislation. We on this side hope that our Liberal friends opposite would take a more constructive and positive approach in dealing with the small business sector in Canada.

Some hon. Members: Hear, hear!

Mr. Bruce Lonsdale (Timiskaming): I thank Your Honour for the opportunity to speak on the amendments to this bill. I

believe these amendments are of fundamental importance to small business in Canada. To date, there have been over 91,000 applications for loans under this program which was introduced in 1961. That has provided much help for small business and many jobs for Canadians. However, the more important numbers are those which show the increasing demand in the last year alone. In response to these demands, there has been an increase of 48.6 per cent in the demand for loans and funding under this program. Indeed, in the last three years since 1977, there has been an increase in demand for these funds in the neighbourhood of 400 per cent. This indicates that the program is very popular with the businessmen and business women of Canada.

Since 1961, the government has loaned out $1.8 billion under the Small Businesses Loans Act, a program which has been administered with less than six or seven staff members in the Department of Small Businesses and Tourism. It is a remarkable record for the administrative procedure of any government, and perhaps of any department in this government, that less than seven people have administered all those funds since 1961. I think it is a remarkable tribute to the program's operation, the simplicity under which it was established, and the structure which allows small-business men easy access to this kind of insurance.

We hear criticism from many quarters that the government is giving these guarantees but that it is not doing enough for the small-business men. However, we should look at where those guaranteed funds under the Small Business Loans Act went in 1980 alone. Forty-seven per cent of the guaranteed funds went to the service industry and 25 per cent of the funding went to assist small-business men in the retail trade. Twelve per cent went to the energy sector; nine per cent went to the transportation sector; ten per cent went to the communications sector of small business; and a total of five per cent went to wholesale trade and construction. One will see, considering the funds administered in 1980 alone, that there was a wide dispersement of assistance, protection and guarantees for loans across the small business sector.

Where did the benefit of this funding go, and how did it assist small business? About 58 per cent went to the purchase of movable equipment, equipment which these small businessmen were able to use. That loan, as it spread through the economy, generated a tremendous amount of work, a tremendous amount of jobs, and a great deal of buying power which assisted small businesses that were not even included under the small business loans provisions. There were improvements and modernization of plants, equipment and premises, including construction and the purchases of premises for modernization purposes, in the neighbourhood of 29 per cent. Eleven per cent went toward the purchase of fixed equipment, and approximately 1.8 per cent went toward the purchase of land.

Since 1961 when this program was introduced, the default has been less than one hundredth of one per cent. The government had to pay $9.7 million in defaults as a result of guarantees that it gave under the Small Businesses Loans Act.

That is a remarkable tribute to the Canadian government in that it had sufficient confidence in our Canadian businessmen to know that they would take out responsible loans which they would be able to repay, and that they could manage their businesses to the extent that the government's guarantees would never be called by the banks. Less than one hundredth of one per cent of loans guaranteed by the government were actually in default. Until December 31, 1980, the government only had to come forward with $9.7 million to repay loan guarantees. Therefore, I want to say that that is certainly a remarkable tribute to the foresight of the government, but it is an even more remarkable tribute to the management, skills, productivity and incentives of small business in this country.

We have spoken about the recent budget and what it has done for small business in this country. We have heard a great deal of criticism to the effect that the budget has not done anything for small business. I want to speak about the Small Business Development Bond program itself.

The Small Business Development Bond program has continually been extended. First of all, it was introduced and was to close out on March 31, 1980. That time was extended to December 31, 1981. In November, the Minister of Finance (Mr. MacEachen) introduced his budget which included an extension of the Small Business Development Bond program for another full year. In essence, the government has responded to those needs.

However, let us look at some of the things in the budget and what has been done. The small business deduction, the annual limit on income qualifying for the special low tax rate for small business corporations, will be raised from $150,000 to $200,000, and the cumulative limit will be raised from $750,000 to $1 million. To target the benefits of this incentive to the growing small businesses, corporations will no longer be able to maintain their eligibility of this benefit by paying out dividends. That provision has been extended to a point where one could accumulate up to $1 million in income, and the annual limit is up to $200,000. That will provide $50 million in assistance to small business in this country.

The other item about which we spoke was the two-year extension of the corporate surtax which will now apply to corporate income which qualifies for the low small business tax rate. We have now increased the limit to $200,000 and the cumulative limit has been increased to $1 million. Those small businesses will now be eligible for the low tax rates for another two years, which will contribute over $100 million in tax savings to small-business men over a period of two years. This will enable approximately 175,000 corporations to qualify for the lower tax rate.

Therefore, there are certainly some significant and major incentives in the budget which will assist small businesses. Indeed, the structural change in the federal sales tax provisions will mean that tax will be applied at the point at which goods are sold for retail rather than at the manufacturer's level. The change will take effect on July 1, 1982, and the tax rate will be reduced from 9 per cent to 8 per cent to keep the revenue yield

unchanged. What does that mean? What is the impact of that change?

Some hon. Members: Oh, oh!

Mr. Lonsdale: I notice that the hon. member for—

Mr. McDermid: Brampton-Georgetown!

Mr. Lonsdale: —Brampton-Georgetown (Mr. McDermid) laughs at that. However, one further, important advantage of that switch is that wholesalers will be able to apply their inventory of goods without the payment of the sales tax. It is estimated that this will lower their inventory financing. We have spoken about inventory financing and the tremendous costs of interest rates to inventory financing. It is estimated that inventory financing requirements will be lowered by as much as $400 million. I think that is a considerable and important incentive which will lend assistance to the small-business men who are trying to maintain a reasonable inventory control at a cost they can continue to finance.

One talks about flexibility in government and how the government responds. I have just given three examples showing how the government has responded to the interests of small-business men in this country. However, let us look precisely at the Small Businesses Loans Act which was introduced in 1961. Since then, there have been five significant changes in that legislation to respond to the needs, requests and demands of the small business community in this country. Since 1961, there have been a number of changes to the legislation, of which the most significant are as follows: In 1974, first of all, the maximum loan amount outstanding to any one borrower was increased from $25,000 to $50,000, and a small business was defined as one with a gross revenue of less than $1 million. Again, in 1977, the legislation was amended so that the total amount permitted to be outstanding by the borrower was increased from $25,000 to $75,000, and the size of an eligible business was increased to $1.5 million in gross revenue. Again, on February 8, 1978, the interest rate formula was changed to permit a lender to charge a maximum of a bank prime plus one per cent, and the rate was permitted to float with the prime rate for the term of the loan. However, this time the criteria defining eligible businesses was widened even further to include the real estate business, which was booming, and the insurance agents and brokers. Again, in 1978, the administrative responsibility for the act was transferred from the Department of Finance to the Department of Industry, Trade and Commerce, so the board could be more closely attached and attuned to the business community. That was a significant move in 1978. Again, on July 1, 1980, the maximum total outstanding available to a borrower was increased from $750,000 to $1 million. I do not think I have ever seen such flexibility on the part of the government. Nor have I ever seen a mechanism whereby the government actually responded to the small business needs and concerns as it does with the Small Businesses Loans Act.

• (1550)

We are making recommendations today to allow the Small Businesses Loans Act to raise the loan ceiling so there will be adequate funding over the next year and a half.

I think it is important to get on with this bill so we can allow our small-business men access to the kind of funding they require. What we have to do now is to stop the shallow criticism of this important legislation, legislation which has contributed $1.8 billion in small business loans assistance to the small business community in this country. It would be much more helpful to the government if members opposite would look at the positive things which the government has been doing for small businessmen, not only in the area of the Small Businesses Loans Act but also in the area of the $550 million worth of incentives outlined in the November 12 budget. These incentives will ease the tax burden on small business corporations across this country.

Bill C-84 is the first step of many steps that have been taken in the past in the small business financing review program and it is now being reviewed by the federal cabinet. We hope to have that review in the very near future so that we can provide even more incentives and assistance to the small business community in Canada. If we do not approve this bill today, the spin-offs needed in other manufacturing sectors will not occur in the next six months. It is important that we continue to have this program financed to allow the small business people in Canada the opportunity to have access to funds that will hold them over until the small business financing review is complete and a new policy with respect to small business financing is announced by the cabinet in the new year.

I want to say that the small businessmen and women of this country need this money. They need this extra funding to allow them to continue to create the jobs that this country needs.

Mr. Ron Stewart (Simcoe South): Mr. Speaker, it is a pleasure for me to rise to support Bill C-84. As we are all aware, the small business loan had its genesis in the government of the late John Diefenbaker. The man who was responsible for the legislation there is in the House today, namely the hon. member for Northumberland (Mr. Hees). He was then minister of industry, trade and commerce. I might add that he was the best minister of industry, trade and commerce that this country has ever seen. The hon. member for Northumberland saw the picture from all sides of the spectrum, as a manufacturer, as a politician, as a member of Parliament and as a minister. I understand, although I was not here at the time, that when he was minister, one of his first acts was to call all of his trade commissioners together. He took them home for a pep talk and gave them some plays from the bench, which are so badly needed by this government. To each of the trade commissioners he gave a set of cuff links with the initials "YCDBSOYA" imprinted on them, which translates loosely "You can't do business sitting on your posterior". The hon. member for Northumberland knew the name of the game. The name of the game is sales, competition, profits, as little

government interference in the marketplace as necessary, and as much help to small business as the government could give.

I would like to commend my colleague, the hon. member for Pembina (Mr. Elzinga) on his excellent interpretation of what small business is all about. I would like to commend my colleague, the hon. member for Cambridge (Mr. Speyer) who is responsible for this bill and who has followed the traditions of the hon. member for Northumberland.

Bill C-84, although needed, is synonymous with this government's ineptness. As usual, it is too little and too late. This bill evidences a paltry increase to the most important segment of our society, our small business. If the government wanted to do something really useful, it should have expanded the amount available to small business along the lines of the business development bond.

To equate the problems of small business, we must look at the recent budget and the horrendous implications it has on the middle class. The middle class is not the rich class but the class which represents small business, the people who make our nation.

Hon. members have heard figures quoted a few moments ago by the hon. member for Pembina. He demonstrated just what small business means to this country of ours. This budget is aimed cruelly at the middle class and the small business person. It is another plank in the socialized doctrine being enforced by the government in power on the Canadian people. It will damage our middle class. It will take us unmistakable towards the elimination of the middle class. It will make us a socialist, classless state, more dependent upon the government. This budget takes us away from free enterprise which built this nation. The government's only role in the business world should be to aid its endeavours, not to tax it out of existence, not to reward those with little or no incentive to work and produce, while punishing those who work, innovate, achieve and produce.

This budget is a destroyer of initiative. It is a destroyer of any form of elitism. It is the work of warp-minded bureaucrats who cannot define the meaning of the word risk and who have never met a payroll. I am including the so-called finance minister, unfortunately. Any self-respecting minister of finance in the federal system of government that we know, any self-respecting minister who has had such public opposition of the budget and its contents from the public and from business, any minister who has made such wide-ranging changes in the tax system without consulting small business, any minister who has made a $600 million mistake, any minister who has made three major changes as an admission of error, would and should resign.

An article that appeared in the *Edmonton Journal* for December 11, 1981, has as its heading "The budget disaster". Edmonton is one of the great bastions of our free enterprise system. My son-in-law has moved there recently taking my daughter with him. He happily toils with the Bank of B.C., and I am very proud of that. The article reads:

> The budget Mr. MacEachen read a month ago portrays a vision of an homogenized, grey, spiritless Canada where initiative is discouraged, thrift is punished and the enterpreneurial spirit is laughed at by visionless men with tight little smiles.
>
> The budget does three things:
>
> It brings in major tax reform without public debate—
>
> It proposes punitive legislation that is retroactive—
>
> It is grossly inequitable. Meant to close the tax "loopholes" used by wealthy Canadians, it helps them by reducing maximum marginal tax rates from 64 per cent to 50 per cent.

This article goes on to point out why we should have MURBs. Without them $500 worth of condominium construction will be killed. It points out the errors of income deductibility which destroys a valuable incentive to invest in Canada. It goes on to point out the taxing of life insurance. This bleeds the source of capital for the mortgage and construction industry.

I have not received ten letters, nor 20 letters, but probably up to 100 letters from the insurance industry. I am sure all members of the House have received a similar letters in similar numbers. It is incredible to see what has happened to the small business people and other Canadians by the unforeseen surprises in this budget.

If this budget is hurting the rich, then I would like to read a letter that I have received just today. It is addressed to the Hon. Allan J. MacEachen. It reads:

> Dear Mr. MacEachen,
>
> I am writing to you with regard to my non-registered deferred annuity policy for which I shall be required to report accrued investment income on income tax every three years at a time when my investment income is not available to me, so the tax will have to be paid out of other income.
>
> I have been a clergyman for twenty-five years and have never tried to gain financial advantages in any way during my service in this calling, regarding any call on my energies as my sacrifice for my Lord and it has not been easy for my wife and family who have shared in everything.
>
> However, due to careful management we have been able to set aside a small amount toward our retirement years. (It may interest you to know that after a lifetime of service we can look forward to a very small church pension.) Now I am going to be penalized by having to take some of my current income to pay income tax on money I do not receive.
>
> There are thousands like me, so please, Mr. MacEachen, let's have some fair play. Change your budget immediately.

I say this says it all for the insurance industry, for the pensioner, for the person who has put money away for income later on, and for small business.

● (1600)

There is an improving tax climate in the United States, and the Minister of Finance (Mr. MacEachen) is also ignoring that, but many Canadians are not. This too is disastrous. The changes are being made, as usual, by the government without any public discussion. I urge the Minister of Finance to consider most of his proposals again and to hear the people affected, then change them, not for the sake of change but for the good of Canadians, particularly small-business men.

The proposition to restrict interest expense deductions to the amount of income earned from investments during the year will cut to a trickle the borrowing done by small businesses to invest in productive business enterprises. The 12.5 per cent tax on dividend planning for small business seriously dissuades the common folk like you and me from starting a small free

enterprise, which is the real genesis of this country. If we want to aid small businessmen then the minister should withdraw these things at once.

Let us consider the Small Business Development Bond program for a second. The Small Business Development Bond is a means to expand, to innovate, to research and develop. This program provides capital for capital expenditures and growth which in turn increases productivity. That is the name of the game, and it is the only way to pay for the expensive social programs that come from the other side of the House. Let us have the programs, but we must have expansion of productivity in order to pay for them. The whole bond structure was changed. Now it helps only those in dire financial straits. What straits! What a statement! The bill was garrotted, gutted and gored. The one real help to small business was the bond, and I suggest the minister should reinstate this program at once.

Hidden taxes on individual Canadians prior to this budget amounted to approximately $100. It is now estimated they will be $200. As a small businessman I have many salesmen driving company-owned cars. These salesmen, contrary to the opinion of the hon. member for Timiskaming (Mr. Lonsdale) who just spoke, will now be charged 2.5 per cent per month for driving their cars for any type of pleasure. What will that do to the big car sales in the riding of the hon. member in front of me from the Oakville area? This is a tax on the capital cost of the automobile, not its depreciated value. This is the way usury is applied to people. Old "greedy guts" government wants more and more tax for its bottomless pit appetite. A salesman making a sales effort and increasing productivity will be taxed out of his skin for his efforts. On the basis of a $15,000 automobile, this works out to $4,500 taxable income, and even at only 28 per cent it is $1,260. That is some reward for productivity. The government is taxing the producer and stifling initiative.

The government is now taxing employee benefit extended health care plans. The Minister of Finance said we were not reading the budget correctly. That is what he said in the House today. That is the way I read it, and I call it folly.

The insurance industry is gnashing its teeth at the unthinking, uncaring tax policies of this government. It is taxing money that has not been received, a tax to be paid with after-tax dollars. I call that a real shame. A person will not be able to have a pension income deduction in a year in which he has made a contribution to an RRSP or a pension plan unless the payment was deducted at source from his income.

Is small business being helped by the discontinuance of the use of income-averaging annuities? This government is eliminating the device for postponing income tax on capital gains as a tax deferral. This measure has been used in respect of the sale of small businesses and family farms and now it is gone. Capital cost allowances have been reduced by half. This again is something that has been an incentive and has helped to make this country grow. This does not help small business. It does not increase productivity and it does not give confidence or inspiration to small business.

Why does this government not do something constructive, such as encouraging profit sharing in small businesses? Why does it not provide incentives so that small businesses will continue to grow in this country the way they should? Small businesses form the backbone of this country. They still provide the most jobs. This industry should not be garrotted, it should be stimulated in order to obtain increased productivity.

This budget will not help export-geared high technology. It does not help resource exploration and it does not help transportation. It does not cut interest costs. Small businesses need help. Small businesses need the Crosbie Small Business Development Bond. This program should be expanded. Small businesses need alternatives which will allow people to buy shares in those small businesses, and small businesses in my view need an incentive with regard to profit sharing. Small businesses need a far-reaching, expansive and imaginative approach in order to show some light at the end of the tunnel for the small-business man. This industry requires this kind of help quickly. Bill C-84 just does not do enough, although we support it.

This is supposed to be a budget in equity. In reality it is a budget of infamy. It is the planned destruction of the middle class. As a past-president of the National Association of Tobacco and Confectionery Wholesale Distributors of Canada I am appalled at the finance minister's decision to impose the excise tax at the wholesale level instead of at the retail level. Again I would draw my remarks to the attention of the hon. member for Timiskaming, because on the basis of what he just said he has a total lack of understanding of what is going on.

As a representative small-business man I would like to speak on this matter at some length because it is a subject that has been almost ignored.

The tobacco and confectionery association, the grocery distributors association and others have forwarded discussion papers to the Minister of Finance, specifically in 1975, opposing this move, as well as the 1977 report of the commodity tax review group. Successive ministers have been advised repeatedly by small and large-business men for the past six years not to do this, but this government taxes, taxes and taxes, ignoring the small-business man. That is what has been happening.

The tax at the wholesale level will create an administrative nightmare for the small wholesaler, and it will be nothing but inflationary. It will hurt the small-business man. The paper burden will be astronomic. The firm I was associated with before entering this area of enlightenment had some 2,000 customers. The invoicing system is not computerized. This change will result in a paper nightmare and will require the addition of more employees to implement. This firm is just one small wholesaler among 300 tobacco and confectionery distributors. This will also apply to 300 wholesale grocers, as well as wholesale hardware people and wholesale building materials people, just to name a few. Up will go the cost of building material because the difference in the tax will have to be added on from the manufacturer to the wholesaler and then to the product. Do not sit there and tell me this is not going to mean increased costs and taxes amounting to millions of

dollars to the federal government. The consumer will end up paying again. This move will add millions of dollars to corporate costs, and that cost will have to be passed along to the consumers of Canada.

Like the rest of this infamous, deleterious budget, this move has not been thought through carefully. The ministry has not yet determined how it will put the proposal into effect. Small business wholesalers will have heartaches galore in sorting out the items to be taxed, adding that tax to the selling price, not the cost price, and then having to put out more investment capital to collect the government's tax. This is a senseless business practice. This practice cannot be compared to any now followed by manufacturers, wholesalers and others in this country. Why does the government not collect from the few as it has done previously? In this way it would be easier to administer with fewer wholesale employees. How many more federal bureaucrats will it take to collect this tax and to police it? If the government needs the money, why does it not increase the tax by one half of one per cent, instead of lowering the tax to 8 per cent and placing the burden on the small wholesaler and ultimately the consumer? This whole drill is inflationary. When this tax is removed from the manufacturers, it will be much easier for them to increase prices without the normal protest from their customers, the small business people.

An hon. Member: What about you in 1979 when you were there?

Some hon. Members: Oh, oh!

An hon. Member: Why didn't you change it?

Mr. Stewart: Let us look at the surtax on the purchase of retail—

An hon. Member: More jobs for more Liberals.

Some hon. Members: Oh, oh!

[*Translation*]

The Acting Speaker (Mr. Laniel): Order, please! I wish to remind the hon. member for Bourassa (Mr. Rossi) that if he wishes to have the floor, he must be in his seat.

[*English*]

Mr. Stewart: I did not understand what you said, Mr. Speaker, but I would say that the hon. member is an expert at the game of "river"; he continually runs out at the mouth. Let us look at the surtax on purchases by retail chain stores from manufacturers. The chain buys at the same price as the wholesaler. The Minister of Finance says he will impose a tax of 1 per cent or 2 per cent on the corporate chains in respect of non-food items. To me, this is a crass admission that the new system is not fair, equitable or right and does not work at the wholesale level.

• (1610)

Tobacco products, however, will be taxed at the manufacturers' level, not at the wholesale level as the rest are. I wonder why that is. In 1980, the federal excise and sales tax was $934 million. This was collected predominantly by four major tobacco manufacturers. It showed them an estimated $5 million profit in cash flow. That is the reason why. They are probably avid supporters of the members on the other side. Imagine the benefit to the small wholesalers if this profit was in their cash flow. It is fish for one and fowl for the other. Obviously it is easier to collect from four manufacturers instead of the 600 or 1,000 wholesalers. However, the government is still willing to collect the balance.

The omission of tax collection on tobacco at the wholesale level is another admission that the surtax at the wholesale level is discriminatory, inflationary, patch-worked and wrong—by a government that is supposed to be a champion of human rights. It is costing independent businessmen millions of dollars.

The whole plan should be eliminated in favour of raising the tax minimally or else by reducing the tax on wholesale sales to independent businessmen to make it equal to the tax on the manufacturers' sales to the giant corporate chains who have every advantage over the independent businessman already.

This budget will have a deleterious effect on investment in industry at a time when we need more investment, not less. It comes at a time when we must have more productivity and employment, when we should be encouraging small business and not penalizing it. This budget takes away the incentive for small business to take the risks necessary in an expanding economy.

It seems to me that shifting the incidence of the federal excise or sales tax from the manufacturers' level to the wholesale level will cause confusion and unnecessary paperwork. Does the government realize that there were 21,597 merchants in Canada classed as wholesalers who were small businessmen? The volume of total sales then was almost $71 billion. These figures were reported by Statistics Canada in 1978. Does the government not realize that in addition to those classed as wholesale merchants, there are also about 5,000 establishments classed as agents and brokers, and in 1978, the last reported year, their accumulated gross sales amounted to $16.3 billion? Given the growth over the past ten years, it would be safe to assume that today we have between 26,500 and 30,000 wholesale establishments in this country made up of wholesale merchants, agents and brokers, and under the provisions of this bill a whole new world of bureaucratic interference will open up for them. Most of these establishments are small businesses which are already over-burdened with paperwork. Small businesses today are fighting hard to stay alive and keep afloat. The fight to survive in the wholesale industry is an ongoing one. I am personally involved with this industry and can say that we operate on a low mark-up and depend on volume sales for a small margin of profit. We know what it is like to have to work. We know what it is like to have to live with a .5 per cent net profit. We depend on volume sales

with such a small margin of profit. We make it in spite of the tough, large corporate competition. However, we do not need more government interference.

That small profit is jeopardized by any small fluctuation in the marketplace. The current high interest rates have been murderous for my industry. The competition is fierce and the small-business man is being squeezed between a rock and a hard place by the corporate chains and giants who buy direct and in some cases are involved in the wholesale business themselves. Many have their own stores, and we have to compete with their gasoline stations which must now compete with the government.

I cannot understand why the government would disrupt the tax system and thereby create an administrative nightmare for the small businessman. I doubt very much that wholesalers will be compensated for acting as tax collectors for the government. Will they be expected to absorb the additional costs involved in collecting federal taxes in addition to the already excessive overhead costs they bear? The result of this end-run is obvious. The government will extract new revenues from the difference between the manufacturers' sale price and the wholesalers' sale price. Where the tax was at one time levied at the manufacturers' level—at the wholesalers' cost price—it will now be levied at the wholesale level—at the wholesalers' selling price. That is a big difference.

In 1978, the last year for which we have complete statistics, wholesalers bought $53.9 billion worth of goods. They sold those goods for $70.6 billion. Had the tax been in effect then, wholesalers would have had to pay the federal sales tax on the difference. That difference, three years ago, was approximately $17 billion. That is, $17 billion between the buying price and the selling price. There is no doubt that this shift in the incidence of taxation will mean higher costs to the consumer. It discriminates against the small retailer and the small wholesaler.

The large chains have the purchasing power to buy directly from the manufacturer which in effect, makes them a wholesaler and retailer combined. They eliminate the middle man. In the same fashion, this budget helps to eliminate the middle class.

In the past 15 years there have been marked drops in the number of manufacturers in Canada. The wholesaler has been having a more difficult time. In 1974 there were 1.3 million production and related workers. In the following three years the production lines were down from 1.3 million to slightly more than 1.2 million. In 1978, the last year for which we have statistics, employment came up again to 1.3 million, and I shudder to think what the figures are now. Plant closings and lay-offs have been occurring at an alarming rate over the past year. The litany of blue chip companies which have closed their doors is awesome and is testimony to the economic policies of this government, or lack of them. So how does it think small businesses can survive?

I would like to close, Mr. Speaker, by reading a quote which relates directly to small business and this budget. It goes like this:

You cannot bring about prosperity by discouraging thrift,
You cannot strengthen the weak by weakening the strong
And you cannot help the wage-earner by pulling down the wage-payer;
You cannot help the poor by destroying the rich,
You cannot establish sound security on borrowed money,
You cannot keep out of trouble by spending more than you earn
And you cannot build character and courage by taking away man's initiative and independence;
And you canot help men permanently by doing for them what they could and should do for themselves.

Mr. Speaker, those are not the words of Churchill, not of Kennedy and not of Diefenbaker. They are the words of Abraham Lincoln, and they are as true now as on the day he said them.

Some hon. Members: Hear, hear!

Mr. Dan Heap (Spadina): Mr. Speaker, I rise to support Bill C-84, the Small Businesses Loans Act and I wish to indicate the importance of it, not only to the constituency of Spadina but to the rest of the country as well.

Spadina is made up primarily of people who earn their living by working for others. But we also have a good many of the others there—that is to say, the small entrepreneurs. We have the needle trades industry—it is one of the two major centres in Canada for the needle trades. We have the printing industry, a great deal of the retail industry and the entertainment industry. For many of these people, the small-business men, the present situation is one of disaster. This increase in the ceiling of the small business loans total is a good move, but for most of them it is insignificant. According to what they have told me, most of them have found this program to be of not much help. There is too much red tape about it. The banks are not interested since they are offered higher interest opportunities elsewhere. The restrictions on the purpose for which the loan is to be used cuts out many potential borrowers. That is to say, they cannot use it for operating costs when they run into inventory troubles and things like that. They could only use it for expansion, and at a time like this many of them were not able to entertain the idea of expansion. They are trying to survive and the small business loans program is not available to them. As a result, of all the loans made to small business last year, only about 2.8 per cent came under this program—in other words, it was significant to only about 2.8 per cent of the needs of small business in general.

In Spadina the major small business concern is the textile industry. Hundreds of small manufacturers of textiles, clothing, footwear as well as wholesalers and retailers are in those trades. There are many, many of them in grave difficulty. The small business loans program does not seriously address the problem of high interest rates because it is only 1.5 per cent lower. If you are paying 9 per cent or 10 per cent, going down 1.5 per cent makes quite a difference. But if you are paying up to 20 or 25 per cent then 1.5 per cent relief is not that much. As well as being hit by high interest rates, they have been hit a second time by this government within the past few weeks by the dropping of import quotas, particularly in the leather footwear industry. For the major industries of Spadina, the

textile, footwear and clothing industries, this is a time of disaster.

● (1620)

For the other retailers of Spadina, the retailers along Kensington, Bloor, College, Queen, Dupont, Yonge, King and the other commercial streets of Spadina, sales are down, credit is tight. If they ought to have any help, it is not primarily to expand at this time but to survive. This program excludes them from obtaining loans directed toward their survival.

It was very interesting on Monday to hear a similar note in the city of Montreal. Along with other members of the NDP caucus, I attended a hearing where a number of people from Montreal and Quebec told us their view of the economy as it relates to the government's budget. Le Conseil des Gens d'Affaires du Québec was one group which spoke to us. They had this to say:

[*Translation*]

Consequently, the Council would appreciate it if you would explain and defend its views on the economy in the House of Commons in Ottawa.

[*English*]

In other words, they asked the NDP to bring this message. The message in part as it relates to this bill is that they are being killed. The footwear industry is being killed by the dropping of the quotas on leather footwear, a decision made by this government a couple of weeks ago. Up until that point they still had 70 per cent of the Canadian manufacturing market in that field and still used 70 per cent of the product of Canadian tanners. Now they are afraid they will lose a great deal of that because of the dropping of the quota on leather footwear. At a time when the industry is in trouble, the government has made a decision that is disastrous to them. They will not be helped, unfortunately, even by this Small Businesses Loans Act. They will not be able to make use of it.

I am sure all members have received the brief of the Federation of Independent Businessmen commenting on the budget. They point out, for example, how family firms and farms that are being sold by instalment as retirement plans are being hit by the budget. They will not be helped by the Small Businesses Loans Act.

We heard comment on the Small Business Development Bond. There was the same problem last year, too much red tape and too few people who could make use of it. A comical incident occurred in Spadina this past summer. The Liberal candidate tried to ride on the SBDB program, claiming that the government was really helping small-business men. He used that at public meetings. He used it disastrously for himself. He is not here now.

The SBDB, as has been pointed out, is limited to bailing out businesses in dire straits, wherever that may be. I guess it is in the same place as the home owners the minister of housing was going to help. Apparently the banks are afraid to lend to people who, in order to be eligible under the new rules, must define themselves as being on the point of going broke. When they go to the bank at that stage, the banker looks elsewhere. The Small Business Development Bond gives about the same amount of help as the famous cure for measles. The quacks advertise, "Send in your dollar, follow our directions and if you do not get rid of the measles, we will send your dollar back". The directions are, "Gather all spots together into one spot and step out of it". The SBDB is about as much use to the merchants of Spadina and elsewhere.

The biggest threat to small-business men are the high interest rates of this country. Last summer one of them said to me, "At 12 per cent interest rates, Trudeau was a winner; at 20 per cent, he is dead". That was referring to last summer's by-election in Spadina, and he was right. Bankruptcies are up over a year ago and the small businesses loans program will not make a noticeable difference.

The fact is this government has done something unusual. It has brought together this country's working people, home owners, farmers and small-business men around one major concern. A few weeks ago, 100,000 out on the Hill told the government to bring down interest rates. They wanted no more fooling around with picky little subsidy programs for this or that little group. They simply want the interest rate brought down. That is what the home owners and businessmen of Spadina said last summer, and that is what they are still saying.

Of course we have to support this program to increase the potential of the Small Businesses Loans Act. It will not rescue hundreds of small-business men and others who are going under because of this government's policies. It will not stop them from going under. They will not remember with any gratitude an increase in a program they were not able to use. We have to adopt this bill, but it is irrelevant to the needs of the country at this time.

[*Translation*]

Mr. Claude Tessier (Parliamentary Secretary to Minister of National Revenue): First of all, Mr. Speaker, I am under no illusion—I think that all hon. members are in perfect agreement on the principle and objectives of Bill C-84 because of the proposed increase in the lending ceiling for small business loans from $850 million to $1.5 billion. In fact, the increase has become necessary because of the program's popularity and its usefulness, and since the demand is there, our government is prepared to meet it and it will.

As do other members of the House who take advantage of a debate to discuss other subjects, I ask the House's leniency, but I shall be very brief. I wish to take this opportunity to suggest to the government of Quebec that it be more co-operative, because I feel Quebecers and especially the government of Quebec, should understand that when the federal government takes various measures to help businesses, it is not particularly helpful or efficient if the government of Quebec, with its counter-strategies, manages to cancel or wipe out completely any measures that the federal government wants to take. I think the House should also be made aware of this. The opposite side is often all too eager to defend the interests of

Quebec, and often the interests of the Parti Québécois. I feel that from now on we must make this very clear distinction. In this respect, the Right Hon. Leader of the Opposition (Mr. Clark) must have realized what the situation was when he approached Mr. Lévesque to try and make him listen to reason, and he soon realized that Mr. Lévesque was a separatist—sometimes he seems to forget—but still a separatist!

An hon. Member: Quite true!

Mr. Tessier: I would like to say a few words about Quebec's refusal to take part in the federal-provincial conferences on agriculture and on tourism. I may add that although not hopeless, it is certainly becoming very difficult, for instance, to work on a farm; we may have the best policy in the world, and I am referring to our dairy policy, which in my opinion and that of many experts, is the best dairy policy in the world. But if the Quebec Agricultural Marketing Board does not do its job as it should and fails to supervise the quotas, which has resulted in thefts and fraud, how can we as representatives of the federal government play an effective role to meet the needs of the producers in the agricultural sector?

• (1630)

The government of Quebec ought to take note of this, and so should indeed the Quebec agriculture minister. It is growing more evident every day that he is a lot better at selling independence than at providing producers with the infrastructures they need or promoting in Quebec a dynamic and progressive agricultural sector to serve producers and consumers alike. He was once looked upon as the only champion of producers, and indeed there was a time when too many Quebecers thought he was just that, but he is now making a fool of himself practically every day. We in the federal government want to say to all agricultural producers that we would much rather make sure that they earn a decent income and benefit from a dynamic and prosperous agricultural sector. In that respect, I hope, and I am even convinced, that we will be successful in particular in restoring more stability and more confidence in the future by maintaining our current dairy policy. I dare hope that early in 1982 we will be able to give the producers the policy they want now, which they have questioned in the past, all that in the best interests of the agricultural sector, the economy and Canada as well.

We are not quite sure when we wonder about the participation of the government of Quebec in federal-provincial conferences, and we have every right to ask what the economy represents for the Lévesque government, for Mr. Lévesque himself and for his set of intellectuals. Mr. Speaker, I would like to refer to our tourist industry. I suggest that the statistics speak for themselves and that we can really wonder when the Quebec government tells us that the tourist industry has nothing to do with the economy. And yet we know that Canada's tourist industry generates in excess of $15 billion in annual revenue for Canada, that is 5 per cent of the gross national product, and provides one million jobs for Canadians in over 100,000 undertakings.

Mr. Speaker, I wish someone would reassure me about the economic theories of the Lévesque government, and I wish he would explain to the people of Quebec why they were not represented at the tourism conference which was held this week in Ottawa. It is about time that Mr. Lévesque, the Premier of Quebec, the leader of the Péquistes, the head of the Parti Québécois, stopped sorting out his gang of genuine and false separatists, that is the liars and the hypocrites, and concentrate instead on the economy of Quebec. In addition, Mr. Speaker, Mr. Lévesque should not be playing the association game. We know that his new challenge is to play with—

[*English*]

Mr. Jelinek: I rise on a point of order, Mr. Speaker. I thought hon. members were talking about the Small Businesses Loans Act, and I feel the hon. member opposite is not speaking to the subject.

The Acting Speaker (Mr. Blaker): I recognize the hon. member for Halton (Mr. Jelinek). His microphone is not on.

Mr. Jelinek: Mr. Speaker, I merely wanted to bring to the Chair's attention that we are supposed to be discussing the Small Businesses Loans Act and that the hon. member is totally way off base. He is not discussing anything related to small business at all. I wonder if the Chair could interfere.

The Acting Speaker (Mr. Blaker): I should indicate to the hon. member for Mégantic-Compton-Stanstead (Mr. Tessier) that I had taken notice of that issue because there was some question in my mind as to how relevant he might be to the bill.

I have also given some thought to the subject matter of the small businesses bill, and it seems to me that the small businesses bill is so wide-ranging that earlier in the day I recognized hon. members and allowed them to have that wide scope. In fairness, while the hon. member for Mégantic-Compton-Stanstead might consider the point that was made to him, I have during the day allowed other speakers the same latitude that I propose to allow him.

[*Translation*]

Mr. Tessier: Mr. Speaker, I can assure you I am quite prepared to co-operate. I also want to inform the hon. member on the opposite side that he proved in his point of order that he does not quite understand the implications of policies that conflict with other provincial policies. In fact, my purpose here is to make hon. members opposite realize where Quebec is heading, and that all Canadians are paying for this diversion and dispersal of energies, and I feel that is all part of what I have just been saying.

Hon. members opposite are proving that, in their own way, they too are real separatists. However, we have to live, day in day out, with the separatists in Quebec, but I want to get back to my subject to point out that as far as helping businesses is

concerned, we must become more consistent and we must make Quebecers and the Quebec government realize this. Mr. Speaker, I would like to go on, to say that Mr. Lévesque has again started to talk about association, although the PQ convention made it clear that it was not interested in association. Mr. Lévesque told us: It is high time we got back to the association concept, because in civilized countries, in the industrialized world, association and sovereignty must go together. I think we should also realize that what counts for Quebecers is not that Mr. Lévesque, as premier or as leader of the PQ, enjoys playing with the hyphen, but that he can provide an argument that is clear enough for them to realize that he is deceiving them, every day of the week. If Mr. Lévesque is a separatist, if he wants to break up Canada, let him say so! As representatives of Quebec, we know that Quebecers are not interested in separation, that they are willing to take up the Canadian challenge, and that this challenge will benefit all Canadians and not only Quebecers. Perhaps the opposition should start realizing this.

Mr. Speaker, I also wish to say a few words about energy. When Mr. Parizeau decided to raise the provincial tax on gas by thirty cents a gallon,—my constituency lies outside of the major urban centres, the population density is very low and distances are enormous—how can businesses be expected to come and settle in my constituency when now not only distance, but cost, has become a deterrent. Mr. Speaker, that too is an example of counterstrategy by the Lévesque government, and it is these counterstrategies that are helping to weaken and destroy our industrial framework, especially in Quebec. I would also like to say a few words in particular about the problems now facing car dealers. In the past, it was said that the footwear industry had to be protected, and that the sales tax would be abolished.

The same minister, Mr. Parizeau, already told us that this method was ineffective. Six months later, however, he used this same approach to help shoe manufacturers and retailers. Through their association, the dealers have now asked Mr. Lévesque to consider removing the sales tax to help the automobile industry, but Mr. Parizeau replied that such action would help Ontario and that the dealers would therefore have to live with the present economic conditions. Because of this, more dealerships have to close down every day! Mr. Speaker, this is another example of a counterproductive economic strategy which is harming small businesses, with the complicity of the Quebec government.

In closing, Mr. Speaker, I would simply like to point out to the Quebec government that we, in the federal government, believe that of necessity Quebec should diversify its industrial structure as it now relies too much on industries as such as textile and clothing, and that it should also have high technology industries, increase its productivity in key sectors, such as the pulp and paper industry, and improve its infrastructures, not only in the area of transport, but also in communications, computer technology and research and development. In this regard, I wish to assure those who still want to work effectively to promote Quebec economy, whether in the Quebec government, in the National Assembly or in the rest of the province, that the federal government is willing to take every possible action to help Quebec to take its rightful place and its rightful share in the Canadian economy so that we can finally solve our economic problems among Canadians without being faced every day with the issue of separation, which some people always put forward to win their point.

I therefore believe, Mr. Speaker, that it was proper to say that we, of the federal government, can afford to help businesses by granting loans and by increasing the amounts of these loans, but that both levels of government must learn that the economy is their responsibility and that they should cooperate if they want to be successful in this regard. In closing, Mr. Speaker, I would like to move, seconded by my colleague, the hon. member for Scarborough-Centre (Mr. Kelly):

> That the motion be amended by deleting the words "to the Standing Committee on Finance, Trade and Economic Affairs" and substituting the following therefor: "to a committee of the whole".

I hope that the House will support this amendment.

• (1640)

[*English*]

Mr. McDermid: Mr. Speaker, I rise on the point of order. I did not want to interrupt the hon. member for Mégantic-Compton-Stanstead (Mr. Tessier) during his remarks. All of us in the House understand the passion which Quebec members have for their province and their country; there is no question about it. But I would ask the hon. member to withdraw his remarks, if in fact he made them—the translation could be wrong—wherein he indicated that we on this side of the House were the real separatists. I do not think there is anyone like the right hon. gentleman who leads my party who has tried harder to bring Quebec into the constitutional agreement. I do not think this has been questioned anywhere. Hon. members opposite should take the time to read the editorial which appeared in *Le Devoir* this morning. I think it was very well laid out. I think it is a fallacy to accuse hon. members on this side of the House of being separatists or of promoting the separatist cause, and I ask the hon. member to withdraw those remarks.

[*Translation*]

Mr. Tessier: Mr. Speaker, if I had made such a statement, I would have no hesitation in withdrawing my comments. I would like to point out to the hon. member that we, the members from Quebec, often think some opposition members make Quebecers feel that too often they associate with people who are but separatists. I am not accusing them of being separatists, but I could say that we feel they are playing in the hands of the separatists, and as a Canadian, I greatly deplore this.

[*English*]

The Acting Speaker (Mr. Blaker): I take it that the point of order is settled. The hon. member for Mégantic-Compton-Stanstead seeks the unanimous consent of the House to put an amendment to deal with all stages of the bill today, in effect to move to Committee of the Whole rather than to refer the bill to a particular standing committee. Is there unanimous consent for the hon. member to put the motion?

Some hon. Members: Agreed.

Motion (Mr. Tessier) agreed to.

Mr. Jelinek: Mr. Speaker, I should like to raise a point for clarification. Does this mean that we will continue second reading debate until some time around 5.50 p.m., then go to Committee of the Whole and through all stages today?

The Acting Speaker (Mr. Blaker): The Chair must put it in a way that does not imply that hon. members must continue until 5.45 p.m. As I understand it, there is an agreement between parties that all stages of the bill will be disposed of today. Whatever time suits hon. members will be the time that it is disposed of, but there is no lessening of the hon. member's rights or anyone's rights by this motion.

Mr. Otto Jelinek (Halton): Mr. Speaker, now that we have heard the dissertation on the other side about the Quebec situation, which indeed is very important, the point I was attempting to make in my earlier point of order was that, according to the rules of the House, we were discussing the Small Businesses Loans Act which deals with small business and extends into the budget and other measures.

I should like to talk about Bill C-84 and the Small Businesses Loans Act. This amendment would increase the maximum of all loans which may be guaranteed during the two-year period ending June 30, 1982, from $850 million to $1.5 billion. Obviously this amendment is only keeping up with inflation. There is absolutely no new added advantage or incentive to small business. Previously this bill was amended every three years; now it will be amended every two years.

As Your Honour is aware, it was first introduced by a Conservative government in 1961. It was one of the first bills ever introduced for the benefit of small business. Naturally we all support the bill, but as I said, it merely keeps up with the inflationary situation which is plaguing the entire country.

Since the bill was first introduced in 1961, this party, which introduced the original Small Businesses Loans Act, has attempted month after month and year after year to bring forward incentives for the benefit of the small business sector that we all know is important to the economy of the country. Sometimes it was like pulling teeth to get those incentives out of the Liberal government, but over the years we managed to get them until finally the Minister of Finance (Mr. MacEachen) brought down the budget on November 12 and in one fell swoop decreed that those incentives would no longer be called incentives but would be called loopholes and would be plugged. Now we must start from scratch again unless and until the budget is replaced, which the majority of Canadians hope will happen.

● (1650)

During debate on this bill yesterday nine Progressive Conservative members spoke but only two Liberal members participated. The reasons for this are quite simple. First of all, the Liberals are embarrassed by the budget and they do not have anything positive to say about it so they stay away from the House when economic matters are being discussed. Second, nothing new and positive is forthcoming from that side of the House. When introducing the bill yesterday the minister had the audacity to say that, besides extending the Small Businesses Loans Act provisions, the budget will also extend the Small Business Development Bond program. That is the program that was introduced in the Crosbie budget but was voted against by the Liberals and the New Democratic Party. Then the Liberals watered it down till it is now totally ineffective. In these times of high interest rates, it would have been helpful to many small enterprises but now the extension is only available to businesses that are in dire straits.

An hon. Member: Whatever that means!

Mr. Jelinek: That means someone who is in trouble and who is on the verge of bankruptcy. Would any lending institution advance capital to a business which is on the verge of bankruptcy under any circumstances? Under this program a chartered bank must consider the credit-worthiness of a customer, as it must under any other program, before a loan is granted.

I took the liberty of calling officials in the head offices of the Toronto-Dominion Bank, the Bank of Nova Scotia and the Royal Bank this week to find out what instructions were given to their managers across the country regarding this extension of the Small Business Development Bond. I was told that the same basic criteria will be applied for the SBDB program as for any other program. If a business is on the verge of bankruptcy, then obviously a chartered bank will not risk advancing funds to keep it going for two or three months until it goes into bankruptcy. I say shame to the Minister of State for Small Businesses and Tourism (Mr. Lapointe) for having the audacity to stand up in this House yesterday and brag about the phony extension of this program.

Why has this measure that would benefit small business virtually disappeared? Cost cannot be the reason. I should like to read into the record an extract from a study commissioned by the Canadian Federation of Independent Business on the economic impact of the Small Business Development Bond. This computer econo-model study was conducted by Infometrica. This new equipment is well respected and some departments of the federal government use it from time to time to find out what is going on. Perhaps it should have been used prior to the introduction of the budget! One of the findings was as follows:

There is no net cost to the federal treasury for the SBDB, but an actual gain of $77 million in the first year of the program—

The government should pay heed to this finding but instead it virtually eliminated the program in the budget.

I do not know why the incentives are deemed to have become loopholes. Either Liberal members do not understand the budget or they are two-faced hypocrites who say that good measures for small business are included when they know damn well that they are not. It is either that or they are a bunch of gutless wonders who support what the Minister of Finance says and then automatically follow suit. How can they go back to their constituencies and talk to the small business people, the farmers and the fishermen there after the introduction of this disastrous budget and then come here and vote in favour of it? When they do that, then I say they are two-faced hypocrites.

An hon. Member: Oh, come on!

Mr. Jelinek: The hon. member says "Oh, come on". I should like him to stand up and tell us what positive reaction there has been from small business. I should like him to come to my riding and tell the small business people there what positive measures this government has taken in the last several years, and specifically what positive measures there are in the November 12 budget.

Mr. Kelly: Set a date and I will be there.

Mr. Jelinek: It is no wonder that the trend of this government has been a negative one as far as it affects free enterprise, and specifically the small business sector which is the backbone of our economic way of life. Not too long ago the Prime Minister (Mr. Trudeau) said:

> We haven't been able to make it work ... the free enterprise system. The government is going to have to take a larger role in running institutions ... It means that there is going to be not less authority in our lives ... but more.

Is it any wonder that the Prime Minister says that the free enterprise system will no longer work? The trouble is not that the free enterprise system no longer works, Mr. Speaker, but that the government will not allow it to work. It is strangled with regulations, directives, controls, the paper burden and must overcome all sorts of other hurdles. The government should leave the small business sector alone, and let it prosper in a free market system. It should replace the directives and controls with incentives, not loopholes. But that will not happen because of who wrote the budget.

● (1700)

It will not happen, because by whom is the budget really written and devised?

Mr. McDermid: A good question.

Mr. Jelinek: A colleague asks who wrote it. The budget is devised by academics; the budget was supported by academics; the budget is endorsed by academics and it is put into operation by academics. I submit that the academics who supported, endorsed and wrote this budget do not have a clue as to what is going on in the real business world outside of their ivory tower here in Ottawa. That is obvious from the state of the budget. Those academics should and must be replaced with people who have some inner knowledge of what goes on in the business world, whether in a small business sector, in a medium-sized sector, or even in large businesses. Surely the time has come when this country, this government and this Parliament should not just depend on academics telling us how the country should be run; there should be some input from businessmen.

I see that some Liberal backbenchers are smiling. They should smile, because every—

An hon. Member: Because it is Christmas!

An hon. Member: You'd never know it by this budget.

Mr. Jelinek: The hon. Liberal member says it is Christmas. It is certainly not Christmas for the unemployed or for the record number of businesses which are going bankrupt, and certainly not for the people who cannot afford to house themselves or to buy cars, food or refrigerators as a result of Liberal mismanagement of the economy.

Some hon. Members: Hear, hear!

An hon. Member: What do you suggest?

Mr. Jelinek: What we suggest is that we follow many of the recommendations this party has submitted over the years, many of which were accepted by the Liberal government as incentives. These same recommendations have now been changed to loopholes by the Minister of Finance. That is what we recommend, and hon. members are laughing. However, every business organization in Canada, be it the Canadian Federation of Independent Business, be it the Canadian Chamber of Commerce, be it the Canadian Manufacturers' Association, the Retail Council of Canada or the Federation of Agriculture—and the list goes on—is totally and absolutely opposed to the bill which was presented by the Minister of Finance on November 12. I will just read what one of these organizations states. Moss, Lawson and Company Ltd., a member of the Investment Dealers Association of Canada, states:

> The budget released Thursday, November 12, 1981 by the Federal Government raises great concern over its ability to perceive reality. We hesitate to call it a budget because it does not address this country's economic needs nor does it recognize the possibility of a severe recession over the next 12 months—indeed the impact of the document has every chance of deepening the recession now underway. The Finance Minister set out to make the tax system more equitable, to capture in the tax net those high income individuals who, through mostly government approved tax deferral methods, sheltered this income from taxes.
>
> Instead of using a 'surgeon's scalpel' on this minority, the Minister chose to use a 'meat axe', gutting a whole host of long established procedures. The impact of this approach fell most heavily, not on the rich, but on the productive and aspiring middle class, removing much of their incentive and removing the corporate means of attracting and retaining competent managers and executives. This policy strategy was probably initiated after the last budget, and put together by the civil service bureaucracy who, with indexed pension plans and the security of tenure, do not have to assume market risk and the pressures of the real business world. In other places and in other times it would be sufficient cause for revolt.

And revolt there is, by all sectors of Canadians and not only the business sector. There is revolt by the Canadian Labour Congress and by others. The budget introduced by the finance

minister hurts many Canadians, including employees, employers, people approaching retirement, tenants and consumers. The budget is also a restrictive budget. It results in a massive tax increase at a time when the economy is in a tailspin. I believe that it is inappropriate for the economic circumstances of today and that it should be withdrawn and replaced, and the sooner, the better.

The budget is not only bad, it is also dishonest. It is a dishonest budget because the minister, for example, when introducing it, stated that the poor will benefit and the rich will suffer. That is a joke, because the fact is that anyone earning $20,000 or less will receive a benefit, after the new budget, amounting to a savings somewhere under $200. However, someone earning $40,000 will have a savings of $624; someone earning $60,000 will have a net savings of $1,215; someone earning $80,000 will have a net savings of $1,808; someone earning $100,000 will have a net savings of $2,989.

An hon. Member: That's in your class.

Mr. Jelinek: The government is trying to tell us that the rich and the poor will benefit. The facts speak for themselves. The government says that taxes will be reduced, but that is not the truth, either. In fact, taxes are being increased, if one takes all the taxes into consideration. There has been an increase of $1,400 in federal energy tax alone per family per year. That is what this budget and this government has now proposed to tax the Canadian people. It amounts to $1,400 a year for every family in Canada.

An hon. Member: Untrue.

Mr. Jelinek: Tax increases will be felt through the erosion of take home pay because of the imposition of a tax on employee benefits, such as private health plans, dental care contributions, day care, the use of a car and travel passes, as well as the immediate taxation of retiring allowances. If take-home pay is reduced and employers make up the lost pay, the result will be higher costs for the company and probably higher prices to the consumer. There will be taxation of income accumulated in life insurance policies during the life of the policy. Life insurance is now considered to be investment rather than protection. Life insurance is to be taxed every three years and the policy holders will pay tax on income which will only be paid out if they die.

The biggest lie in that budget was when the finance minister said that government spending will be reduced. Again, upon examining the budget, the facts speak for themselves. Government spending in this year will increase by 22 per cent and, in the following year, by a whopping 43 per cent. The government calls that restraint. It is telling Canadians to restrain themselves while it increases its spending by 22 per cent in one year and 43 per cent in the next. I say it is shameful and it is time that the budget be replaced.

Before I close, I will read one last quote from today's *Globe and Mail* editorial. In brief, it states:

> Mr. MacEachen's budget is also a disaster. The budget would hurt almost all Canadians except the very rich. It would injure business and eliminate jobs. A Department of Finance which could forecast in the budget papers that unemployment this year would be 7.2 per cent when it already stood, according to Statistics Canada, at 8.3 per cent is not to be trusted with shaping Canada's taxation future all by itself.

Whether stated by editorials, business associations, individuals, labour or anyone else, the conclusion is that this budget is the most disastrous budget in the history of this country. I repeat, for the third time in my own remarks today, that the time has come for that budget to be withdrawn and replaced with incentives.

An hon. Member: Are you speaking on the bill or on the budget?

Mr. Jelinek: The hon. member said I should speak on the bill. We have been speaking on economics and small business, and on budgetary measures. I am not speaking about Quebec, Ontario, disassociation or separatism, which has increased under the guidance of the Liberal government in this country over the last 12 years more than in the history of this whole nation.

Mr. Mayer: If you had a decent budget, you wouldn't need this bill! If you had a decent Minister of Finance, you wouldn't need this bill!

An hon. Member: Would you be quiet? Show a little decorum in this House.

Some hon. Members: Hear, hear!

• (1710)

Mr. Tousignant: Mr. Speaker, I rise on a point of order. The hon. member just mentioned that separatism has increased while we have been in power. I remind him that if his government had been in power, we would be separated already.

Mr. Mayer: Sit down.

Mr. McDermid: That's rubbish.

Mr. Jelinek: Mr. Speaker, I will not even comment on the remarks of the hon. member for Témiscamingue (Mr. Tousignant).

As one who came to this country from behind the iron curtain some years ago, I came because of what Canada had to offer. Canada offered opportunities and hopes for everyone, for new Canadians and for Canadians who have been here for many generations. Canada is blessed. Canada is rich in natural and human resources and it is rich in technological know-how. Canada probably has the potential of becoming the number one country in the world. There is no question about that.

Everything is not lost. We still have our natural resources. We still have the technological know-how. We are building on that. We still have our human resources and we are building on those. We must replace the stranglehold that has developed around the free enterprise system with incentives. These incentives were built over the years until the presentation of this last budget. Once we replace those strangleholds with incentives,

then we can build on what we have to offer for all Canadians and for Canada itself, and we can achieve the great potential of which this country is capable.

Mr. John McDermid (Brampton-Georgetown): Mr. Speaker, I rise in this debate at the invitation of the Minister of State for Small Businesses and Tourism (Mr. Lapointe). The other day he yelled across the House and said: "If you want to say something, get up and speak." That is exactly what I am doing today. I shall talk about some of the things he mentioned the other day that are quite ludicrous. I have five or six points for the Minister of State for Small Businesses and Tourism. I have a great deal of admiration for him, but I think he should resign because he has no clout in the cabinet. He has been hung out to dry. I do not know how he can appear before his special interest groups, especially the small business groups. He has to appear with his tail between his legs because this budget is a disaster. Maybe Bill C-84 that we are debating today is the little crumb which the cabinet threw to him. Perhaps this is the little crumb that was handed to him so he could go back to the small business people and offer an amended Small Businesses Loans Act. We as a party are supporting this bill.

Let me tell hon. members what has happened with the FBDB. That bank needs money desperately; I understand that. The FBDB has come after a small-business man in my community for about $4,000. I shall explain the situation. This businessman wanted to buy a small business. He went to the FBDB to make the necessary arrangements. He started out very well with the FBDB and came to the point of signing an offer of commitment. At the same time the vendor of the small business met with the manager of the FBDB. They did not get along. They did not agree on the terms of the agreement. The manager of the FBDB, who I understand has since been fired, announced that in no way would he allow this deal to go through, yet a letter of commitment had been signed. The prospective purchaser was most concerned. He went to the vendor and pleaded with him to give him a larger first mortgage. The prospective purchaser then went to the bank. Because he had acquired a large first mortgage, he got a small second mortgage and purchased the business in that manner. That happened in October, 1980.

Last week this purchaser received a bill from the FBDB. A writ was issued on his small business for $2,300, on account of the letter of commitment. There was an interest charge of 20 per cent over the last year which amounted to some $600. A charge of $800 in costs was added, totalling $3,700. This bill of almost $4,000 from the FBDB was presented to the small businessman because the manager said that he would not let the deal go through. He scared the life out of the small-business man, who had to seek financing elsewhere.

The bank is so cash hungry that it is now issuing writs on small-business men, this at a time when small business should not be attacked. Where will this small businessman get $4,000 at this time of the year? I say let us get this bill through this afternoon and get some money into the hands of the FBDB so the bank does not have to drag money out of the pockets of business people who cannot afford it right now. The minister should look into those things.

I understand the FBDB have been issuing all kinds of writs. The bank has gone back years into its records and are issuing writs to small business people. Let us get this bill through the House this afternoon. Let us give the bank some money. Maybe the bank will then call off the hounds and leave the business people alone to do business.

Let us talk about the small business bail-out bond. We cannot call it a development bond any more; that is a misnomer. It does not develop a thing. There are companies in my constituency which took advantage of the Small Business Development Bond. They are very thankful that it was available. Industries have been created, some have expanded. The Small Business Development Bond was designed to help create and expand small businesses. It was, however, a watered down version from what the hon. member for St. John's West (Mr. Crosbie) introduced a couple of years ago, but it has played a very important part in small business. That has gone now.

Let me tell the House what that decision on November 12 did to another businessman in my riding. This businessman was in the midst of negotiations for a Small Business Development Bond when the edict came down from on high, from the Minister of Finance (Mr. MacEachen). This businessman went back to the bank the following week to tidy up the details on this bond, but the bank wanted more and more security. To my way of thinking, to his solicitor's way of thinking and to other people's way of thinking with whom I discussed the matter, the bank was asking for too much security. But what does the businessman do? If the businessman goes along with the bank, then he receives his bond under the old system. If, however, he goes to another bank which might accept the loan under a different security arrangement, what happens to him? He has to pay an extra 6 per cent interest. The businessman is caught between a rock and a hard place. The Minister of Finance did that to him.

The businessman does not thank the Minister of State for Small Businesses and Tourism and the Minister of Finance. The businessman looks to the minister of State for Small Businesses to plead on his behalf, but there is no response. I see the minister of state leaving the House. I hope he is going to plead on this man's behalf. The Small Business Development Bond is now gone. It is a sad state of affairs when we have to take a super development program like that and all of a sudden turn it into a welfare program. That is what it is now. If you are going bankrupt, then here we are. I notice some Liberal backbenchers nodding their heads and agreeing with me.

Let me talk now about taxing life insurance. A small businessman who wants some security for his wife and his family should anything happen to him will now have his life insurance policies taxed. What good does that do the small business person? The Minister of Finance says that if you already have life insurance policies you should not worry because they are not going to be taxed, but if you buy a policy from here on in it will be taxed. He talks about equity, but

where is the equity in that? There is no equity there. What about the small businessman who sells life insurance; where is the equity for him?

• (1720)

Where is the minister? He is not speaking out on behalf of these people. He is increasing the amount of money available under the Small Businesses Loans Act so more money can be loaned out, I might add at usurious interest rates. Where is the Minister of State for Small Businesses when it comes to discussing the exorbitant increase in postal rates, 30 cents for first-class mail? He is not standing up and saying to small-business men that he realizes that this is going to be a penalty to their businesses. No, he is not defending them, he is remaining silent. Where is the Minister of State for Small Businesses when we need him?

We find that interest rates on mortgages, which are subsidized by small and large companies, are now going to be a taxable benefit. Let me talk about that for a moment. I know many small-business people in northern Canada who offer accommodation at low interest rates to entice people to come up and work for them in these northern communities. This is something that attracts them to those particular areas. Now this is going to be a taxable benefit. These people cannot compete with the large companies.

Let me tell the House what is happening right now. A large company which I shall not name, a company I know very well and I think is known to all hon. members, provides interest-free or low-interest mortgages to entice people to move from one area to another, or to work in areas in the north. That is how people are enticed to work in the north. This will now be a taxable benefit. These companies have grossed up the salaries of every single person who comes within that category. Where is the equity in that? The big companies can do that and the consumers will pay.

The minister says he is plugging tax loopholes. He is not plugging anything. He is just encouraging people to get around his stupidity. That is all he is doing, and this just adds to inflation. This is an inflationary move.

Where is the Minister of State for Small Businesses when it comes to this measure? He is nowhere to be seen. Businesses are cash short today. For the Minister of Finance to come in with a budget such as this at a time when business needs encouragement is a disgrace to the Government of Canada and to the Liberal Party. He should resign immediately. In the name of equity and fairness, in the name of getting the rich guys and making them pay, he is hitting the middle-income earner. Making the rich pay sounds familiar; I think I have heard that expression before. The minister is hitting the middle-income earner, that guy who has a few extra dollars to invest in his company so it will grow and he will be able to hire more people. That is who he is hitting. He is not hitting the rich or the big boys. He keeps standing up and saying this is being done in the name of equity. No one is buying that. The little guy in the street is not buying that nonsense. The middle income earner and the small businessman are the ones who will suffer, and because of this the economy will be in worse shape, not better shape.

The minister should take a completely new look at this budget and start again. As a member of the House for two and a half years and one who has been involved in political life for a number of years, I have never known an issue in respect of which I have received as many phone calls and as much mail as I have about this budget.

The Minister who very kindly invited me to get into this debate, and I thank him very much for that invitation, said the other day when talking about the tax rate for small business that in the United States small businesses with incomes between $50,000 and $75,000 were taxed at a rate of 30 per cent while in Canada they were taxed at a rate of 25 per cent; that businesses between $75,000 and $100,000 were taxed at 40 per cent; and those over $100,000 were taxed at 46 per cent whereas they were taxed at the rate of 25 per cent here. The one thing he did not tell us, and probably on purpose, although he would have to clarify that, was about the various write-offs available to small businesses in the United States—the various items that can be charged against income in order to run the business properly. The list is much longer than a similar list in Canada, and right at the top of that list is the right to write off interest on borrowed money for investment in a small business.

Let me wind up briefly with just three or four quick points. This government purports to support small business. I have example after example of how it does not support small business. Let me give one example since that great defender of the "buy Canada" policy is sitting in the House, the Minister of Supply and Services (Mr. Blais). I will keep this sticker down because I know one is not supposed to show things in the House. This is a sticker you are supposed to put on your door after you have participated in the CHIP program to announce your participation to your neighbours and anybody who comes to your door, such as the mailman or whoever. The only difficulty is that the sticky tape comes from Brokaw, Wisconsin, not from Canada. There are all kinds of companies in Canada who can provide this tape at a competitive price. The minister is sitting there with a smirk on his face as though this is a big joke. It is not a joke, Mr. Minister, and I tell you that right now. I have a small business in Brampton that can provide the same product cheaper than that outfit in Brokaw, Wisconsin, where the minister is getting that sticky tape for his CHIP program stickers. What a disgrace.

Mr. Blais: On a point of order, Mr. Speaker, I want to indicate to the hon. gentleman that at the time he made that intervention I was deep in thought. I was not paying any attention to his ongoing drone, and there was absolutely no expression on my face.

An hon. Member: That part is for sure.

Some hon. Members: Oh, oh!

Mr. McDermid: There is a great line there, Mr. Speaker, but I will not jump in. I will resist temptation, I really will.

An hon. Member: Go ahead.

Mr. McDermid: No, I cannot do it. I have already given him enough flak. I just hope he looks into this kind of thing that is going on in his ministry and all the others who support this great "buy Canada" policy.

Let me give another example of how this government is wasting money and not helping the small businessman. I have here a brochure put out under the authority of the Secretary of State for External Affairs (Mr. MacGuigan). This is a beautiful brochure with nice glossy pictures and glossy prints. It is entitled "Urban Transportation: The Canadian Experience". It is one of the best publications that has been put out by those people over there. It is going to help all kinds of small-business people in Canada who work on urban transportation. I think it is a terrific book and it was going to be circulated—here comes the hooker—right around the world, so we could sell our urban transportation to the world. But do you know what happened, Mr. Speaker? The minister for some reason—and we do know the reason—cancelled it after there was printed I do not know how many thousand copies. How many copies was it? I wish the minister would look into that question and let us know. I am sure it was thousands. Do you know, Mr. Speaker, what I was told as to why they were cancelled? It was because there were not enough pictures of Montreal in it.

● (1730)

An hon. Member: You are kidding.

Mr. McDermid: No, I am not. There was too much of Ontario in it. That was the excuse that was given—there was too much of Ontario in it after they printed it. Look at this book—glossy pictures. That is an example of the waste that is going on over there. They are damaging small business people who could probably have gotten some advantage from this. It is just nonsense, Mr. Speaker.

I am supporting this bill, Mr. Speaker, but in closing, and in spite of all that I have been saying, I do want to acknowledge that the Minister of State for Small Businesses has a tremendous load on his shoulders, as do those Liberal backbenchers who did not have one iota of input into the budget. Not one iota, Mr. Speaker, yet they are the ones who have to go home and defend it. And they are having trouble defending it. We speak together privately and they have been telling us the problems they have. We know what they are going through and we feel sorry for them, but at the same time our challenge to them is to come back and tell their minister and the Minister of State for Small Businesses to clean up their act and to help small businesses, not damage them.

Some hon. Members: Hear, hear!

Mr. Fred McCain (Carleton-Charlotte): Mr. Speaker, we are coming to the close of a debate which deals with a subject matter which is much broader than the single concept of small business. It must be considered as taking in the farmer, the fisherman, the small jobber in the forest, the small jobber in business, in a multitude of ways—the retailer, the small producer, etc. It covers a very broad spectrum. It is not to be considered in isolation.

It is my wish to mention that some of the effects of the budget will generate a great need for this particular legislation and will generate a great need for the expansion of money supplies to other agencies of government where other small businesses are concerned, such as agriculture. For instance, one of the pieces of information which has crossed my desk indicates that a particular farmer who was in the livestock business has undergone a change in his tax requirement by virtue of this budget. How much is it? His taxable income has gone up by something in the the neighbourhood of $34,400—that is a 12 per cent increase. But his tax has gone up by 46 per cent, or $23,000. Just imagine what it means in an era when the Government of Canada, through its Outlook Conference, tables statistics which indicate that farm income in the crop year ahead is going down by 15 per cent and yet the farmer's tax load, in some instances, is going up 46 per cent. What a contradictory situation we now find ourselves in, Mr. Speaker. What people are saying is that most of the farmers in the area owe more to the bank or to the feed store than their farms are worth.

I quote from another source, a lady who says:

> We are closing down. We're tired of spending money but not making any.

Time does not permit one to quote all the worthy letters one receives in a situation like this, but I do want to quote one more item. It reads:

> The $45 million will in any case only refinance 450 farmers at $100,000 each, or 225 farmers at the $200,000 level. This is for all of Canada.

Might I add a comment, Mr. Speaker, and say that one district manager received two applications from family farms which, if he had approved them, would have absorbed the total allocation of additional money through the Farm Credit Corporation to his branch. That was in an area where, I submit, a multimillion dollar requirement existed and he could not look after two family farm operations with the extra money provided. I ask the gentlemen to your right, Mr. Speaker, to give some thought to the inadequacies of this situation.

The measure before us is just a drop in the bucket. To oppose it would be in opposition to the principles which we happen to support, namely, that there must be some recognition of this need in the country. Supporting it is an expression of our recognition of this fact, but it does not suggest, Mr. Speaker, to you or to anybody else in this nation, that it is in any way adequate to meet the needs which exist in such quantity in this country.

Not 48 hours ago, a friend of mine called me and said he wished to report something to me. He wanted me to know what the budget did to him. He said he had worked for a lifetime in a little business he owned and now had an opportunity to sell it to some of his family and to some who had served him loyally for a good many years. He said: "Last year I could have retired, but this year I cannot retire and sell it to those people". Why, Mr. Speaker? Because, as he said, "I have to pay my capital gains tax now. It would take my bank account and the first payment and I will have nothing, not a thing left on which to live in the next year. I must therefore seek out management and try to find some other means of retirement

because I cannot sell my business and still enable myself and my wife to eat. They take it all."

An hon. Member: Shame.

Mr. McCain: Do those to your right have no heart, Mr. Speaker? Suppose this man owned a small sawmill in the province of New Brunswick, and Domtar, or Bathurst, or Fraser's came along and said, "We want to buy your sawmill and your lands". There was another complication which I neglected to mention earlier—it was that those who would borrow the money to make the downpayment would have to pay for that payment in "after tax dollars", since interest would not count as it heretofore would have counted in such a case. So neither could the buyer afford to buy nor the seller afford to sell. But if some multinational or large corporation, Canadian owned, wanted to buy a sawmill under similar conditions, they would not have the same interest problem as a purchaser because it would not reflect in their books that they had borrowed money to buy. And you could not sort it out if you tried.

So the large corporations can now buy out the small guys, Mr. Speaker, and so it goes on and on and on. But private individuals, such as members of this House, cannot effectively get a loan to buy a business to become small business people because of the adjustment in the tax structure. Your interest paid is not a cost to your operation as an individual. This whole thing is quite ridiculous. This seems to be a sort of climax, Mr. Speaker. I have said much the same thing once before in this House. This seems to be the climax of a situation which started with Benson who was dumped, that was reintroduced under the Hon. John Turner, who began just gradually to bring this in. It was at that time that an individual who wanted to be a small-business man appeared before some of our members and told them he had a chance to go into small business. He said this business would help him to live a little more comfortably in his retirement. Then he said, "But when I look at what the capital gains tax would do, etc., in the Turner era, it just is not worth the risk to employ 14 people and I am not going to do it." Now, Mr. Speaker, if that was the attitude in the Turner years, what would that individual think about investing today? It has become ridiculous—but it was introduced at that point in time.

How much better it would have been had the government introduced an incentives budget. Then it could have reduced its expenditures. How much better it would have been if the commentary on this budget could have been, "There will be production. We will reach for more productivity. We will give incentive to business. We will give incentive to the development of the oil sands. We will give incentive to the development of the offshore resources on the east coast of Canada. We will inspire people to invest." And what would have been the difference? We would probably have had 200,000 or 250,000 less people unemployed. We would have had a tax base from those 250,000 people. We would not have had to scrounge every cent that every taxpayer has.

What is the government trying to do? I charge this government, Mr. Speaker, with establishing a tax base which encourages the inefficiencies of private enterprise, or discourages them to the degree that this government will be able to justify itself when it says: "We are going to socialize, we are going to nationalize, we are going to take this country over by virtue of the tax and regulation impact of the budget." Many people in this nation will be discouraged. Is that the base it is trying to lay to justify nationalization and further government interference?

• (1740)

A question was raised today by the hon. member for Joliette (Mr. La Salle). He asked why we do not have a definitive answer on what is to be the government's position in respect to a subsidy for the dairy industry. That has been under study and will be under study until the poor cow's udders have gone dry. This has been under study for months. The gestation period of that program far exceeds that of any bovine. No bovine needs as long a gestation period as the Minister of Agriculture (Mr. Whelan) requires. When in the name of all that is good and holy is he going to get on his toes, get this job done, report to the dairy industry and get it on its way?

I know one reason. It has reached the stage where the DREE committee is now considering grants for tourism, for agriculture, for fishing, for forestry and many other different items. This government and this Minister of Agriculture have no idea. One minister does not know what his colleague is doing. He does not know what is going into tourism, forestry, agriculture, mining, highways or public works because it is going through a dispersed structure of government which is so confusing that no one has a handle on the whole deal. Why not bring this back in place so that we can treat it as we should, intelligently and without having to look at the minister responsible for forestry to see what is being spent there and what is being spent through DREE. It is ridiculous. It is defeating.

It is in the bureaucracy where the additional expenditure is coming. Did it ever occur to the government that we might save $5 billion or $10 billion in Canadian money down the road, which we are going to give to the Arabs, if we had an incentive budget for the development of our resources in eastern and western Canada? Today somebody asked me what I wanted for Christmas. It was a puzzling question but I think I have the answer. I want an intelligent government that is interested in people employed, in providing incentives for production, in leading this country and laying it on the line to Canadians that we must have better productivity. I want a government that is more interested in productivity and incentive than in writing unemployment insurance cheques because it gives them a high profile, helping the poor people. They believe putting out unemployment insurance cheques gives them a high profile and that it would have a low profile if the country were prosperous. Is there an insidious seed in the mind of the government that it can destroy the country and develop a political profile by sending out aid? I have to feel there may be.

What I want for Christmas is an opportunity for this country to show its mettle without the degradation of excessive taxation. I want a government that will sit down with the provinces and municipalities and determine under what tax level this country can prosper. I want a long-term and intelligent assessment of this nation's capability to pay taxes. I want a government that understands that over-taxation and over-expenditure is degrading and debilitating to this country.

This situation is probably like the little girl blowing out the candles on her cake. She is told to make a wish. She knows dammed well she is not going to get it, but at least she has the right to wish. That is all we in this House have left, the right to wish for an intelligent appraisal of the capability of the nation. That is all we have left to wish for this Christmas.

I regret very much there has been a House agreement which requires that we stop this debate and proceed to finish this bill, which really does little if anything for Canada. However, it is a principle we will espouse. In co-operation with that agreement, I thank you very much.

Mr. Lapointe (Charlevoix): Mr. Speaker, I understand that we will go through all stages and pass this bill before six o'clock, so I would now ask you to go into Committee of the Whole.

The Acting Speaker (Mr. Blaker): There is no difficulty with what the minister proposes. We will dispose of that accordingly. Is the House ready for the question?

Some hon. Members: Question.

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

Some hon. Members: Agreed.

Motion agreed to, bill read the second time and, by unanimous consent, considered in committee, reported, read the third time and passed.

The Acting Speaker (Mr. Blaker): I want hon. members to appreciate the fact that the Chair was so speedy that the Sergeant-at-Arms had to run to keep up with the Mace!

Mr. McDermid: Mr. Speaker, may I call it six o'clock.

The Acting Speaker (Mr. Blaker): With the unanimous consent of the House we will call it six o'clock. I do now leave the chair until tomorrow at 2 p.m.

At 5.48 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, December 17, 1981

The House met at 2 p.m.

● (1405)

ROUTINE PROCEEDINGS

[*English*]

EXTERNAL AFFAIRS

POLAND—RESOLUTION PASSED AT PUBLIC MEETING IN TORONTO—MOTION UNDER S.O. 43

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I rise under the provisions of Standing Order 43 to present a motion. Last night at Nathan Phillips Square in Toronto thousands of concerned Canadians, including members of all political parties, gathered to show their concern and support for the people of Poland in the form of the following resolution:

We, Canadians of Polish descent, are deeply concerned about the current events in Poland, and we call upon the Canadian government as cosignatory of the Helsinki Accords to undertake the following actions:

1. To press for the immediate lifting of martial law in Poland and the release of all Solidarity officials.

2. To press for the reinstatement of the rights of workers to form free trade unions.

3. To publicly state that no intervention by third parties into the internal affairs of Poland will be tolerated.

4. To send to Poland, for distribution by non-government organizations, significant economic aid in the form of food, medical supplies and agricultural machinery and feedstuffs in order that the people of Poland survive the coming winter.

We trust that the voice of the Canadian government as international mediator will be heard and that the conflicts in Poland will be resolved in a just and lasting manner.

Therefore I move, seconded by the hon. member for Oshawa (Mr. Broadbent):

That this House express its concern by supporting the resolution introduced last night by the Canadian Polish Congress and approved by the thousands of Canadians there present.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Madam Speaker: The House has heard the terms of the motion. Does the House agree to the said motion?

Mr. Clark: Madam Speaker, I wish to address this matter very briefly, as I am sure the hon. member for Oshawa, the seconder of the motion, and the Secretary of State for External Affairs (Mr. MacGuigan) would simply like to underline the grave concern which is felt by Canadians across the country about the situation in Poland, and particularly to underline the importance with which we, in the House and in this party, feel this matter be treated as a question that the rights and freedoms so recently won by the citizens of Poland be preserved and be free from any interference by the Soviet Union or by other outside forces.

It is for that reason that we have introduced this motion under the provisions of Standing Order 43 today. I am certainly pleased that it has received the unanimous consent of the House. I am pleased that the Secretary of State for External Affairs and the Government of Canada will be fortified in actions they might take by knowing that they have the support not only of the thousands of Canadians who met last night in Toronto, but also the unanimous support of the House of Commons.

Some hon. Members: Hear, hear!

Mr. Edward Broadbent (Oshawa): Madam Speaker, as the seconder of the motion I rise eagerly to support its purpose and the ideas which lie behind it. I think people the world over, beginning in August of 1980, were impressed, were delighted with, and ultimately gave their total support to the courageous movement of the people of Poland to begin to take the very difficult steps toward achieving a free society within their own land. We have seen in the past year, in my judgment, the most remarkable mass movement since World War II by a people in face of incredible odds to determine the conditions of their lives, not by forces from without their borders but by themselves. In recent days we have seen that courage, that determination, and that fundamental love for freedom put in jeopardy. I and my colleagues strongly support the principle and the details of this motion.

I conclude by saying that I am sure I speak not only for Canadians of Polish ancestry but for all Canadians from one part of our land to the other when I wish the people of Poland well in this moment of trial.

Some hon. Members: Hear, hear!

● (1410)

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, I received a copy of this motion just after coming into the House. I agreed to its being debated so that we could have some moments to reflect on this very serious situation here in Parliament.

S.O. 43

The Government of Canada has been very concerned about what has been happening in and around Poland in recent months. Of course the Canadian people themselves have been concerned. In fact there has been an enormous outpouring of support from the Canadian people, not only from Canadians of Polish ancestry but from Canadians of many other ancestries, which is typical of this country, to the Poles. There have been many contributions of food, and many contributions of money to enable food and medicines to be sent to Poland. The Government of Canada has joined in that and recently announced the contribution of $100,000 to the Canadian Polish Congress to enable food and medicines and any other useful materials to be sent to the Polish people.

Aid of that kind, of course, is distributed in Poland by non-governmental organizations but, generally speaking, the Canadian government has to deal with the Polish government, so the greater part of the aid we have sent to the Polish people has been sent through the Polish government. We have in fact been the largest per capita donors to the people of Poland. Our contributions have been principally through our sales of grain at concessional rates.

On October 29 Canada announced that it would provide an additional $500 million in credit guarantees in order to permit Poland to continue to import the one million to 1.5 million tonnes of grain provided for in our bilateral grain agreement which expires in December, 1982. Food credits announced by other countries, such as the United States, do not go beyond this year, whereas ours go through this year into next year. We are already in the position of having fulfilled some of the requirements of that contract by having shipped something like one third of the grain which is provided for under the framework agreement. We intend to continue to provide support of that kind to the Polish people.

The Canadian banks have also made a contribution to Poland in recent years. These banks are participating along with other world banks in negotiations with Poland to reschedule payments for 1981.

It is my understanding that these negotiations are still in process, but at this stage it is not clear what the outcome of them will be. Undoubtedly there will be further word on that within the next several weeks. It is not our intention, as I suggested in this House the other day, to suspend any form of our assistance to Poland at this time.

Some hon. Members: Hear, hear!

Mr. MacGuigan: It may be all very well for some countries which have different policies to suspend the application of those different policies, but it is not our policy to hurt the Polish people in any way in this time of difficulty for them by suspending our shipments of grain to them. We do not think that would be in their best interests.

As I understand this resolution, it would urge us to do even more than has been done up to this time, even though we are the largest per capita donor.

Some hon. Members: Order.

Mr. MacGuigan: I might say that it would not be possible for us to ensure that our aid be given through non-governmental organizations as the motion requests—

Mr. Nielsen: Talk it out!

Madam Speaker: Order, please. It being 2.15 p.m. it is my duty now to interrupt the debate. Oral questions.

An hon. Member: Put the question.

Mr. Nielsen: Madam Speaker, I am sure there is consent to put the question.

Madam Speaker: Oral questions.

Some hon. Members: Shame!

• (1415)

Mr. Clark: Madam Speaker, as an officer of the House I would appeal to Your Honour, I believe with the agreement of the Secretary of State for External Affairs (Mr. MacGuigan), to extend, by the time necessary to allow a vote to be taken, the period for Standing Order 43 motions.

Some hon. Members: Agreed.

Some hon. Members: Hear, hear!

Madam Speaker: I am not at liberty to do that unless the House gives me unanimous consent.

Some hon. Members: Agreed.

Some hon. Members: No.

Madam Speaker: No. Oral questions.

Mr. Clark: Madam Speaker, I very deeply regret that the Secretary of State for External Affairs said no to the request by Madam Speaker for unanimous consent.

Madam Speaker: Order, please. We are on oral questions. Certainly, the Right Hon. Leader of the Opposition (Mr. Clark) realizes that.

ORAL QUESTION PERIOD

[*English*]

EXTERNAL AFFAIRS

POLAND—SAFETY OF CANADIAN NATIONALS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is directed to the Secretary of State for External Affairs whose refusal of unanimous consent to a motion which would have allowed this whole House to go on record in relation to a situation which is of grave concern to all

Canadians, is a matter of deepest concern to me, and, I am sure, to all hon. members on this side of the House.

Some hon. Members: Hear, hear!

Mr. Clark: I want to ask the minister a question with regard to the approximately 250 Canadian nationals who are now in Poland. The Polish government has stated that those who wish to leave are free to do so. However, because of the situation there, leaving Poland is a very difficult undertaking. I wonder, in those circumstances, first, whether the minister would inform the House how many Canadian nationals have been successful in leaving Poland. Second, have there been any difficulties experienced by Canadian consular staff in locating and assisting Canadians who are trapped in Poland?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, I am sorry that the Right Hon. Leader of the Opposition tried to interfere with my right to speech in this House—

Some hon. Members: Oh, oh!

Mr. Beatty: That's absurd.

Mr. MacGuigan: —by preventing us from having the kind of full debate in which many hon. members on this side would wish to join. The Minister of Employment and Immigration would have been only too pleased to tell the House what he proposes to do concerning Polish immigrants.

Mr. Lawrence: You interfered with my right to vote.

Mr. MacGuigan: We would welcome the debate on the subject, if the opposition chooses to use an opposition day for this matter.

Mr. Epp: Right now.

Mr. MacGuigan: The Polish ambassador telephoned me last night to tell me that he had heard from his government in response to my representations the previous evening on a number of subjects, but he replied to only one, that is, the cutting off of communications, which is contrary to the Vienna Convention on Consular Relations. He informed me that from today—I do not know what point of today he meant—that telecommunications, both coded and non-coded, would be restored. When that happens, it will, of course, enable us to have a full exchange of information—

Mr. Lawrence: Why is there no radio contact?

Mr. MacGuigan: —with our embassy in Warsaw.

At the present time, we have no knowledge of any difficulties which any Canadians, consular officials or others, are experiencing in Poland, but we have no count of those who have left. It has been difficult for people to leave, but we have also been told that air transportation will soon be restored. That was stated in the message from the Polish ambassador last night. That should enable us to see people allowed to leave the country.

Mr. Clark: Madam Speaker, the minister has said that he would be interested in full debate in the House. He knows there are no allotted days left this session. If he is genuinely interested in free debate in this House on the matter, I would suggest that he might make a statement on motions this afternoon, indicating the government's intentions.

Some hon. Members: Hear, hear!

Mr. Clark: There could then be full discussion. We will await the end of the question period to see if the minister is forthcoming with that statement on motions to indicate whether he is serious or not in his request that the House have an opportunity to express its views on this very serious crisis.

* * *

IMMIGRATION

REQUEST THAT QUOTA BE INCREASED FOR REFUGEES FROM EASTERN EUROPE

Right Hon. Joe Clark (Leader of the Opposition): My supplementary question is directed to the Minister of Employment and Immigration and it relates to the situation in Poland. The minister stated that he would watch that situation very carefully and that if any changes took place, such as an international crisis, his government would "respond in a flexible and open manner".

In keeping with that commitment, I wonder if the minister is prepared to increase the present refugee total of 6,000 from eastern Europe. Some 35,000 Polish refugees are now crowded in Austrian camps. In light of the present situation those numbers can only increase. Will the minister take action to aid those refugees now by significantly increasing the quota, and by doing that on an urgent basis?

Some hon. Members: Hear, hear!

● (1420)

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, as the Right Hon. Leader of the Opposition knows, we have been responding in a number of ways to the request and concern about applications for landing in Canada by Polish nationals. I want to indicate to him, and to other members of the House, that since we announced our special measures about two months ago we have already accepted close to 500 applications for landing directly from Poland. We have also given over 500 permits to Polish nationals already here in Canada. In addition, we have the special designation class which allows people to come directly from the Austrian camps. The Right Hon. Leader of the Opposition will know that we increased that number to 6,000 this year, which is the full capacity of our processing at this time.

I can also indicate to the right hon. gentleman, now that he asks, that just today I announced a further extension because of the difficulty faced by Polish nationals wishing to leave the country at the present time by applying to our embassy. We will now accept landing applications sponsored by a Canadian

citizen for any Polish person or family to be entered into in any of our visa offices around the world. All these applications, rather than having to originate in Warsaw, can now come from any third country around the world. This will substantially increase the ability of Poles to come into this country.

Some hon. Members: Hear, hear!

REFUGEES ADMITTED UNDER PRIVATE SPONSORSHIP

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I am pleased, and I am sure other members of the House are pleased, to know that the government has taken that additional step. I hope also that the government will consider very seriously, in light of the urgent circumstances, a further increase in the quota concerning Polish refugees in Austrian camps.

As the minister is aware, many Vietnamese refugees were sponsored privately by churches, by individuals and by families. Will the minister agree to apply to the Polish situation the principle of private sponsorship that was applied in the case of the Vietnamese refugees, so that additional Polish refugees will be able to come into Canada through the avenue of private sponsorship and not be included in the refugee total established by the government.

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, the Leader of the Opposition will be pleased to know that over a year ago I signed an agreement with the Canadian Polish Congress which gives that organization the right to provide private sponsorship of refugees. Since that time the Canadian Polish Congress has provided that application for close to several hundred Polish individuals. That measure is already in effect. All I can say to the Right Hon. Leader of the Opposition is that we will provide even further encouragement for other private sponsors or individuals in Canada, and we will be prepared to receive any application from any private sponsor who wants to bring in a Polish national.

QUERY RESPECTING EFFECT ON QUOTA

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, just to be clear on this matter, is the minister saying that these refugees, brought in through private sponsorship, are refugees in excess of the quota, or are they subject to the quota?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, under our immigration regulations we do not count those people brought in under private sponsorship as part of the set general level. All we need is an indication by an organization such as the Canadian Polish Congress, or any five individuals, that they are prepared to band together to give certain guarantees. They will not be considered under our normal levels and therefore, it is open as far as the numbers they wish to bring into Canada.

APPLICATIONS FOR LANDED IMMIGRANT STATUS

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, my supplementary question is for the Minister of Employment and Immigration. The minister has allowed Polish visitors in Canada, who do not have relatives here, to have permits for up to one year. At the end of that time he will review the situation again. Will the minister now entertain a plan to allow these people to apply for landed immigrant status immediately, because many of them do want to stay here now?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, the reason why we established a ministerial permit was to provide some element of a choice for those individuals. We are not saying that every individual necessarily would ultimately want to decide to stay in Canada. They may want to remain here only until such time as the situation in Poland clarifies itself and at that time they may decide to return.

We have established a general principle of one year's residency in Canada and we are allowing them to work during that time. As I said in my original statement, we will be very receptive to their applications. Because it is such an exceptional measure, one we have only applied to a few other countries, such as El Salvador and others, I think we would want to maintain the argument that they should be here on ministerial permits. I am sure we would then be prepared, as I said at the time, to accept any application for permanent landing when their renewals come forward.

● (1425)

REQUEST THAT OPTION BE GIVEN TO HOLDERS OF WORK PERMITS

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, I will ask the minister again if he will give consideration to providing an option for those people who are here on that 12-month basis, because they are in a very uncertain period right now. Many of them feel they will have to go back to Austria after the one year is up, and apply for landed immigrant status from offshore. They are prepared to settle here and be good citizens, and they want to apply for landed immigrant status now from within Canada. Would the minister provide that as an option for those people who are now here on a one-year work permit?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, we are certainly prepared to look at such options, but I would think it would require a substantial change in the ways in which our immigration procedures are conducted. As it is, we have given very wide latitude already, allowing them to stay here on a ministerial permit, a privilege which is not given to many other people or groups around the world. I can assure hon. members of the House that we are keeping a very careful and very close watch on the situation there. We are in close touch and consultation with the Canadian Polish organization, and during that consultation if it comes forward that further measures are required, we will respond in as sensitive a way then as we have in the past.

PROCEDURE RELATING TO STANDING ORDER 43 MOTION

Mr. Edward Broadbent (Oshawa): Madam Speaker, my question is for the Secretary of State for External Affairs and it is quite direct. The motion moved by the Leader of the Official Opposition, seconded by myself, called for four specific measures to which, it seems to me, no civilized Canadian could object at all. It seems to me that the Secretary of State for External Affairs took every opportunity to stop the House from taking a vote on that issue. Therefore my question to the minister is, why did he talk the motion out so the people of Canada, through their representatives in the House of Commons, could not vote on this profoundly important question?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, as members of the House, including the hon. gentleman, know, we have already had a resolution passed unanimously by Parliament this week. We have seven opposition days left between now and the end of March.

Some hon. Members: Oh, oh!

An hon. Member: We are going to recess tomorrow.

Mr. MacGuigan: The resolution—

An hon. Member: It was intentional; what a phony.

Some hon. Members: Oh, oh!

Mr. MacGuigan: The resolution which was moved by the Right Hon. Leader of the Opposition, supported by the hon. member for Oshawa, was brought to my attention after I entered the House. I was working my way through it in the process of debate. There are many members of this House who would wish to debate such an important measure because there are many concerns expressed in this very complicated motion which involve non-interference in internal affairs. It is very important for the government, on a question of this kind, to set the bounds with respect to what we may or may not do under international law. We have clearly expressed our view on the crisis in Poland, and I am glad that members on the other side are prepared to do the same thing.

* * *

BUSINESS OF THE HOUSE

DISCUSSION OF MOTION DEALING WITH POLISH AFFAIRS

Mr. Edward Broadbent (Oshawa): Madam Speaker, I want to put my next question to the government House leader because he knows that under the rules of this House we could debate this matter at three o'clock if the government so decided. Considering that the four points are thoroughly responsible, recognizing the integrity of the Polish people, and are totally non-inflammatory in nature—they pertain to the problem of martial law, the rights of the workers to organize unions, the request that all outside states not intervene in Polish affairs and, finally, they simply refer to a request that we provide some aid in the form of food and other kinds of assistance to the Polish people—this is something one would have thought the Government of Canada could have supported without equivocation.

• (1430)

I would like to ask the government House leader if he will agree, under the rules of this House, that we have a brief opportunity at three o'clock to discuss this matter before us. The Secretary of State for External Affairs has just given us one of the reasons for wanting to say no at that time. He will have the opportunity to debate the matter at three o'clock.

Madam Speaker: Order, please.

[*Translation*]

Hon. Yvon Pinard (President of the Privy Council): First of all, Madam Speaker, I fully agree with what was said by the Secretary of State for External Affairs. However, I am rather surprised at the request made by the leader of the New Democratic Party. This morning, at a meeting that included his House leader, we discussed the business of the House for today and tomorrow, and no one gave any indication that there was any desire to discuss this matter, either today or tomorrow. In any case, Madam Speaker, the request has taken us somewhat by surprise. Again, I agree with the statement made by the Secretary of State, but we could still set aside tomorrow as an opposition day, when the leader of the New Democratic Party or a representative of the Progressive Conservative Party could present the motion if they are really serious about it. In the circumstances, I am ready to consider this possibility. For today, the order of business was set on the basis of discussions we had with the House leaders a few hours ago. No one mentioned this request to me at the time—this is the first I have heard of it—and I think it deserves serious consideration. If the members on the opposite side want tomorrow to be an opposition day, I am prepared to give the request serious consideration.

[*English*]

REQUEST THAT HOUSE REVERT TO DISCUSSION OF STANDING ORDER 43 MOTION

Mr. Edward Broadbent (Oshawa): Madam Speaker, I normally respect the government House leader—and I mean that—in his dealings with the parties on this side of the House, but considering that the meeting that he referred to this morning involving House leaders of all the parties could not have dealt the government's reaction in advance to a motion which was moved in this House at two o'clock, I say with all respect that the argument he has just made is totally irrelevant.

An hon. Member: You are playing politics.

Mr. Broadbent: I would like to ask him is he now prepared to discuss with his colleague, the Secretary of State for External Affairs, the possibility of reverting at three o'clock to this very important subject, if there is agreement on this side

of the House—as I am sure there will be—so that the Government of Canada could indicate its position on the four points in the resolution, and so that members on this side of the House could also indicate that all of us in the House can make it clear that we are behind the people of Poland 100 per cent in their serious struggle, without jeopardizing at all the international situation in other respects.

[*Translation*]

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, I am truly sorry that the leader of the New Democratic Party is trying to indulge in petty politics on such an important matter. We on this side of the House have shown that we are serious about showing support for the Polish people. The Secretary of State for External Affairs has answered very extensively the concerns raised by the NDP leader. I indicated just now and did so quite clearly, that I am prepared to consider a request that is entirely new to us and to set aside tomorrow as an opposition day, for the purpose of discussing this kind of motion. I fail to see how the Leader of the Opposition, the leader of the New Democratic Party, could take offence at this show of generosity on our part.

* * *

[*English*]

THE BUDGET

REQUEST FOR WITHDRAWAL

Miss Pat Carney (Vancouver Centre): Madam Speaker, in the absence of the Minister of Finance who once again is not in his seat, and with his budget, no wonder, I will address my question to the acting minister. In light of the Economic Council's advice to the government to take precisely the opposite tack to that being taken in the minister's budget, in order to reduce inflation and create jobs, will the government now agree to withdraw the budget and present the proposals in the form of a white paper before these recessionary measures can be implemented? Is it the aim of the government to destroy the economy simply to save face?

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, I am somewhat surprised at the hon. member's attitude and at the way she has allowed herself to be influenced by a report that was presented today. She could just as well have looked at the inflation figures and noticed that the inflation rate dropped from 13 per cent in July to 12.2 per cent in November, an indication that the government's firm resolve and determination, and the measure it is taking to reduce inflation, are effective. These measures are restated in the budget, and the government intends to see to it that inflation rates are brought down so as to make our economic climate more favourable.

[*English*]

PROVISIONS AFFECTING EMPLOYEE BENEFITS

Miss Pat Carney (Vancouver Centre): Madam Speaker, my supplementary question is for the same minister. I am surprised at the way he would misinterpret a report prepared by an independent advisory body to his government. Possibly he can clear up another point which was raised by the missing Minister of Finance who claims that he is simply being misunderstood. Yesterday the Minister of Finance told the House that the only employee benefits named in his budget as being subject to taxation were transportation passes and board and lodging. He said, "no other subject was raised in the budget." Well, the budget papers specifically say, on page 20:

> Among the benefits to become taxable are:
>
> Employer contributions to private health service plans and dental plans on behalf of employees.

An hon. Member: Order.

Miss Carney: Would the real finance minister please stand up, either the one who feels these benefits are not taxable or the one who wrote the budget?

Some hon. Members: Hear, hear!

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, I wonder why the hon. member, who seems to have read the budget speech very carefully, is asking questions about the government's intentions. She has the budget, she has read it, and she certainly does not have to worry about intentions because the government's firm resolve as well as its intentions are stated in the budget. If she did not quite understand the budget, she should read it again and she will find the answers to her own questions.

* * *

[*English*]

CARTELS

REQUEST THAT URANIUM CARTEL GAGGING ORDER BE WITHDRAWN

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, my question is for the Minister of Justice. As the minister is aware, an order in council was recently passed partially lifting the gag order under the uranium information security regulations, on documents and information available to the public with respect to cartel activities on the part of a number of companies and individuals, including government Crown corporations. On the basis of the fact that all the litigation in the United States has now been completed and there is really no purpose served in terms of continuing this gag order, will the minister now agree to recommend to his cabinet colleagues the withdrawal of the entire regulation so that people in Canada will have the opportunity of a full investigation, and an opportunity of looking at the documents and information with respect to the cartel?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, we have authorized a change of the order to permit access to some documents by people who are the defendants in these cases. With regard to the statement by the hon. member to the effect that a gag order is no longer needed, I think that it is still needed—

An hon. Member: Why?

Mr. Chrétien: —but I am glad he implicitly recognized that we were well advised to have the gag order.

REASONS FOR NON-REMOVAL OF ORDER

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, the only excuse the government has given so far for keeping the gag order in place is so that it can protect its own cronies, as far as protecting Senator Jack Austin and others is concerned.

Some hon. Members: Hear, hear!

Mr. Hnatyshyn: There are many civil actions which could well be brought with respect to an illegal domestic cartel. It is alleged, for example, that the people of Ontario have paid and lost hundreds of millions of dollars with respect to artificial uranium pricing. In order to allow provincial governments and agencies and utilities to investigate their civil opportunities for recovery, I would again ask the minister why he does not allow the gag order to be removed in order for justice to take its course?

[*Translation*]

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I wish to remind the hon. member that there was an investigation into this matter, as recommended by Mr. Bertrand, which took quite a few months. When we received Mr. Bertrand's report, I personally approved the report's recommendations after discussing them with the lawyer who had served on the case for Mr. Bertrand, and who has now approached the courts. I think we are being entirely open about this, and we have agreed with all the recommendations we received on this matter. The case is now before the courts, and we have allowed the gag order to be lifted to a certain extent, so that lawyers for the defence can prepare their case. I believe that everything is quite in order. As for the hon. member's allegations that a gag order is no longer necessary because litigation has been completed in the United States, I do not believe that is quite the case, but I will look into this, and we may change our approach if necessary.

● (1440)

[*English*]

CANADA POST

SHIPMENT OF GROCERIES TO NORTHERN COMMUNITIES

Mr. Keith Penner (Cochrane-Superior): Madam Speaker, I have a question for the Solicitor General. As the minister may know, prior to the establishment of the Canada Post Corporation the postmaster general permitted groceries to be shipped via parcel post into isolated Indian communities located in the northern regions of Ontario, Quebec and Manitoba. This procedure enabled food costs to be reduced by as much as $50 per week for a family of six. It has come to my attention that the Canada Post Corporation has requested the RCMP to examine this practice to discern whether it, or some aspect of it, may constitute a criminal offence.

I would like the Solicitor General to tell this House how it can possibly be a crime to help people who are living at or below the subsistence level to receive the nutrition they need by way of parcel post service.

Hon. Bob Kaplan (Solicitor General): Madam Speaker, Canada Post and the new corporation have been engaged in the practice of carrying perishable foods to persons in northern communities. There is absolutely nothing improper or illegal about that. It is a fine service Canada Post is providing, and I want to assure the House that the allegations which have been made and are under investigation by the RCMP—and to which I do not want to give more currency by repeating them—having nothing to do with regular customers of that service who are engaging in a perfectly lawful practice and hopefully will continue to be served by Canada Post in that way for many years.

* * *

INDIAN AFFAIRS

PRIMACY OF ABORIGINAL RIGHTS

Mr. Jim Manly (Cowichan-Malahat-The Islands): Madam Speaker, my question is for the Minister of Indian Affairs and Northern Development. Yesterday the minister released a native claims policy which says that "persons of non-native origin who have acquired for various purposes rights in the land area claimed are equally deserving of consideration". Does this mean, for example, that a company with oil drilling rights in the Northwest Territories is as deserving of consideration as the aboriginal people who have a claim in that area and, if this is so, will the minister change his policy to recognize the primacy of aboriginal rights rather than seeing them in competition with the exploitive rights of multinational corporations?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, I think the hon. member should read that in the context of discussions which

have been going on for some time during land claims negotiations.

An hon. Member: Smokey the Bear.

Mr. Nielsen: When you need a shower, you can't find one.

Mr. Kempling: You have been sending smoke signals to the natives.

Mr. Munro (Hamilton East): I can tell hon. members that is probably the last time I will have a non-partisan reception in my ministerial office.

Some hon. Members: Oh, oh!

Madam Speaker: Order, please. Christmas is coming. I could not make out whether the minister had finished his answer.

Mr. Munro (Hamilton East): No.

Madam Speaker: Then he has the floor.

Mr. Munro (Hamilton East): Madam Speaker, if I may be permitted to finish my answer, all that clause in the land claims policy means is that already alienated interests of third parties cannot be ignored. They have to be dealt with in all fairness. We cannot just obliterate them in a land claims settlement, so when they are dealt with they will have to be dealt with fairly. Those third party interests will have to be accepted and compensated for in some fashion in over-all settlements with Indian people.

Mr. Manly: Madam Speaker, I take it from the minister's answer that aboriginal rights claims will not be prejudicated by these other claims.

NEGOTIATION OF LAND CLAIMS

Mr. Jim Manly (Cowichan-Malahat-The Islands): Madam Speaker, my supplementary question relates to another statement in the policy that where claims are made in a province the province must be involved in claims negotiations. Considering the past intransigence of the British Columbia government—where all major claims are still waiting negotiation—what steps is the minister prepared to take if a province refuses to negotiate?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, the present policy is to be constantly urging the provinces to meet with us to resolve this question. In my view it has not become necessary to adopt any alternative method of proceeding simply because even in the province of British Columbia, as the hon. member is aware, the attorney general there has indicated that he is supportive of the negotiator we have in place with reference to the Nishga claim. His officials are participating with us in the over-all settlement. That was not the situation in that province no more than a year or so ago. I am happy to say that the situation with respect to provinces assisting and co-operating with us—not just British Columbia but several other provinces—is changing for the better.

* * *

GRAIN

POSSIBILITY OF EMBARGO ON EXPORTS TO EASTERN EUROPE

Mr. Jack Murta (Lisgar): Madam Speaker, my question is directed to the Minister of Transport in his capacity as the minister responsible for responding to questions in this House respecting the Canadian Wheat Board. My question has to do with the situation in Poland. We all certainly hope that tensions will not increase and the problems will not intensify in Poland, but if they do, there is some indication that we could see a total embargo into all eastern bloc countries, possibly initiated by the United States. If that happens, Canadian grain would, of course, be the first affected.

Is the government giving any thought—although I hope it would never have to use it—to a contingency plan in case there is an embargo and in case we find that exports to that part of the world are cut off?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, there was at least one "if" and perhaps a couple of others in the question. I think this is one occasion on which it might be better not to indulge in speculation. The Secretary of State of External Affairs has said very clearly today that we intend to continue our sales of grain to Poland. I think we would be better to leave it at that for the time being.

GOVERNMENT POLICY

Mr. Jack Murta (Lisgar): Madam Speaker, my supplementary question to the minister is very simple. Can he indicate to the House what the policy of the government on grain embargoes in any part of the world is?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, this is not an easy question to answer on the spur of the moment, but if I may express a personal view on the subject I think it has often been demonstrated very clearly in the past—I used to be the minister of industry, trade and commerce—that embargoes are not easy to administer and, generally speaking, do not produce what they were intended to produce in the first place. That is my own reasoning on the concept of embargoes, but it will be for the government as a whole to decide what to do if circumstances such as those indicated by the hon. member should ever develop. And, I hope, as he does, that they will not.

HAZARDOUS SUBSTANCES

UREA FORMALDEHYDE FOAM INSULATION—DISCUSSIONS WITH PROVINCES ON ASSISTANCE TO HOME OWNERS

Mr. Jack Burghardt (London West): Madam Speaker, my question is directed to the Minister of Consumer and Corporate Affairs and it has to do with urea formaldehyde. Would the minister tell us how negotiations with the provinces regarding some form of assistance for home owners affected with urea formaldehyde are going, and will he soon be prepared to issue a statement covering this entire issue?

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, discussions with the provinces are continuing. Unfortunately I am not in a position today to respond one way or another on the type of aid we would like to be able to give to the victims of urea formaldehyde. I hope in the near future I will be in a position to announce the intentions of the Government of Canada in this regard.

Mr. Nielsen: Announce them in the House.

* * *

● (1450)

AIRPORTS

CALLING OF TENDERS FOR ADVERTISING CONCESSION

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, my question is directed to the Minister of Transport. I tried to get some information on this issue on May 25 when I put a question on the Order Paper, and it was not answered. In light of the Auditor General's report in which a detailed audit examination of Transport Canada's airport concessions was recommended, specifically in relation to the sum in excess of $5 million which the government lost due to an unauthorized 2½-year extension granted to the duty-free shop concessionaire at Toronto International Airport, will the minister assure the House that tenders will be called immediately for the concession for advertising—repeat, advertising—at Canadian airports which has not been publicly tendered for 15 years?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, this is being done now. We are now developing a regime for that particular activity of our airports. I do not see anything irregular now. On the subject of the duty-free shop, yes, indeed, I am the first one to recognize that the delay was extraordinarily long. But my hon. friend might want to agree to the fact that, here again, the Department of Transport had to develop a regime for the foreign operation of duty-free shops. I agree that it took too much time, but it was not an easy definition to reach.

Mr. MacKay: Madam Speaker, may I just say that I thought the minister and the government would have learned something from Sky Shops.

Some hon. Members: Oh, oh!

Mr. Pepin: Madam Speaker, we did.

RAILWAYS

FUTURE OF CROWSNEST PASS RATE

Mr. Vic Althouse (Humboldt-Lake Centre): Madam Speaker, my question is directed to the Minister of Transport. Since both he and the Minister of Agriculture have been making statements about the Crow rate, and since the Crow rate has great impact in the economy of the prairie provinces, and since two of the three prairie provincial governments support its retention, as did three Royal Commissions, which researched the problem very well, will the minister assure the House that the government has no plans to change the Crow rate either now or in the near future?

Some hon. Members: Hear, hear!

Hon. Jean-Luc Pepin (Minister of Transport): I cannot do so, Madam Speaker. But having received a letter today from the leader of the NDP, I can assure him and the NDP that it will not be done over the Christmas recess.

GRAIN HANDLING SYSTEM

Mr. Vic Althouse (Humboldt-Lake Centre): Madam Speaker, since farm net income is projected to drop 15 per cent in 1982, and since the Crow rate is part of the Confederation bargain—trading tariffs in exchange for this special rate—will the Minister of Transport tell the House whether or not he shares the vision of his department and of the previous minister, the Hon. Otto Lang, to centralize the grain handling system in such a way that it will impact heavily on local communities in the prairies, the kind of program that has been vociferously opposed by the prairie people?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, one of the ways to oppose an idea is to deform it. The NDP has been very good at it when it comes to the Crow rate.

Some hon. Members: Oh, oh!

Mr. Pepin: It has never been the view of those of us who believe it might be time to look at the question of modernizing the Crow rate—it has never been the intention of any person that is worth any respect to eliminate the Crow rate. This is a straw man that the NDP has created. No one in his right mind wants to eliminate the Crow rate right off the surface. No one will deny the concept of the "Crow benefit". Those of us who believe that the Crow rate should be modernized are quite willing and eager to accommodate that concept of the Crow benefit. So stop deforming the idea.

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UNITED NATIONS

ISRAELI ANNEXATION OF GOLAN HEIGHTS—STATUS OF CANADIAN MEMBERS OF OBSERVER FORCE

Mr. Leonard Hopkins (Renfrew-Nipissing-Pembroke): Madam Speaker, my question is directed to the Minister of

National Defence. Since 1974 Canada has had approximately 200 military personnel involved in the United Nations Truce Supervisory Organization Disengagement Observer Force on the Golan Heights. We have had many other personnel in the region during the years previous to 1974, dating back to 1948. In the light of the recent action of the Israeli government with respect to the annexation of the Golan Heights, will the Minister of National Defence give a report to the House on the status of the members of the Canadian Armed Forces who presently make up the Canadian Observer Force in place now on the Golan Heights?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, following the most unfortunate action by Israel on the Golan Heights, the status of our observer group there has not changed. As the hon. member knows, we have 190 military people there and they are responsible for communications, logistics, and technical support to our Austrian, Polish and Finnish friends who are with us in this observer force. We have daily contact with the commander. Every day we ask him what is the situation. I might tell the hon. member that his answer yesterday was that "the situation is normal, there is no imminent danger, UN forces are not at a higher state of alert, morale is good, and they expect to have a pleasant Christmas."

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PENITENTIARIES

REPORT ON MATSQUI PRISON RIOT

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, my question is directed to the Solicitor General. The officials of his department have completed their study on the riot in Matsqui prison last summer. He has released it to the police chief in the area. The officials know what the study says. The prisoners can have news conferences and dump on the guards. Only the guards cannot defend themselves. Will the minister make that report available to the guards so that they can defend themselves and maintain some semblance of morale in the prison?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, the guards did have an opportunity the night that I visited Matsqui to express their views and they held a press conference. So far as making the report public, for the sake of the guards, I point out to the House that the purpose of that report is not to level criticism at the guards but that the purpose of the report is to improve the security of the institution.

If I were to change the long-standing policy of the confidentiality of those reports, the Inspector General, who gathers them, would not have the benefit of confidential disclosures from the hundreds of individuals whom he interviews in connection with the preparation of those reports, and they would not be nearly as useful as they are now. If I were to make them public, reviewing, as they often do, some of the security weaknesses of the institutions, they would be a great benefit to inmates who are considering escaping. Those are the only reasons why those reports are not made public.

I gave it to the police chief so that any suggestion of wrong doing or cover-up could be exploded. The only reason for keeping those reports confidential is a good reason, and I intend to continue that practice.

RELEASE OF REPORT TO POLICE

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, the minister has already violated confidentiality by releasing it to the police chief. If he is concerned about the reputation of the force with the police chief and the police departments, why does he not allow the prison guards to defend themselves?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, I was willing to release it to the police chief because I understood that he would be prepared to respect the confidentiality of sources of the report and that he would not disclose to the inmates any of the structural or other weaknesses in the institution. To go beyond that I think is taking risks with that institution, that I am not prepared to take.

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EXTERNAL AFFAIRS

REPORT ON CONDITIONS IN FOREIGN SERVICE—GOVERNMENT POSITION

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, my question is directed to the Secretary of State for External Affairs. It has to do with the report of the Royal Commission on Conditions in the Foreign Service. Miss McDougall, in a very commendable way, has pointed out some real difficulties with respect to foreign service officers serving abroad with their families, and in other areas which must be of concern to the minister. In view of the fact that she has found that there is a great deal of cynicism in the foreign service and about the government's intentions to implement any of the recommendations that she might make, will the minister advise the House what are the government's intentions with respect to her recommendations?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, the McDougall report was commissioned by the Prime Minister. He will be making a statement on it in due course. I hope to have an opportunity of reading the report during the recess. I have not yet had a chance to open the covers. In any event it will not be for me to make a statement on behalf of the government. There will be government discussion, and at the appropriate time the Prime Minister will indicate our views.

● (1500)

Mr. Baker (Nepean-Carleton): Madam Speaker, when the minister is reading the report during the recess, will he pay

particular regard to page 50 which talks about the implementation and review process? Having regard to his experience, would he consider recommending to his colleagues in government that there be special consideration in Parliament given to the findings of the report, and the recommendations of Miss McDougall, and that there be responses from the government as to its intentions with respect to the findings? Would he undertake to the House that that would be his recommendation, that Parliament will have a chance to look at these in depth outside the estimates process?

Mr. MacGuigan: Madam Speaker, when the government has a position on the report we will be releasing it. I will not give any advance commitments to the hon. member, except to assure him that I will read that page very carefully.

MINISTER'S STATEMENT ON SERVICE MORALE

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, regarding a statement on the report, on Tuesday of this week the minister said in a press conference that his general experience with the foreign service had been that morale was very good. Could the minister explain this? Has he been shielded from the morale problem in the department by his senior officers, or is he denying the validity of the findings of the McDougall report?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, I was not at that time commenting upon the McDougall report, nor do I intend to do so now. But may I say that I have a good deal of experience in meeting foreign service officers in all parts of the world. If the hon. member will read the text of Miss McDougall's press conference he will see that she herself stated that the report puts things out of focus, that on balance it is a good foreign service with good morale. By singling out the various problems with it in the report, she said at her press conference that this gives an over-all false impression, that she is picking out spots rather than commenting upon the whole.

* * *

[*Translation*]

PETITIONS

TABLING OF REPORTS OF CLERK OF PETITIONS

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the table reports of the Clerk of Petitions stating that he has examined the petitions presented by hon. members on Wednesday, December 16, 1981, and finds that they meet the requirements of the Standing Orders as to form.

[*English*]

BUSINESS OF THE HOUSE

Mr. Nielsen: Madam Speaker, may I ask the government House leader what the business will be for tomorrow, and in the event that we might possibly finish Bill C-53 before adjournment today, whether there is anything for back-up, and as far as he can take us into the new year after January 25.

I am sorry the Minister of Finance is not here, but while I am on my feet I ask the government House leader to refer to *Hansard* of November 27, 1981, at page 13384, where the Minister of Finance stipulated that he would be providing the hon. member for Calgary West with a breakdown of the scientific study which would show the impact on senior citizens in this country of his indirect taxes on their capacity to buy food, to pay rent and to buy clothing. This was followed up with a letter from the hon. member for Calgary West on December 7 requesting that information which has not yet been supplied. Before we adjourn tomorrow, perhaps the government House leader might consult the Minister of Finance in the hope that that information might be provided tomorrow.

Mr. Pinard: Madam Speaker, on the last point, I will talk to the Minister of Finance and inquire about the matter. So far as House business is concerned for the rest of today, as the hon. member mentioned we will deal with Bill C-53. There is an understanding among House leaders to obtain second reading of the bill before the end of the day. If we were to obtain second reading of the bill earlier than ten o'clock tonight, the next item of business would be Bill C-10.

Also we discussed earlier the quick adoption through all stages of a bill related to the National Energy Board. This could be done either today or tomorrow. Subject to further talks, we will decide later whether we will bring it on today or tomorrow.

So far as the business for tomorrow is concerned, if hon. members opposite do not wish to have an allotted day, we will deal with the bill respecting the National Energy Board, if it is not disposed of today, as first item of business. The second item of business for tomorrow will be Bill C-11 through all stages, followed by Bill C-45 through all stages. This is the fruit of our negotiations and it was agreed among ourselves in the spirit of Christmas, I assume. Later in the afternoon we were supposed to have royal assent on a few bills. If necessary, we will resume debate tomorrow on Bill C-10, if it has not been dealt with and terminated today. But Bill C-10 would be the last item of business for tomorrow.

[*Translation*]

As regards the business of the House after the Christmas recess, Madam Speaker, the hon. members are aware that the period between January 25, when the House resumes its sittings, and March 26 is a supply period during which the government must allot the opposition a total of seven days, the first of which will either be tomorrow or Tuesday, January 26, when we come back. The opposition could then discuss the topic of its choice, as is customary. In addition, on Monday

and the days following January 26, we shall be considering a bill that is very important to the farmers in our country, namely Bill C-85, an act to establish a corporation called Canagrex, designed to promote, facilitate and engage in the export of agricultural and food products from Canada. Once this bill gets second reading, depending of course when this occurs, the government intends to introduce for discussion and debate the following bills ensuing from the budget, subject to confirmation in due time, namely the borrowing authority bill and another bill to amend the Customs Tariff Act. In any event, everything I have just said, with the exception of the Canagrex bill, is subject to reconfirmation in January, and I shall of course be in touch with my colleagues, the House leaders, to give them reasonable notice as appropriate.

[*English*]

Mr. Friesen: Madam Speaker, I have just a point of clarification for the government House leader, concerning tomorrow's deliberations. He referred to Bill C-10. I wonder whether it was a slip of the tongue and he meant to say Bill C-11. Did he really mean Bill C-10? If so, it would cause some concern for me.

Mr. Pinard: Madam Speaker, the hon. member is absolutely correct and I was absolutely correct. I mentioned both Bill C-11 and Bill C-10.

ROUTINE PROCEEDINGS

[*Translation*]

COMMITTEES OF THE HOUSE

PUBLIC ACCOUNTS—12TH REPORT

Twelfth report of Standing Committee on Public Accounts, in both official languages—Mr. Clarke.

REGIONAL ECONOMIC EXPANSION—5TH REPORT

Fifth report of Standing Committee on Regional Economic Expansion in both official languages—Mr. Pelletier.

TRANSPORT—7TH REPORT

Seventh report of Standing Committee on Transport, in both official languages—Mr. Maltais.

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

[*English*]

THE DISABLED AND THE HANDICAPPED

TABLING OF INITIAL RESPONSE OF GOVERNMENT TO OBSTACLES REPORT

Hon. Gerald Regan (Secretary of State): Madam Speaker, as the minister responsible for co-ordinating the government's response to the Obstacles report, I have the pleasure today to table in the House, under the provisions of Standing Order 41(2), the federal government's initial response to the report tabled in the House earlier this year by the Special Parliamentary Committee on the Disabled and the Handicapped.

* * *

PETITIONS

MR. WISE—PROPOSED TAXATION OF LIFE INSURANCE POLICIES

Hon. John Wise (Elgin): Madam Speaker, I have the duty and the responsibility today to table a petition signed by the citizens of St. Thomas in Elgin county. This petition reflects the strong protest of Elgin constituents regarding the changes in the taxation of life insurance policies as indicated in the November 12 budget.

• (1510)

This petition reflects the disappointments and the hostility of life insurance companies, sales representatives and thousands of policyholders across the country.

I sincerely hope that the Minister of Finance (Mr. MacEachen) will recognize this blunder and have the courage to withdraw these provisions immediately.

MISS CARNEY—CRIMINAL CODE—STRENGTHENING OF PROVISIONS RESPECTING PROSTITUTION

Miss Pat Carney (Vancouver Centre): Madam Speaker, I have the duty to present a petitition on behalf of my constituents who live in the west end of Vancouver. The purpose of this petition, which is signed by 678 concerned residents, is to demonstrate to the government the strength of their belief that they have a right to live in peace and quiet in their neighbourhood to the same extent as that which is enjoyed by other Canadians.

In the face of continuing inaction by the federal government, the nature of the petition is to demand that the Criminal Code be strengthened to give police the powers to cope with the problems associated with street prostitution because this has overtaken the west end and threatens to destroy forever the quality of life long enjoyed by residents.

The petitioners hope, Madam Speaker, that in your examination of their petition you will find that it is in order and that you will understand the urgency and the justice of their request.

Some hon. Members: Hear, hear!

MR. DANTZER—CRIMINAL CODE—MEASURE RESPECTING GUN CONTROL

Mr. Vince Dantzer (Okanagan North): Madam Speaker, I have the duty to present a petition on behalf of my constituents. This petition was signed by 59 residents of Okanagan North who indicate that when the government is dealing with gun control it must ensure that it does not infringe upon the rights and privileges of law abiding citizens who own and use guns for legitimate purposes. The petition registers the citizens' concern regarding the proposed private member's legislation, Bill C-451.

MR. FRIESEN—ECONOMIC POLICY OF GOVERNMENT

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, I have the duty to present a petition on behalf of a number of my constituents as well as people from other areas of the Fraser Valley. These 52 signatures represent individuals from Abbotsford, Coquitlam, Mission, Clearbrook, Langley, Surrey and White Rock. The substance of the petition concerns the government's economic policy and I should like to read the four points which are of greatest concern, as follows:

Wherefore we demand that the following programs be implemented:

That: 1. Interest rates be reduced,

2. Adequate, affordable housing become recognized as a major government principle and objective,

3. Mortgage interest be made a tax deduction or a tax credit,

4. Limits be placed on mortgage interest increase upon renewal.

* * *

CANADA LABOUR CODE

AMENDMENT RESPECTING SECURITY OF EMPLOYMENT

On the order: Introduction of bills:

December 14, 1981—Mr. Orlikow—Bill intituled: "An act to amend the Canada Labour Code (security of employment)".

Mr. Orlikow: Madam Speaker, during the past year layoffs—

Madam Speaker: Order, please. I should like to know on what point the hon. member is rising.

Mr. Orlikow: Madam Speaker, I should like to introduce the bill of which I gave notice.

Madam Speaker: The bill is not available yet. I think the hon. member will have to take another opportunity to introduce it.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Order Paper Questions

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 3,153, 3,155, 3,156, 3,188, 3,273 and 3,444.

[*Text*]

COST OF FLIGHTS OF ADMIRAL FALLS

Question No. 3,153—**Mr. Cossitt:**

With reference to the answer to question No. 1,196 which stated in part that Admiral Falls made some of his flights on commercial aircraft, in the case of all the flights listed, what was the cost of such flights to the taxpayer and, in each case, what category of service was used, including occasions when the Admiral flew first class?

Mrs. Ursula Appolloni (Parliamentary Secretary to Minister of National Defence): With reference to question No. 1,196 no commercial flights were made by Admiral Falls. The first sentence of para. (a) emphasizes that point—"All flights were service air".

TOTAL AIR TRAVEL COSTS OF ADMIRAL FALLS

Question No. 3,155—**Mr. Cossitt:**

With reference to the answer to question No. 1,196 which stated in part that the total air travel costs for Admiral Falls, his aide-de-camp and his military secretary to visit Burbank, California and Colorado Springs, Colorado from August 28 to September 1, 1978 amounted to $7,157, for what reason were regular scheduled commercial flights not used and what is the justification for spending such an amount of taxpayers' funds on a special aircraft for the Admiral?

Mrs. Ursula Appolloni (Parliamentary Secretary to Minister of National Defence): The use of regularly scheduled commercial aircraft for the visit of Admiral Falls to Burbank, California to discuss the acquisition of the CP 140 Aurora and to Colorado Springs to pay an official visit to the commander-in-chief of NORAD, was precluded because of the limited time available to the Chief of the Defence Staff.

CMHC REPOSSESSIONS

Question No. 3,156—**Mr. Cossitt:**

With reference to the answer to question No. 592 which stated in part that the Canada Mortgage and Housing Corporation had acquired through repossession 44,890 units and 21,980 units over a number of years, what were the total number of repossessions in each of the past eight calendar years?

Hon. Paul J. Cosgrove (Minister of Public Works): I am advised by Canada Mortgage and Housing Corporation as follows:

	Total no. of units acquired by the mortgage insurance fund in each of the past eight calendar years	Total no. of units acquired by CMHC in each of the past eight calendar years
1973	2,728	1,968
1974	1,471	1,242
1975	501	2,223
1976	1,253	2,034
1977	2,186	2,675
1978	5,916	2,816
1979	14,834	1,699
1980	14,548	1,732

Order Paper Questions

ARMED FORCES STRENGTH IN WESTERN CANADA

Question No. 3,188—**Mr. Lambert:**

1. What is the strength and location of all naval, air force and ground personnel in (a) Manitoba (b) Saskatchewan (c) Alberta (d) British Columbia (e) the Yukon (f) the Northwest Territories?

2. What are the names of all active armed forces bases in western Canada and the Territories and which bases were deactivated in the past two years?

3. What is the over-all ratio of male to female personnel in western Canada and the Territories?

Mrs. Ursula Appolloni (Parliamentary Secretary to Minister of National Defence): 1 and 2 Canadian Forces bases are no longer exclusively manned by personnel identified to one element or another. In providing the data in the table it is to be noted that maritime, land or air elements are predominating rather than exclusive on the bases so annotated. Where a single element cannot be exclusively identified, it is because of its tri-service orientation.

The only base deactivated in the past two years is CFS Churchill, Manitoba.

3. The ratio of male to female personnel is as follows:

Male	20,088
Female	1,705
Total	21,793

Over-all ratio 11.78 to 1.

Base/Station	Element	Total
Manitoba:		
CFS Beausejour	Air	110
CFS Gypsumville	Air	121
CFB Portage La Prairie	Air	663
CFB Shilo	Land	835
CFB Winnipeg	Air	2,296
Province Total		4,025
Saskatchewan:		
CFS Alsask	Air	124
CFS Dana	Air	123
CFS Yorkton	Air	121
CFB Moose Jaw	Air	1,282
Province Total		1,650
Alberta:		
CFS Beaverlodge	Air	111
CFB Calgary	Land	2,708
CFB Cold Lake	Air	2,038
CFB Edmonton	Air	2,113
CFB Penhold	Air	342
CFB Suffield	Land	101
Province Total		7,413
British Columbia:		
CFS Aldergrove	Maritime	103
CFS Baldy Hughes	Air	122
CFB Chilliwack		1,613
CFB Comox	Air	1,612
CFB Esquimalt	Maritime & Land	4,054
CFS Holberg	Air	187
CFS Kamloops	Air	154
CFS Masset		235
Royal Roads Military College		324
Province Total		8,404
Yukon:		
Northern Region Headquarters		6
Yukon Total		6
Northwest Territories:		
CFS Inuvik		240
Northern Region Headquarters		55
Territories Total		295

DND RESEARCH INTO RADIATION HAZARD

Question No. 3,273—**Mr. McKinnon:**

1. Did the Department of National Defence award a contract for a study on radiation-induced nausea and vomiting using rats and dogs and, if so, to whom?

2. Was the government asked to conduct these experiments in support of the North Atlantic Treaty Organization and, if not, who decided on the need for such a study?

3. Did the department check with its NATO allies to see if such experiments had been performed elsewhere and, if so, what were its findings?

4. Will the experiments be performed in co-operation with any other country and, if so, which country?

5. During the experiments, how long will an irradiated animal be kept alive?

Mrs. Ursula Appolloni (Parliamentary Secretary to Minister of National Defence): 1. The Department of Supply and Services on behalf of the Department of National Defence awarded a contract to study radiation induced nausea and vomiting using dogs to the University of Ottawa.

2. No. The department considered these experiments to be necessary as part of its study on the biological effects of ionizing radiation from nuclear weapons.

3. NATO allies have been consulted and following a world search of literature, it was determined that this work has not been done before.

4. No.

5. Up to 12 hours; and in this respect attention is drawn to the last two sentences of parts 1(a), (b) and (c) of question No. 2,507 tabled on July 16, 1981, and published in *Hansard* No. 232 page 11598.

PURCHASE OF AIRCRAFT REFUELLER TRUCKS

Question No. 3,444—**Mr. McKinnon:**

Did the Department of National Defence recently order 157 aircraft refueller trucks at a cost of $121,000 each and, if so, where are the trucks to be stationed?

Mrs. Ursula Appolloni (Parliamentary Secretary to Minister of National Defence): Yes, DND contracted through DSS with Remtec Inc. for 157 aircraft refueller trucks plus spare parts and operating and maintenance manuals. The vehicles will be positioned at 19 Canadian Forces Bases across Canada and in support of Canadian forces overseas.

[*English*]

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

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

Mr. Stevens: Madam Speaker, once again I would ask the parliamentary secretary if he can offer the House any satisfactory explanation why question No. 2,042, relating to the Prime Minister's world tour a year ago, has not been answered. It is shameful that the people of Canada cannot learn some of these facts.

Mr. Smith: Madam Speaker, I will take note of the representation made by the hon. member. He should be here tomorrow and he may be pleasantly surprised.

Mr. Stevens: I will be here.

Mr. Pinard: You will not regret it.

Madam Speaker: Shall the remaining questions stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

CRIMINAL CODE

AMENDMENTS WITH RESPECT TO SEXUAL OFFENCES AND THE PROTECTION OF YOUNG PERSONS

The House resumed from Wednesday, July 8, 1981, consideration of the motion of Mr. Chrétien that Bill C-53, to amend the Criminal Code in relation to sexual offences and the protection of young persons and to amend certain other acts in relation thereto or in consequence thereof, be read the second time and referred to the Standing Committee on Justice and Legal Affairs.

Hon. Walter Baker (Nepean-Carleton): Mr. Speaker, it is always interesting to see how urgencies can evaporate in this House. I recall that when we were dealing with Bill C-53 last July, the government urged that the bill just had to get to committee in July or else Parliament would have to continue sitting. Then, of course, the postal situation intervened and I never saw such scampering in my life as there was to get Parliament to adjourn. Everyone knows the results of what happened in that period. From July until now there has been no movement on the bill but, or course, priorities change.

As we come to the end of another session, it has been decided that it is appropriate that the House give some consideration to Bill C-53. It is so long since we last discussed it that I am afraid it will be very difficult for hon. members to recall what Bill C-53 is all about. In the time allotted to me today I shall try to indicate to the House what the bill is about just for the purpose of framing the debate. It involves some major amendments to the criminal law.

I am conscious that in this debate I am following a very distinguished counsel, the hon. member for Saskatoon West (Mr. Hnatyshyn). In the early part of the debate he made a speech in this House that will ring through the annals of Parliament as an indication of his great depth of understanding of the criminal law, an understanding such as is rarely seen in this House. He is a counsel so pre-eminent that he was one of the very few in the province of Saskatchewan—a Conservative under New Democratic Party government—who was able to convince the powers that be that in the year 1973 he should be made a Queen's Counsel.

Some hon. Members: Hear, hear!

Mr. Baker (Nepean-Carleton): I think his pre-eminence at the bar should not be forgotten. He is a learned lecturer, a practitioner of great repute and all who rise to speak in this debate are conscious that they speak in the shadow of the fine parliamentary performance that will grace the pages of *Hansard* forever and which will be of great assistance to the committee when it considers this bill.

My friend in the New Democratic Party from Regina said that they gave him a Queen's Counsel because they thought he might then leave town. He did; he was elected to Parliament where he has distinguished himself. I think Parliament is the richer for his presence.

Having unburdened myself of that accolade I want to turn now to a discussion of the bill. As the title states, this is "An act to amend the Criminal Code in relation to sexual offences and the protection of young persons". These matters have absorbed the attention of members of this House for some time. The efforts of the hon. member for Surrey-White Rock-North Delta (Mr. Friesen) on behalf of young people and their relationship to the law have been outstanding. I think this bill is an important step in advancing the cause that he has championed in this House.

To enhance the protection of children, the bill will create new offences resulting from the sexual exploitation of young people by adults and against child pornography. In addition, other changes will assist in the prosecution of child abuse cases and cases of abduction of young children in custody disputes.

• (1520)

There are really four broad principles contained in this bill. The first is the protection of the integrity of the person. In a society like ours, it is a fundamental principle that the criminal law, which is a federal responsibility in terms of law-making, speaks to the protection of the integrity of the person. I guess the reason and the purpose behind laws, and the reason we have Parliament, police, and courts, is so that people will not only find equality before the law, but also protection so that they can move freely about their business providing they do so within the law. That principle really means that every person in our society is entitled to live free from violence and free from fear, as much as is possible. That is the purpose of those instruments of justice and the administration of justice about which I have spoken. In terms of the purpose of this bill, it is

clearly implied that no one should be compelled to engage in sexual activity without his or her consent. That is the basic premise of these amendments.

The second broad principle is the protection of children and special groups. The need for this is obvious. Children are not deemed to be adults who are able to make certain decisions. If one looks at the history of law in Canada, children have been treated differently from adults. The law has always indicated that those who are not mature and cannot make judgments ought not to be held responsible for making judgments under the law. Children require special protection from the physical and emotional consequences of activities with which they cannot properly deal. There has been a sufficient number of reported incidents which fall against this principle to indicate to anyone who considers the matter that we must be very vigilant in ensuring that the law is adequate for that purpose.

The third broad area reflected in this bill is the government's duty to safeguard public decency. As the parliamentary secretary said on behalf of the minister, society has a right to expect laws which protect its members from other individuals and which safeguard public morals. That is a broad principle. There are naturally questions as to how that is addressed by this bill, but it is a thread which passes through the bill. As society changes, this must be addressed from time to time.

The fourth broad principle is also of significance. It is also the proper subject of increasing attention today. It concerns the elimination of sexual discrimination in the country. That is the part of the bill which has gained the greatest attention in society, by women's groups, by lawyers, by learned legal authors and by others who were interested in the evolution of criminal law.

Therefore, this bill creates some new crimes. It replaces rape and indecent assault in the part of the code dealing with offences against the person and reputation. This change would separate violent sexual attacks from the concept of sexual morality. The bill would eliminate the stigma attached to terms such as "indecent assault" and "rape". There would be two new offences, the first being sexual assault and the second being aggravated sexual assault. Assault causing serious bodily harm through the use of a weapon would be known as aggravated sexual assault. I think that all of us who are involved in the law remember rape trails under the present court system in which great emphasis was placed on required evidence of penetration to prove that the crime of rape had been committed. In the event this bill becomes law, that will be no longer necessary.

I believe that everyone who has practised or observed in the criminal courts has gone through a certain amount of emotional turmoil in watching an attempt being made to prove penetration, and in watching the effect of the evidence adduced during the trial on the people involved. Indeed, what concerns me about the law as it presently exists, with its preoccupation on penetration, is something which was raised by the Law Reform Commission some time ago. The commission indicated that many cases involving grievous sexual assault have not led to conviction for the very serious offence of rape, but, rather, to conviction for the lesser offence of indecent assault. I have a feeling that the amendments which have been proposed in this bill will go a long way toward removing that from the law.

I want to say one thing. I do not intend to speak for very long because it is the intention of our party and this House, I believe, to have this bill dealt with today. However, I want to say something to the Minister of Justice (Mr. Chrétien) who has come into the House, about the practice of his department with regard to legislation. His department has the practice of putting a number of concepts dealing with the broad field of criminal law, or any other field, into an omnibus bill. When that occurs, Parliament has great difficulty in dealing with the matter in any particular way at that stage of the bill or legislation. A former hon. member of this House, Mr. Eldon Woolliams, Q.C., of Calgary, who is a very distinguished lawyer, made the point time and time again that there could be difficulty if we deal with a huge number of things which are perhaps strung together generally, but which deal with separate principles.

I have enumerated four very important principles with which this bill deals. Members of Parliament may have views with regard to one principle or another, yet they must consider it all in the scope of one bill. While the minister is here, I hope he will consider that particular problem.

I suggest it could be dealt with in another way. When the government considers a bill of this nature which deals with a whole host of matters, these items could be forwarded in advance, before a bill is brought to the House of Commons, by way of a white paper to the justice committee. The justice committee could deal with the matter before the government made a commitment to a particular principle as set forth in the bill. Experts could be called to look at the legislation in advance, to consider all of its elements, to see where it might be changed or improved, and to consider what should be dropped. Then, when the omnibus bill came forward for debate on second reading, if we must deal with an omnibus bill, the principles would have been discussed by Members of Parliament who are particularly interested in justice and legal matters.

I think this would do two things. It would allow a department to have responses from public interest groups in advance. It would allow Parliament to deal with a number of principles in a way they cannot be dealt with in debate and on second reading in the House. It would also move toward finding some consensus with respect to what the law ought to be in Parliament, and in dealing with affairs which are of great interest to all hon. members of the House. It is important that we recognize the difficulty of handling this kind of omnibus bill on second reading in the House of Commons.

I am glad the minister is here to listen to this suggestion. A great deal of time could be saved in the House of Commons by transferring much of that debate through the subject matter approach before the legislation is finally put down. I remind the minister of the experience of the House concerning immigration legislation which was brought in by his government. The green paper was used with respect to legislation which

fundamentally changed the immigration laws of the country. At that time, abuse was heaped upon a joint committee which did some travelling as a result of that green paper. However, as the minister will recall, the concepts set forth in that green paper were dealt with by the committee and the public.

● (1530)

As a result, there was guidance to the department, to the minister of employment and immigration and to the government with respect to what society really thought about immigration and what the true problems really were. The legislation that came out of that was responsive, at least in terms of this House of Commons. It was so responsive that, as I recollect it, there were only four days spent on second reading of a very complicated bill. It got over the problem of the omnibus nature of the bill. It is something which should commend itself to the minister in terms of dealing with a number of principles arranged side by side in a piece of legislation that can cause great difficulty in focusing upon those principles for the purposes of a debate.

As you perhaps know, Mr. Speaker, there are a number of non-controversial items in the bill. I am concerned that nowhere in Sections 166, 177 and 168(1) is there any definition of what constitutes sexual misconduct. A definition of that is nowhere to be found in this bill. I think this can cause some difficulty in terms of the application of the law. I hope that in the course of studying this bill, the Standing Committee on Justice and Legal Affairs will try to find some definition. If that does not happen, then the courts will have to take a close look and come up with something that constitutes what is sexual misconduct in any given set of circumstances.

It is important when we are making some new law in the matter that the criminal law define rather specifically for the benefit of the accused as well as the benefit of society what the rights and responsibilities and the limits of conduct are in accordance with that law.

One other question I think the committee will have to consider concerns the sentences that are set forth in the bill. Some of them are rather light. One matter brought to my attention by men and women in my constituency as well as those people I meet as I travel across the country, and also mentioned in letters, concerns a developing sense of disrespect for the law. Policemen tell me that sentences in some cases are really licences to carry on an illegal activity, that the element of deterrence is gradually being eroded from the criminal law and that the criminal law itself is not providing a sense of determination by government, as they see it, by the system of the administration of justice. I hear these things from policemen, and I am sure the minister has received letters from policemen regarding that matter. But more and more ordinary members of society, who are either the beneficiaries of the law or perhaps from time to time subject to it, but at least those who would like to be beneficiaries, are saying that something is happening with respect to sentencing, with respect to parole and with respect to bail. People say now that attitudes are hardening, that sentences are too light and that people are getting off too easily. There are some areas within this bill where sentences are set out. I think the committee has to look at those areas with respect to the general concern that is evident in society.

The law that exists, particularly the criminal law, gives a message to the community. It sets a certain standard for the community and demands something of the community. That message has to be that we are within reason, when they are reasonable, behind the law enforcement agencies of the country; that a criminal act, an act outside the law, is viewed seriously and that the administration of justice in all of its fields views breaches of the law seriously. That is not to say we do not temper justice with mercy, but the public is demanding, and I think they have a right to demand, that sentences be firm and that there are messages for those who contemplate breaking the law. However, some people will not listen to those messages. We make mistakes sometimes in thinking that criminals think normally. They do not. Having dealt with them at both ends of the counsel table, I have found they do not. It is important that a message goes out. From that point of view we will have to look at some of the sentences in this bill.

There has been a great deal of public comment. No doubt the committee will have the benefit of advice from the Department of Justice as well as input from a great number of people who are concerned with all of the elements in the bill. It is not the kind of bill that should be delayed. It is one that should be dealt with appropriately because of the nature of the bill and the fact that it deals with a number of matters.

I want to say that I am very pleased that the Minister of Justice has returned from launching his leadership campaign in the United Kingdom and is here to listen to my speech. I want to express to him every good wish for Christmas.

Mr. Gordon Taylor (Bow River): Mr. Speaker, I wish to join the hon. member for Nepean-Carleton (Mr. Baker) in paying tribute to the hon. member for Saskatoon West (Mr. Hnatyshyn) who has been working on this bill. I was not aware that he was a Queen's Counsel, but I am aware that he has a keen interest in the people of this country and in the unity of Canada. That, in my view, is even better than being a Queen's Counsel.

I want to deal with some items in the bill. I cannot say that I am enthusiastic about everything in this bill, nor are my constituents. It is my responsibility to bring to the attention of the Minister of Justice who is sponsoring this bill some of the concerns of the people and some of the changes we would like to see in this bill.

The title of the bill is very positive. It reads:

An Act to amend the Criminal Code in relation to sexual offences and the protection of young persons and to amend certain other acts in relation thereto or in consequence thereof.

When I first read that title and noticed the words "the protection of young persons", I felt quite happy. That was a positive statement. Certainly our young people need protection. But when I read the bill, I am not so sure that we are protecting our young people. I am concerned about what

appears to me to be a lowering of moral standards in the country.

Some of the sections in the bill, instead of protecting young people, really destroy the morals of Canada's young people, in my opinion. I do not believe that it would be of benefit to our youth to know that they can commit rape provided that the victim is not more than three years younger than the offender. But yes, it could very well be rape.

I have difficulty in following the new clause on sexual assault which will replace rape and other charges. Sexual assault is not defined anywhere in the bill. What is sexual assault? If the sexual assault clause is to replace the clause on rape, as it does in the bill, what about the retroactivity of the penal provisions? At the present time, if an individual is found guilty of rape, he is given a sentence of 15 years. But this bill provides a penalty of only ten years' imprisonment. Is there going to be a new law for those who have already been charged, convicted and are now in our prisons? I find it difficult to understand why we are lowering the penalty from 15 years to ten years for a crime like rape, particularly when the sexual assault may be on a young girl or a teenage girl, or even someone under the age of ten.

● (1540)

I noticed a story in the paper the other day about a teacher who had been convicted of assault on an eight or nine year old girl. Surely that type of person should not be out running loose. I know he might be sick, but if he is teaching school he is not that sick. Surely he is not that sick if he can hold a job as a teacher in any province in Canada, and if he is doing that type of thing surely 15 years is not too much. I really object to the lowering of the penalties for some of these offences, even if the offence is committed under a different name. The name is not going to make much difference. Rape is rape whether you call it sexual assault or rape.

I know the question of retroactivity of legislation may be dealt with in the interpretation section, but I am concerned about whether it refers to those who have already been convicted and are in our prisons, or refers only to those who are convicted from the date of the passing of this measure. In my view, reducing the penalty to ten years is not good.

I am not a member of the committee that will study this, but I would like to see the committee increase the penalties, if anything. Let us not encourage people to think we are lowering moral standards in this country. I know there are groups that want that done, but the vast majority of the Canadian people have high moral standards and want those high moral standards for their families, their children, their grandchildren and their friends. We should not be reducing these penalties because when you reduce penalties you inadvertently say that the crime is now not quite as bad as it was a few years ago. In my view, when rape is carried out, particularly on young people, it is just as bad now as it was ten, 50 or 200 years ago. We should be very careful of what we do in this regard.

Another item in the bill which bothers me greatly is to be found in proposed Section 166 which deals with sexual misconduct. Exactly what is sexual misconduct? I know there are some things that will become sexual misconduct under the provisions of this bill, but I would have thought that sexual misconduct would be defined. It is a term that should be defined so that when we talk about sexual misconduct we know what we are talking about.

Proposed Section 166 dealing with this particular item is of concern to a great number of people. I am going to read it into the record because I think it is that important. The heading is "Sexual Exploitation of Young Persons". It does not form part of the act, of course. It states:

> Every one who engages in or procures sexual misconduct with or by a person who
>
> (a) is not his spouse, and
>
> (b) is under the age of fourteen years, is guilty of an indictable offence and is liable to imprisonment for ten years.

If that happens to be rape, the individual gets ten years, but I believe the present penalty is 15 years and I do not think we should lower that at all. Then the proposed section continues as follows:

> (2) No one shall be found guilty of an offence under subsection (1) if he establishes that
>
> (a) at the time the sexual misconduct took place, he was under fourteen years of age; or
>
> (b) he is less than three years older than the complainant.

I suppose he could be 17 and the girl could be 15, in which case there would be no offence. I do not really know what we are trying to do in this regard, and neither do a lot of people in this country.

I want to put on the record some comments that have come to my attention from people in my constituency in connection with this proposed section. One letter that came in on February 23 says:

> Although there are other parts of this bill that I disagree with, the part that I am particularly outraged at and am vehemently against is the section on the lowering of the legal age to have sex to 14.

And further on it states:

> We do not need our government to aid and abet the general lowering of standards by putting forth such bills camouflaged in the name of help . . .
>
> I would also let you know at this time that I am not some puritanical old maid preaching. I am a young mother with four small children. I am sick at heart when I think of how hard our government is trying to make it for parents to bring their children up in any kind of moral surroundings.

I think the letter speaks for itself.

This is a statement that comes from another letter:

> I was stunned to read in the paper Bill C-53 which wants to make it legal for children 14 years and older to have sexual intercourse with partners who are no more than three years older (Single people).

People are concerned about this section, as I am.

Most of all I want to deal with this matter in relation to a case that came to my attention, first of all, through a telephone conversation with a mother who was very, very impassioned, angry and frustrated because when her daughter was 21 she had been persuaded to have intercourse and became pregnant and her entire life was ruined. Later on things were patched up, but at the time the whole earth crumbled and a

gap opened in that family. They were overwhelmed with sorrow and agony. Her first words to me were "she was 21". Now we are going to lower the legal age to 18 so this type of thing can be done legally and within the law. This is her letter dated February 13, 1981:

> I am very upset and concerned about Bill C-53 regarding the lowering of the age limit to 14, for legal sexual intercourse! My husband and I were appalled and sickened by this proposed law. Recently, we had cause for grief over the legal age being 18 instead of 21, as it used to be a few years ago. What a terrible grief will cover the whole land if our young 14-year-olds can legally take part in sex, with their parents being helpless to do anything about it! We found that even though we taught our children well, certain traumatic experiences can weaken the thinking of a child, as well as the ability to hold on to high standards when strong temptations come along.

The letter then refers to the bill and asks whether it is "actually protecting our youth by limiting the partner's age to no more than three years older". The letter then states:

> What difference, really, is the age of the partner if he makes a 14-year-old pregnant? What's the difference, if he causes her to sin, to commit fornication—it goes by the same name, regardless of age!

● (1550)

This is the sentiment of many parents in this country. The legislation may not say that we are legalizing it, but the very fact that we lower the age and say it is not an indictable offence if there is a three-year difference between the two means we are indicating it is okay, that the laws of the land permit this lowering of standards. This is contrary to the teachings of almost every church in this country and at least 9 per cent of the parents, the ones who are concerned about their children.

When the parliamentary secretary dealt with this bill a few months ago, he outlined four principles of the bill. The first principle was the protection of the integrity of a person. I agree that our laws should contain this principle, and I hope that this legislation will meet that principle. When a girl is walking home, be it night or day, and she is assaulted on a street corner and subsequently there is a charge laid, she must then be put on the witness stand. She is then insulted, maligned and her character is torn apart. She becomes the guilty one instead of the person who assaulted her. I do not think any lawyers have the right to do this. Although we expect them to represent the defendant, they should not be allowed to turn the tables on the person who was assaulted, who had nothing whatsoever to do with the fact that someone grabbed her and dragged her into an alley. This situation should be corrected. It should not be permitted by any court or judge in Canada. If this principle becomes law, I hope it will protect the integrity of those people who are assaulted. The law itself may not do that but it would show our desire to deal properly with those people in our courts.

The second principle which was mentioned was the protection of children. I agree that our children should be protected. I do not know why we talk about lowering the penalty on these people, who I call monsters, who attack children of all ages. We have seen this happening in Canada and I think we have to start thinking more of the victims of these crimes and less of those who commit them. I have sympathy for a person who is mentally unbalanced or insane, but I do not consider anyone who deliberately plans to take a girl and assault her, who then ties her up to rocks and drops her to the bottom of a lake, insane. This happened to a young girl in Alberta. When that monster is caught no one should feel sorry for him. I do not feel sorry for him because he brought misery to a wonderful family and killed a girl who had a bright future, a girl in her teens who was working to become a contributing citizen of this country. Since she was killed by this monster, in my view that person should have the same penalty handed out. I believe in capital punishment when somebody deliberately plans and takes the life of an individual. It is even worse when a grown man does it to a young girl. Instead of reducing the punishment it should be increased significantly. Every provision in this act should be explicit to protect our young people. It is not only young children who need this protection, but our teenagers who have not yet reached the age of majority.

This legislation also tries to protect young children in respect to pornography, and they need still further protection in that respect. Some of our Canadian cities have become as bad as San Francisco and New York where pictures of absolutely every sexual act are displayed in full view of young children. In Toronto, I saw a young child, no more than nine years old, looking through a window at some of these pictures. That should not be permitted. It was my understanding that pictures of this kind were to be displayed in a separate room and this most likely is the case in many places, but not all. I have no objection if an adult wants to read that kind of material, it is his business, but it should not be on display in front of boys and girls. There should be severe penalties for those who have this material on display for children to see. There should be other means of advertising, instead of in a window for everyone to see. Protecting children from pornography is excellent but there should be more protection against pornography.

The third principle is the duty to safeguard public morals and decency. I think we all want to do that, yet there is a clause in this bill which allows these acts to be carried out in public but in a private way. I do not know whether the back seat of a car is considered private, or whether it would have to take place in the trunk. This kind of conduct should not take place in a public park where families are out to enjoy the scenery. I, along with many others, would like to see this clause removed entirely from the bill. I will expand on that point later on. Every legislature in Canada should pass legislation safeguarding public morals and decency. It is a basic principle upon which to work.

The fourth principle is the elimination of sexual discrimination and protection for those who are sick. I agree with that. Men should not have preference over women and women should not have preference over men.

Although I agree with these four broad principles stated by the parliamentary secretary, in my view the bill does not follow through with these principles. When it goes to committee it will be its responsibility to go through this legislation with a

fine-toothed comb to find out exactly where the legislation does not follow through on those principles.

Shortly after the parliamentary secretary introduced the bill to the House in which these principles were outlined, I sent a survey containing four questions to my constituency. I will read the questions to the House. I tried to be impartial although it is sometimes hard to be impartial. I tried not to solicit an answer one way or the other. The first question I asked was:

Bill C-53 will repeal Sections 155 and 156 of the Criminal Code of Canada; and if passed, charges for buggery and bestiality would have to be laid under gross indecency and not per se for the said acts. Do you agree?

Normally I receive 2,000 or 3,000 answers, but perhaps because it was during the summer I only received a little over 800 responses. Out of those, 36 per cent agreed that it was all right to do away with charges of bestiality and buggery and put them under gross indecency, 57 per cent said no, they did not agree, and 8 per cent were undecided. I think that speaks for itself. Why do we want to eliminate the actual charges of buggery and bestiality to make it sound like something nicer under gross indecency?

● (1600)

I do not think we should be encouraging that type of behaviour. If it is done in private, under the Criminal Code today it is nobody's business; but what we are talking about is when it is not done in private but in a public way or in a semi-public way. I really cannot accept the argument that we should eliminate charges like that and put them under a nicer sounding heading such as gross indecency. That does not sound too nice, but certainly nicer than buggery and bestiality.

The second question was:

Bill C-53 changes Section 158 of the Criminal Code, which concerns gross indecency, by reducing the age of consent from 21 to 18 and by expanding the concept of privacy to allow for more than two participants. Do you agree?

This might be an orgy of some kind. The number of people who agreed was 53, 65 said no and 3 were undecided. That is not quite as definite as the one before, but again I think we have to take a careful look at what we are doing with this bill.

The third question was the following:

Bill C-53 repeals Section 158(2) of the Criminal Code, thereby permitting certain acts to be done in a public place, provided that they are done "in private". Do you agree?

The number who said yes was 33, 108 said no and 8 were undecided. However, the majority said this should not go ahead.

My fourth question was the following:

Do you agree with Section 167 of Bill C-53 concerning sexual misconduct?

The number who said yes was 53, 66 said no, and 25 were undecided. I think we have to take a careful look at whether some of the clauses in this bill follow the broad basic principles upon which the parliamentary secretary said the bill is based.

I suppose all hon. members have received printed cards like the one I have in my hand sent out by a number of people. It is not a postcard, it is a letter to Members of Parliament, and I think everyone on all sides of the House has received these. This is what it says:

I wish to express my gratitude for the introducing of Bill C-53 to control child pornography and ease the pain of rape victims.

I think everybody agrees with respect to those items.

I ask, however, that it not be passed as introduced but that:

1) Sexual assault charged between spouses be prohibited.

I want to deal with that item for a moment. Many people are charging that this will put another nail in the coffin of the family unit. There are too many things today which make it difficult for family units to operate, and this item will certainly not help.

2) There be no lowering of the legal age of consent for sexual activities, homosexual or heterosexual.

3) That the prohibition of gross indency be retained.

4) That there be retained a category of sexual assault or rape for forced sexual intercourse.

It is my belief that the changes proposed in these respects would result in increased government interference in the family, divorce, violence, juvenile delinquency, immorality, crime, welfare costs and a multitude of other hurts inflicted on individual members of our Canadian society and harm to our nation that it can ill afford at a time when an increase in their growth has already contributed to the near destruction of our homes and our once solid economy and a questioning of our future viability as a nation.

People do not take the signing of this type of card lightly. They have signed it because they are concerned about the direction we are taking and concerned about their children and grandchildren. Legislation which in any way lowers moral standards, reduces penalties for hideous crimes or condones things which are completely obnoxious to the majority of the people should not be supported. Let us set an example instead of giving way, as even some churches have done. Some think that if you do it often enough and enough people do it, it is all right. The next thing is that there will no longer be any such thing as sin and you can do anything you like if enough people do it. That is not the type of country we want. That is not the type of thing the men and women who are members of this House teach their children. They teach them high moral standards. They try to set an example, and our laws should set an example too.

I strongly urge that the government look again at the clauses in this bill which would lower standards and reduce penalties for hideous offences. Let us make sure we do not send a message out across this nation that anything is okay if enough people do it. Let us send out the message of a high standard of moral living so that we can all try to live up to it and achieve it.

Miss Pat Carney (Vancouver Centre): Mr. Speaker, the hon. member for Bow River (Mr. Taylor) is a very hard act to follow, but I am glad to be participating in this debate at second reading of Bill C-53.

Since we are dealing with the principle of the legislation, I would like to address my remarks to what will be achieved by this bill and, equally important, what will not be achieved if it is passed in its present form.

First, I would like to deal with the background of the bill. The law regarding sexual offences is basically unchanged since confederation. The most important exception was the 1969 amendments which decriminalized certain acts between consenting adults. In 1978 the Law Reform Commission of Canada advocated sweeping reform of the parts of the Criminal Code dealing with sexual offences. The commission said, first, that the rape charge should be replaced with assault and, second, that males and females should be treated equally under the law. This bill is the fourth time the government has attempted to make amendments to this part of the Criminal Code since 1978.

When the Tories were in government, then justice minister Senator Flynn promised to introduce legislation similar to the reforms the Liberals had attempted in some of these areas. As I understand it, the purpose of Bill C-53 is to modernize the code while adhering to certain principles of our society such as the protection of the integrity of the person, the protection of children and special groups, the safeguarding of public decency and the elimination of sexual discrimination.

I will just summarize the contents of the bill, which is familiar to hon. members. The new crime of sexual assault is created to replace the existing charge of rape. The exploitation of children for pornographic purposes is prohibited. Offences are enumerated regarding sexual relations with children under 16 and under 14, and I will be speaking about that portion of the bill. The offence of child abduction is redefined so as to cover children involved in custody disputes. The charge of procuring is expanded to include males as well as females.

There are two subjects in particular with which I would like to deal in my limited time. They are the issues of prostitution and sexual assault. With regard to sexual assault, the bill goes a long way toward improving the present legislation and meets many of the criticisms put forward regarding the inadequacy of our rape legislation. With regard to prostitution, however, the bill is totally inadequate, and I will deal with that subject first.

Earlier today I filed on behalf of my constituents a petition signed by 678 residents of the west end of Vancouver urging the government to take those measures necessary in amending the Criminal Code to restore to their residential neighbourhoods some form of peace and quiet. I have been actively involved in pushing for the reform of the laws dealing with this subject since I was elected, and that is why I am so disappointed with the failure of Bill C-53 to deal with this subject.

● (1610)

I should like to describe what the west end of Vancouver is like. It is that part of the city that I think one would see on a picture postcard. It is adjacent to the downtown area. It is primarily, but not exclusively, highrises. It is one of the most historic neighbourhoods in our city. For the last couple of years it has been invaded by prostitutes and pimps who are found on every corner. It is a business well organized by pimps with walkie-talkies and runners on motor bikes carrying messages. It is organized in relation to territories. Certain groups have the rights for certain streets and territories. It is dangerous for residents. They are not only accosted every time they leave their apartment or home to get a loaf of bread or to pick up some milk or go to the post office, but there has already been one knifing incident. It is very noisy. There are cars squealing tires and people yelling in the middle of the night.

I should like to quote some letters from residents to make my point. One resident wrote:

> I am a manager of an apartment with 42 suites. Please advise what progress, if any, the federal government is acting on this terrible prostitution of these young males and females . . . The traffic is terrible from 5 p.m. to 5 a.m. I have good, hard working tenants paying taxes. Why should we all have to put up with this terrible situation?

Another one wrote:

> As usual, I had trouble sleeping last night. The prostitutes were chattering in loud voices on the sidewalk and there was the constant roar of car engines and frequent honkings from the bumper-to-bumper traffic of hooker-hunters in the alley behind my apartment building. That is nothing new. However, by chance, because sleep was impossible I looked out my window, and there below in the parking lot, in the light of the street lamp, protected only by a three-foot high concrete wall, was a young girl hooker—

The rules of the House and one's natural sensitivity prohibit me from finishing the description of what this resident saw.

> People going by in the steady flow of cars could see the proceedings. Hundreds of apartment windows looked down on that well-lit parking lot where this event took place. A young child, an elderly person, someone's daughter, someone's wife, would have seen (and perhaps did) exactly what I saw . . . The youngsters view it in amazement, the elderly view it in horror, and many people like myself view it with utter disgust.

I would like to emphasize, Mr. Speaker, that we are not dealing with the age old problem here of street prostitution in red light districts or street prostitution in downtown areas; we are dealing with the problem of prostitution on people's lawns, by their paper boxes, right in front of their grocery stores, in their churches and in their daycare centres. It is an infestation of a quiet and beautiful neighbourhood.

The inability of the government to act on this matter led to the formation of a group called CROWE, "Concerned Residents Of the West End", who have been again assisting in trying to bring pressure on the federal government to deal with this problem. They are intimidated by the fact that if they are publicly known, in terms of who the individuals are, they feel that there would be recriminations from the pimps and the organized drug dealers and the prostitutes who now control and patrol the west end.

CROWE has been successful in raising people's perception of the problem, but they have been unsuccessful and so far have had limited success in having the necessary changes introduced. Because of this, many people, including the mayor of Vancouver, myself and some of the residents, feel that the next step may be vigilante groups and active violence against this plague on a resident. I feel that that could take place before summer if these changes are not brought forward.

I should like to deal particularly with the juvenile prostitution problem. I see the member opposite is yawning. I would like to assure him that the problem of juvenile prostitution in the west end is not a yawning matter. It is a matter which involves children. The estimates say that on busy nights there

will be 50 or 60 children in the Davie Street area alone. Some of these may be boys dressed as girls, some of them may be girls as young as 15 or boys as young as 12. One of the provisions of the bill, which I will be dealing with, will deal with the age of consent.

Most of these young prostitutes come from broken or unstable homes. Many have been physically or sexually abused. In general, they have the common denominator of a very poor self-image. Some are habitual runaways who end up on the streets and are drug addicts. Some of them come from stable backgrounds, wealthy families. They are well provided for. They seek money, excitement, or the experience. There is a danger of its becoming a sort of trendy youth movement for lower mainland young people.

Along with experience, excitement and money they often find violence. They may be beaten, raped, or robbed. To escape the degradation that they experience, they seek refuge in drugs and become heroine addicts and therefore become hardened.

Recently I visited a project called the Senator Project which is in my constituency. It is a half-way house to give these children a safe haven. It is not federally funded. It is financed by the provincial government and by the city of Vancouver. I am glad today to have received notice that the council has approved the Senator hotel for another year. The thing which strikes one who visits this modest establishment, which is not a luxurious operation, is that these are just ordinary kids. They have terrible health problems. The street life is physically very degrading and harmful to them. The first thing that the Senator Project staff try to do is to restore their basic physical health. They do not try to reform or rehabilitate them; they simply try to give them a roof over their heads so that they can be restored to physical health.

These children are sometimes extremely talented. I met a young artist, who I shall not name, who was about 16, who is illiterate by our standards and who is very talented. In this kind of environment he has the opportunity to explore his artistic talent. They also have some opportunity to learn what the jargon calls "entry skills". They have very good educators who help these children get enough confidence in themselves so they can go into the school system. They are taught while they are there. These educators also have a lot of basic understanding and support. We do not know if this project will be successful because we do not know how many young people it will save nor how many young people it will rehabilitate, but we do know that it has been a worthwhile experiment. The issue is to keep the kids off the streets in the first place and to ensure that adults who exploit these children are punished.

I first began raising the issue at a federal level in June, 1980, when I proposed a motion calling on the Minister of Justice (Mr. Chrétien) to amend the Criminal Code to give local police the authority to deal fairly and firmly with the problem of prostitution. Of course, by that time, it had reached crisis proportions in the west end. However, the motion was defeated.

• (1620)

Also at that time I began a letter-writing campaign to the Minister of Justice pressuring him to take action on the situation. In a series of letters I asked the minister specifically what amendments he was prepared to make to the Criminal Code to toughen the laws on prostitution. I have also asked him to accompany me on a tour of the west end so he could see exactly what it is like. It cannot be imagined, it must be seen.

The minister has given several reasons for not acting on the problem. Initially he said that some people had expressed concern that changes to the Criminal Code might lead to some form of harassment of private citizens by the police. This is a legitimate concern. Later he mentioned that some women's groups were fearful that the rights of women may be infringed by any new laws. The last excuse seems particularly ludicrous to me, since the rights of west enders to live in a peaceful neighbourhood have long been thrown out and the rights of these children who are being exploited have long been ignored. I have canvassed women's groups in the area by letter. Not one of them responded that this was the intent of any opposition they may have. They were all appalled by the situation which exists in the west end and were quite responsive to suggestions that the situation can be dealt with.

In one letter to the minister I pointed out that if the residents of Rockcliffe in Ottawa had to endure half the disruption, noise, inconvenience and harassment experienced by west enders, I was quite convinced that the laws would have been changed a long time ago.

Last summer when the minister visited Vancouver, in the course of a confrontation with a group of concerned citizens he finally gave them a commitment that he would take some action as soon as the Supreme Court decision on soliciting was handed down. It came down earlier this month, so I intend to see that he holds to his promise.

In summary, there are four important issues which the new legislation regarding prostitution must address. It must define soliciting; the customer should be charged along with the prostitute; males should be included in the definition of prostitute; public place should be defined. The present law does not address these issues, so the police find that they are prevented from dealing with the problem of prostitution.

In the absence of any help from Ottawa, local municipalities have tried passing their own bylaws to deal with the problem, but these have almost invariably been struck down by the courts as conflicting with the Criminal Code or as being ultra vires the powers of municipalities. In fact this happened to the recent bylaw in Montreal. The only bylaw which has withstood court challenges has been a Nova Scotia law, which is the remedy the minister keeps insisting is his solution. Most municipalities, particularly Vancouver, feel that this is an issue which must be dealt with at the federal level and see the urgings by the Minister of Justice that they follow the example set by Nova Scotia as an attempt to pass the responsibility off on municipalities. Certainly there is no indication in the legislation that the federal government is ready to deal with the problem.

When questioned in committee by myself, the deputy minister of justice claimed that, despite all the time which has passed, his officials still have not prepared any draft legislation. The situation is becoming intolerable in Vancouver's west end. There is a pressing problem in many other cities across Canada; Edmonton and Calgary are two examples. There are no more excuses left for inaction. The government must make changes to the legislation now.

The second issue I should like to address is the issue of sexual assault, although I feel it has been more than adequately covered by the hon. member for Bow River. According to a study commissioned by the Canadian Advisory Council on the Status of Women, the original meaning of the word rape was to steal. The whole idea was that women were the property of men; their chastity was prized because it guaranteed the legitimacy of heirs. In Babylonian times, rape was punished by death and restitution was made to the father of the victim since she would no longer fetch any money as a bride. A married woman who was raped was put to death along with her assailant, on the grounds that she shared in the adultery.

In medieval England, propertied heiresses were sometimes kidnapped and married by unpropertied knights. If the woman in question declined to have him tried, which happened if her family considered the match beneficial and in its interests, he did not face the normal penalty of death. Interestingly enough, rape of non-propertied women such as virgins, nuns, widows and concubines was considered to be a crime but convictions were rare.

The current law is criticized because some of these medieval attitudes remain in it. Critics say that women are still treated as the property of men, and moral judgments regarding the value of virginity and chastity underlie it. The law calls the most serious offence "rape". No crime exists if the woman in question is found to have consented to the act. She must prove that force or threats were used to carry out the act as stated in the charge. Lesser penalties fall under the subject of indecent assault. These are separated into attacks on women and attacks on men. Some sections specify that a woman must be of a previously chaste character for the rape to be considered a crime.

Other criticisms of the law are that assaults on both females and males are not treated equally. The law only deals with the assault of a female by a male. Equal protection under the law is not extended to married women. The law does not recognize sexual assault between marriage partners. Great weight is placed on the issue of consent or the lack thereof on the part of the victim. It has meant that the victim's reaction to the assault has been extremely important. The violent nature of the crime has been downplayed. The attitude is that some men seem to believe that resistance by women is something to be overcome, that it is not to be taken seriously. There is the myth that women want to be overpowered, so sympathy may be evoked for the accused at the expense of the victim in the course of the trial. This concept was reinforced by the infamous Pappajohn case before the Supreme Court in June, 1980, when Mr. Justice Dickson ruled:

> The facts of life not infrequently impede the drawing of a clear line between consensual and non-consensual intercourse . . . It is easy for a man intent upon his own desires to mistake the intentions of a woman or girl who may herself be in two minds about what to do.

Of course, that was the case and the statement which infuriated women's groups across the country. Critics of this kind of interpretation argue that "no" means "no", and that consent is not possible if force is used.

Other criticisms of the present law are that the previous sexual history of the victim may be introduced as evidence during the trial. The defence may try to prove that the victim has been sexually active in the past because she may then appear to be immoral. Her credibility as a witness is then diminished. Furthermore, if she has consented to sex in the past, it may be argued that she consented in this case.

In 1976 the Criminal Code was amended so that the use of prior sexual conduct on the part of the victim was limited. Prior notice must be given that the defence intends to raise this issue and the judge must decide in camera whether the evidence is germane. Before 1976, judges were required to warn juries about the dangers of convicting someone on the basis of uncorroborated testimony. Since 1976 they have not been required to do so but may continue to so warn.

In the time remaining I should like to deal with some of the objectives of Bill C-53 dealing with this aspect. In the new bill, the crime of rape is replaced by sexual assault. Attempted rape and indecent assault are also covered by these categories. The emphasis is on violence and aggression. The sexual aspect is only part of the package. The consent issue is dealt with as in conventional assault cases. Consent is not present if the victim submits in the face of threatened or actual force. Prior sexual conduct is limited in use during the trial. If the victim raises this issue, the defence may pursue it. The accused may be allowed to argue that he honestly believes consent was present and if he can prove it to be reasonable, he may be acquitted.

● (1630)

Thus, those who make stupid mistakes, if they are honest mistakes, will not be convicted of crimes they were unaware of committing. This obviously is a controversial section since women's groups think that even this is unacceptable—that it may still be used to invoke sympathy for the accused at the expense of the victim.

Further, under the new bill men and women will be treated equally. That is one of the aspects which we would like to have extended to the matter of soliciting. Both may be charged with, and both may be viewed as victims of, sexual assault. Finally, no exemption will be made for husbands. Spousal immunity will be eliminated. As the hon. member for Bow River has indicated, some people view this as an attack on the family.

There are problems with Bill C-53 besides the deficiency that I dealt with in the area of prostitution. Many people criticize it for the vagueness of the term "sexual assault". Some people argue that more than two categories of sexual assault should be specified and some argue that the sexual

element of the offence should be relevant to the sentencing. The larger argument is that the sexual aspect should not be downplayed too much. Other people claim that removal of the word "rape" reduces the seriousness of the crime.

My own personal reservation is with the age of consent. For that reason I look forward to a study of the bill in committee which will give us an excellent opportunity to consider the changes that should be made before it becomes law.

I should like to say that there are many good things about the proposed legislation. It will apply to men and women; it will make it easier to get convictions for sexual assault; it will give more protection for children and many anachronisms will be removed.

I look forward to the bill being made even better when it comes before committee.

Some hon. Members: Hear, hear!

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, I think all hon. members owe a debt of gratitude to the hon. member for Vancouver Centre (Miss Carney) for sharing her insight and experience with us, for the work she has done within her constituency, for being brave and honest enough to really look at what is going on in western Vancouver, for being sensitive to the needs of the people there and for giving us a true picture of the community. She has shown the unutterable contrast between the affluence of the surroundings and the degradation of the life there.

I do not want to bicker or thrust a barb at the hon. member for Burnaby (Mr. Robinson)—I do not say this in that sense—but some weeks ago in an attempt to badger the government to bring this legislation forward he made a slip of the tongue. I am sure that is all it was. He said, "We want to get some decent rape legislation in this country".

I think that is what is wrong with the perspective of this House, Mr. Speaker. That is what is wrong with a large percentage of the practitioners of law in this country. They are looking for technical precision. They want legislation to be technically accurate. We are not dealing with whether the issue is good law, although that in itself is an issue, we are dealing with the question of whether the issue is good life.

Life in the western side of Vancouver in particular is being destroyed because we in this chamber have sat in splendid isolation for years, talking about the intricacies of law so that we can get good judgments in court. I realize that is important, of course, but all the while life in that part of the community and in other cities is being destroyed. So the issue is not simply whether this is good law; the issue is how we can preserve a good life for these people in the fullest sense of the word.

As the hon. member for Vancouver Centre spoke I could not help but think of some work being done in my own community of Surrey. Most of the teenage prostitutes in Vancouver are there because they were the victims of incest in their homes. These teenage prostitutes have had their self-concept destroyed in childhood. They have had their sense of self-worth destroyed in childhood. For them there is nothing to live for that is relevant except the opportunity to make some money from their lack of self-worth. So they end up on the streets on the western side of Vancouver.

There is a committee in Surrey which has almost finished a project which, sadly enough, is to deal with an area of education from kindergarten through third grade, the aim of which is to let children know in sensitive ways, through the use of text and picture, what the subtleties of child seduction are.

I am sure hon. members have seen news reports in the last few weeks about a conference held in Medicine Hat which drew attention to the fact that most child abuse comes at the hands of close relatives and friends—the people a child trusts. Because the adults manipulate them, they get the signals from those adults that the practice is all right. In the process their lives are being destroyed.

I say again that the focus is wrong, Mr. Speaker. Certainly we want to get good legislation because it is the mechanism that is used to preserve the good life for our children who will grow up to be the future citizens of this country.

I know that the hon. member for Burnaby and others have focused on rape legislation and that they are concerned about what is going on in the courtrooms of our land and the difficulty of getting convictions. I understand that concern, but it is disturbing to realize that all we are aiming for is good convictions. As I say this, I recognize the need for good convictions, and because rape law has not been adequate it is easy to lose sight of other issues.

I should like to spend a few minutes pointing out to hon. members what is going on in other areas of the country. Some weeks ago I attended a public meeting in Vancouver when a high school counsellor from my constituency spoke. He spoke of the myriad of young people who come to his office to discuss the problems of life and of the high school discussion groups with which he is involved. He told us that the dominant question about anything is: Is it against the law? That is the only rule of conduct that appears to be left for young people in our society—is it against the law?

It seems to me that along with a lot of other things that have gone on in our society has been an erosion of non-legal barriers to certain kinds of conduct. By and large, one kind of mentality that is developing asks—can I get away with it, is it against the law, or can I get around the law? As long as that kind of mentality is developing among our young people, it behooves us to be extra careful about the laws we pass in this chamber. There is an erosion of the moral and social guidance systems that we as individuals need in order to steer our course.

• (1640)

As fewer and fewer people are attending churches, and more and more people are becoming uneducated in terms of strict moral judgments in our land, it becomes more and more important that the laws of our land reflect a guidance system which will tell our young people, "This is what you can do, and this is what you cannot do for fear of what will happen to you". The subtle change which has come in our mentality is that the judgments passed down in our courtrooms are seen to

be the judgments which affect young people. As destructive as those judgments may be, they do not have any real effect or the greatest effect on our young people. What happens to people when they violate the law is what happens to them inside: the erosion of moral courage, the erosion of moral fibre, the erosion of character, and the erosion of self-respect which goes on within themselves, setting aside the judgments handed down by the courts. Today, our young people need reference points, more than anything else, so that they can know how they ought to behave. That is what the law becomes. The law becomes that reference point which says, "Look, if you do this, you will hurt yourself." It is more than the simple penalty the law imposes.

However, there are other ways in which people hurt themselves when they violate the law. As I said before, today the question is: If it is legal, then it is permissible. What bothers me is that if we pass Sections 166 and 167 as proposed in this bill, we will be sending out signals to our young people that will be totally destructive.

I would like to spend one moment on those sections. Section 166 states:

(1) Every one who engages in or procures sexual misconduct with or by a person who

(a) is not his spouse, and

(b) is under the age of fourteen years,

is guilty of an indictable offence and is liable to imprisonment for ten years.

However, the defence is contained in subsection (2), which states:

(2) No one shall be found guilty of an offence under subsection (1) if he establishes that

(a) at the time the sexual misconduct took place, he was under fourteen years of age; or

(b) he is less than three years older than the complainant.

This comes under the broad and general topic of age of consent. Are we sending a signal to these young people that if the 14-year age limit was a barrier, and it is now legal, that it is now permissible? Are we saying to them that if there is no more than a three-year age difference between them, it is then permissible? I suggest to hon. members of the House that it is destructive, even if it is legal. I will come back to that in a moment.

I would like to turn to Section 167, which states:

Every one who engages in or procures sexual misconduct with or by a person who

(a) is not his spouse, and

(b) is fourteen years of age or more and is under the age of sixteen years,

is guilty of an indictable offence and is liable to imprisonment for five years.

The defence is found under subsection (2), which states:

(2) No one shall be found guilty of an offence under subsection (1) if he establishes that

(a) at the time the sexual misconduct took place he was under sixteen years of age;

(b) he is less than three years older than the complainant;

(c) he believed at the time the sexual misconduct took place that the complainant was sixteen years of age or more; or

(d) he is less responsible than the complainant for the sexual misconduct that took place.

Aside from the loose definition of sexual misconduct, I am looking at the defence once again. If the law is meant to be a reference point for the conduct of our young people, are we not sending the wrong signal to them by suggesting that, if it is legal for those who are 16 years of age and under, it is permissible? I suggest to hon. members that we must fully consider this legislation before we pass it into law.

That is why I intend to look at this measure with great scrutiny when it comes before committee. I believe other hon. members will also. I will be concerned about the kind of witnesses we bring to the committee so that it will not be rammed through on greased skids. We should have witnesses before the committee who know something about juvenile problems, juvenile psychology and so forth.

The related question we must ask ourselves is whether we are introducing young people to experiences before they are ready to handle them. It is no secret—indeed, it is common knowledge—that we tend to develop physically more quickly than we develop emotionally and psychologically. People have much physical capacity long before they have the kind of emotional self-control, emotional decision-making powers and mental information banks which enable them to make informed and sensible decisions. The fact is that someone who is 16 years old or 14 years old is physically capable of doing all of these things about which this law speaks. The question we must ask ourselves is whether they are emotionally prepared to make the kind of decisions which will lead to a healthy future.

It is not necessary to look further than television to realize that the whole commercial world is bombarding young people with suggestions to become older at a younger age. Young people feel they must be mature at 12, 14 or 16 years of age. As my hon. colleague said, "Take a look at Brooke Shields". At 14 years of age, when appearing on television, Brooke Shields appeared to be 21 years old. The entire commercial world conspires against young people to make them old before they are ready to become old. One of the side effects is that all of the anticipation for the future is taken away.

Some hon. Members: Hear, hear!

Mr. Friesen: Young people are not ready to absorb the pleasures which could be theirs when they are 16, 18 or 20 years old. I think we need to take a very careful look at whether we are not pushing the age limit too low before the young people have sufficiently matured and their knowledge is seasoned enough to make the kinds of decisions which will lead them to a healthy future.

I know that it would be easy to be painted as an ogre, a killjoy, a fogey, and all of those square images. However, I make no apologies for being square enough to want to preserve young people so that they have a healthy future. I want their decision-making process to be intact so that when they can enjoy those pleasures at their fullest, they will be able to do so and will not have their pasts sullied, tarnished and ruined by

the force of peer pressure and commercial pressure to do things they will regret later on.

There are many measures in this bill which I support. I take pleasure in the fact that the government is introducing measures which deal with child pornography, about which we have spoken at length. I am super pleased that the government has included a measure dealing with parental kidnapping. I know hon. members realize that I have worked on that matter for about five years, and the government has now adopted that provision. However, while those provisions are in the bill, and they are good and necessary, there are provisions in this legislation which are deeply disturbing and could erode the future of our country. They will send signals out to the youth which will introduce them to a life that could cause misfortune, destruction, concern and care in their later years. As I have said, I intend to push for very close scrutiny with regard to the future implications of those provisions.

● (1650)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Portage-Marquette (Mr. Mayer)—Agriculture—Reduction in interest rate payments made by farmers; the hon. member for Kindersley-Lloydminster (Mr. McKnight)—Petro-Canada—Query respecting location for heavy oil upgrader in Saskatchewan. (b) Responsibility for site decision.

GOVERNMENT ORDERS

[*English*]

CRIMINAL CODE

AMENDMENTS WITH RESPECT TO SEXUAL OFFENCES AND THE PROTECTION OF YOUNG PERSONS

The House resumed consideration of the motion of Mr. Chrétien that Bill C-53, to amend the Criminal Code in relation to sexual offences and the protection of young persons and to amend certain other acts in relation thereto or in consequence thereof, be read the second time and referred to the Standing Committee on Justice and Legal Affairs.

Mr. Blaine A. Thacker (Lethbridge-Foothills): Mr. Speaker, I rise to speak on Bill C-53, which is a large package of amendments to the Criminal Code of Canada. It relates specifically to sexual offences and the protection of young people. It is a very broad bill. I think members should be very careful to realize that it probably contains too many dimensions for one bill and that it should be broken up into a series of bills so that members can more adequately direct their minds to it and vote accordingly.

For example, in this bill sexual offences are redefined to recognize that they are assaults. The number of offences is reduced and the law is simplified. Existing non-consensual sexual offences are replaced by the offences of sexual assault and aggravated sexual assault. The spousal immunity for rape is removed. Provisions of the Criminal Code are amended so as to apply equally to persons of both sexes. New offences are created for sexual misconduct by people involving young persons under the age of 16. An offence is created with regard to the exploitation of young people for pornographic purposes. The offence of abduction of children is redefined with a view to protecting children involved in custody suits. Changes are made to protect the complainant in sexual assault cases. These include restrictions on questions about previous sexual conduct with persons other than the accused. Then the general assault provisions of the code are redefined.

It is very clear that we are dealing with a vast package. It is very complex and there are many issues. I do believe that we should split the bill. However, until that occurs, I want to deal with the principle of many of the amendments. We need to recognize that we are dealing with the minimum of legal requirements which this Parliament is setting out. There is no doubt that we should be dealing at a much higher level in terms of our relationships with one another. Unfortunately, too often we find governments acting at the bare minimum level. We find adults acting at the bare minimum level rather than the much higher moral level to which we should all aspire.

This bill, as we debate it, will involve Members of Parliament sitting here making value judgments which will be put into effect by police forces across this huge country. That in itself will be very difficult.

As the caucus spokesman in our party for youth, I am particularly interested in, and will certainly want to monitor carefully, the speeches made on second reading. I will want to hear the witnesses who are brought before the committee so that we can make sure that we receive as parliamentarians a very broadly based group of people who will give evidence. This point was mentioned by the hon. member for Surrey-White Rock-North Delta (Mr. Friesen).

Too often we will have groups coming in dealing with only one section of the bill, putting enormous pressure on members individually and collectively to pass the bill in order to achieve several of the very good things which the bill does contain. But we must look at the entire bill. Each of us will have to make a decision as to whether we can support a bill, which may have some provisions that are very deleterious, particularly to the young people of this country. The bill does have some very bad principles in it when I think of it from a young person's point of view, and when we think of it from the position of maturity and experience, a state to which many of us are growing, in

contrast to a young 16-year-old. I am sure we all agree that, as a broad principle over the whole bill, we want to protect our youth.

It is an interesting personal observation that one of the main thrusts of this bill is to take away protection of young women over the age of 16. Young women used to have protection under the Criminal Code up to the age of 18 years, but in this area of the law we find the government backing out of the lives of that group in contrast to all of the other areas of our lives, particularly economic, where the government is becoming more and more involved.

Interestingly enough, some years ago when government played a very small role in our lives and people generally were uneducated, we had a higher moral standard that protected the young people. Now we find people are better educated and more sophisticated and the government is taking over more of our lives, so much more in economic matters, yet at the same time backing off on this matter of moral judgment and protection for young men and women between the ages of 16 and 18. It is an interesting inconsistency. If it is possible, I will raise that point with the witnesses. At present, religious controls and higher moral standards are declining. As parliamentarians, we are backing away when perhaps we should be stepping in to set a better and a higher minimum standard.

I do not have a lot of concern about people over the age of 18, which is the age of majority. I am not sure that we as a government should try to pass many laws that affect free consenting adults over the age of 18. But we should have extremely good laws on which we all agree and which should be enforced rigorously. We should back up our police forces in the protection of our young people. Clearly the same thing applies for mentally handicapped people.

In summary, on the first part, I am sure we can all agree that we should protect our youth, that we should be passing laws to support the family and that we should be supporting laws that promote a peaceful community. All of these aspects will be interpreted by judges. They will all be interpreted in light of the new constitutional provisions when our Constitution returns from the United Kingdom. That in itself will cause many years of uncertainty in this country as the new constitutional provisions are balanced against the specific Criminal Code matters.

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

[*Translation*]

Mr. Deputy Speaker: I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate have passed Bill C-86, an act for granting to Her Majesty certain sums of money for the public service for the financial year ending 31st March, 1982.

[*English*]

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

• (1700)

PRIVATE MEMBERS' MOTIONS FOR PAPERS

[*English*]

Notices of Motions Nos. 22, 35, 1, 48, 28, 43, and 5 allowed to stand by unanimous consent.

Some hon. Members: Agreed.

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

Mr. Benno Friesen (Surrey-White Rock-North Delta) moved:

That an humble address be presented to His Excellency praying that he will cause to be laid before this House copies of all correspondence, notes, minutes of meetings, memos, telegrams and communications relating to the order respecting Emergency Planning, P.C. 1981-1305, May 21, 1981, Registration SI/81-76 June 10, 1981.

He said: Mr. Speaker, the summer quiet was disturbed for me last July when I was informed of a news report in one of the Edmonton newspapers which said that the government had passed an order in council empowering the government to establish and administer civilian internment camps. Frankly, I found it hard to believe that the government had passed that kind of an order because I remembered speeches in the House of Commons during the constitutional resolution debate. I recall hearing the Minister of Justice (Mr. Chrétien) in February standing in his place here in the House recounting what an injustice had been done to Japanese Canadians during World War II, and the ringing words "never again". That was his justification for bringing forward a charter of rights.

As I sat in the committee and in this House I heard those assurances repeated, that the experience of the Japanese Canadian and of any other minority group in Canada should never be repeated in the future history of our country.

I also remember being part of a minority group, the Mennonites, during World War II. As members know, most Mennonites come from German stock and they are almost all pacifists. Then came national registration and we were not allowed to register our nationality as Canadian. There were no Canadians during World War II as all of us had to register according to our national origin. Can you imagine, Mr. Speaker, the tension in that Christian community, the members of which were all German, most of them pacifists, who had to register as Germans knowing full well that this would place a stigma on them resulting in community pressure all during the war years.

As a matter of fact, just a few months ago a relative of my wife told me of an experience she had had in a small Saskatchewan town, Drake, with a population of about 350. That Mennonite community wanted to conduct a bible school during the winter months, as was and still is so often the custom, particularly in prairie communities. They brought in a young man to teach that bible school, but the Anglos in that

community would not let him get off the train to teach the bible school because he was a "Nazi". That is the kind of scorn the Mennonites faced during World War II. I remember those years.

An hon. Member: It was a Liberal government that did that.

Mr. Friesen: It was a Liberal government that did that.

I remember attending an NDP convention in Vancouver last summer and hearing Dave Barrett speak. I hate even to inject the New Democratic Party into this speech, but he made a very relevant point. Just a few years prior to the national registration when I had to register as a German rather than as a Canadian, the Liberals, during a Liberal provincial campaign in the province of British Columbia, ran ads saying "Vote for the socialists and you will bring in the yellow peril". Mr. Woodsworth and Mr. Coldwell championed the rights of the orientals in Canada, hence the ad "Vote for the socialists and you will bring in the yellow peril." I keep wondering, do we dare scratch the Liberal government too hard for fear of what we might find underneath?

I remember in October, 1970, when, under the powers of the War Measures Act, the Liberal government rounded up hundreds of innocent people in the province of Quebec without charges being laid. I recall reading just a few weeks ago a statement by the Speaker of the other place, Senator Jean Marchand. He was given a list of the names of people in the province of Quebec who were suspect at that time, and he said how foolish it was to include most of the names on that list of about 180 that was submitted to him.

I can understand the need to prepare for war, and I make that concession right away. I understand the government's need to do that, but there are several things that bother me and I would like to enumerate them. What bothers me is the glib contradiction between what the government says and what it does. While the minister was standing in his place in the House of Commons saying "never again", at that very moment the cabinet was discussing provisions by way of order in council to establish internment camps. That kind of glib contradiction bothers me.

It bothers me that this order is written in the context of the War Measures Act, and I am bothered by the very loose statement in there that the measures can be used at a time of "real or apprehended insurrection". I particularly wonder about that phrase "apprehended insurrection". At a time when the government wants to strengthen its position, any kind of paranoia could be apprehended insurrection.

I wonder about the fact that the President of the Privy Council (Mr. Pinard) says the order needs legislation to validate it.

An hon. Member: That's right.

Mr. Friesen: The hon. member from Toronto says that is right. The order in council was passed while the House was sitting. Why did the government not first introduce legislation and then develop the regulations out of that legislation, if that is what it needs? Why the hurry, the rush to bring in by order in council the kind of sweeping powers included in this provision?

It bothers me when I read about the kind of changes which were brought in in a 1965 order in council. I think hon. members should know that the order in council we are discussing now is a revision of the 1965 order in council. Let me enumerate the differences between this order in council and the one of 1965. All of those powers and provisions in the 1965 order in council were in the context of war or as a result of an attack by an enemy. The 1981 order in council provides for a division between wartime and peacetime powers. I will clarify this even more when I deal with the peacetime powers.

The 1965 order in council outlined no specific duties for the Prime Minister. The present order in council outlines that the Prime Minister (Mr. Trudeau) has duties only in war and peace as they relate to censorship and control of information. All the administration of the 1965 order in council was through the use of the RCMP and other police forces, whether they be city or provincial. The 1981 order in council makes no mention at all of the RCMP or any other police forces.

• (1710)

The question that arises in my mind is, does the government have a new police force in mind? Does the government have in mind the use of the military? What is going on in the mind of the government in order to carry out the administration of these orders?

Further, the 1965 order makes no mention of prisoners within the penitentiary system at all. The 1981 order, the present one, empowers the Solicitor General (Mr. Kaplan) to "Facilitate the selective reduction and transfer of prison populations to provide for the establishment of civilian internment camps". What are the mechanisms the Solicitor General will use? Which prisoners will he free first from the penitentiaries across Canada in order to make room for the political prisoners? Beyond that, what is the triggering mechanism that will bring all of these measures into force, especially in peacetime?

The 1965 order authorizes the Minister of Justice to advise other departments and agencies on legal problems. That is the principal role of the Minister of Justice in the 1965 order. The 1981 order has no such authority at all. It appears to suggest that it will not be bothered with those legal niceties regarding the legal advice and legal limits.

The 1965 order empowered the Minister of Labour—because there was no minister of manpower at the time—with the authority for conscription, all in the context of wartime emergency. The 1981 order gives the Minister of Manpower and Immigration (Mr. Axworthy) no wartime duties at all but has sweeping powers which are all peacetime powers.

I would like to talk about those powers for a moment. With regard to peacetime powers, I would point out that the sole responsibility of the Prime Minister is, first, to "Manage and co-ordinate the national information services"; second, to "Provide general guidance and direction to the public, including the co-ordination and transmission of any technical advice

and recommendations developed by any National Emergency Agency or department".

What kind of calamity in peacetime could befall our country that would require the Prime Minister to manage and co-ordinate the national information services? This is in a country which does not believe in censorship.

I would now refer hon. members to the Minister of Manpower and Immigration's authority under these provisions. I note that these are peacetime provisions. The minister of Manpower is empowered to control and regulate the registration, mobilization, allocation and movement of civilian manpower, excluding medical manpower, taking into consideration the requirements of other national emergency agencies and ministers reconciling competing claims and establishing such priorities as may be required. More sweeping, Mr. Speaker, are the powers under items six and seven. Item six states:

Establish a population register for the effective management of manpower in consultation with other ministers and National Emergency Agencies.

This one is a real mind-bender:

7. Arrange any required international manpower transactions.

Are we looking ahead to where the Minister of Manpower and Immigration is empowered to conscript manpower in Canada to serve in another country in a civilian capacity? Now, this is something which disturbs me about the whole edict, that the President of the Privy Council says in one of his speeches that if Parliament is not sitting at the time when the government declares that there is a national emergency, the government may have to act—he uses the term "extra-legally". He says that the government may have to act extra-legally. That is ominous to me and smells to me of October, 1970.

What bothers me is that we have a Prime Minister who enjoys blustering about strength and every once in a while he needs periodic confirmation of that strength through dramatic action. All we need do is remember October, 1970. All we need do is look at the way he has used the RCMP. All we have to do is look at the way he dealt with wage and price controls. The Prime Minister likes to talk about strength and every once in a while he has to reinforce what he says by some kind of dramatic action. What bothers me is that the Prime Minister has a cabinet which is filled with weak colleagues who lack the courage to stand against him, whose guide is not what is right but simply what the Prime Minister wants. They will do anything that the Prime Minister asks of them.

These are the realities which bother me. These are the reasons I think we need background information, to call upon the government to justify the passage of this order in council at this time, hard on the heels of having passed a Charter of Rights and Freedoms, at a time when there is no national emergency and at a time when the government has been talking about peace and safety.

Are they saying that sudden destruction will be coming upon us? I call upon the government to release all documents, letters, correspondence, telegrams and information on the work done with all the provincial governments which would validate in its eyes the need for this kind of precipitous and draconian order in council. I think the people of Canada are entitled to know what has been going on in the background that justified in the mind of the government this order in council. I will be looking to the government to produce the kind of papers and documentation that will quieten the fears of Canadians and justify this kind of order in council.

Hon. Ray Hnatyshyn (Saskatoon West): Mr. Speaker, I have a few brief remarks to make in support of the very important motion which has been put forward by my colleague from Surrey-White Rock-North Delta (Mr. Friesen).

To begin, I want to pay tribute to him for his persistence with respect to this particular issue. It is an issue which I think is most important in terms of the respect we have for the rule of law in this country. I will elaborate on that particular contention during my speech.

This order that is the basis of the regulations and the documentation my colleague has asked to be produced to the House now was passed under royal prerogative. It was an order which was carried out within the discretion and power of government to take action, and to direct and compel public servants and other people in the employ of the Crown to carry out certain duties. It is not an order which is passed pursuant to any legislation considered and passed by the House of Commons.

We have a unilateral, arbitrary action which was taken by the government with respect to this emergency planning order. As I understand the order, it was passed to authorize various ministers to plan for emergency situations both of a peacetime and wartime nature. However, at the present time the only legal way these plans can be implemented is through the proclamation of the War Measures Act. If we study the order, the definition of "emergency" is as follows:

An abnormal situation that requires prompt attention beyond normal procedures to prevent or limit injury to persons or damage to property or the environment.

This defines a situation far wider than that contemplated by the words "war, inflation or insurrection, real or apprehended". A lot of planning, therefore, is being undertaken by the government which cannot lawfully be used in most of the emergency situations contemplated by the order.

● (1720)

I think it is interesting to note, however, the comments of the President of the Privy Council (Mr. Pinard) in an address on emergency legislation reported in the July to September, 1981 *Emergency Planning Digest*. I want to quote what he said because it is an incredible proposition. He said:

When we must deal with a grave emergency, we cannot afford to base our actions on the flawed product of hurried drafting and rushed consideration by Parliament.

I agree with that, but he went on to say this:

And if the emergency arises when Parliament itself is dissolved, we would at present have no option but to act extra-legally.

To the layman, "extra-legally" means outside the law, without legal justification and without legal background or author-

ity. I suggest that this proposition flies totally in the face of the rule of law.

The logical extension of this argument is a contemplation by the government that this planning scheme could then be used as a method of dealing with an emergency even without enabling legislation. That has very serious consequences.

In his remarks the minister said that it may be preferable to place entirely new emergency legislation before Parliament. Surely it is more than just preferable; it is absolutely essential.

This government is taking unprecedented action in passing, under royal prerogative, such a planning order. It may be called a planning order, but in all probability it will include the expenditure of funds to erect buildings, design plans and enlist personnel. At what point does this massive planning step outside the prerogative authority of the government? We do not know the answers to questions such as this because we do not have access to government documents in the matter. We do not know what the plans are and what funds are being expended, and the government has stonewalled every reasonable attempt to obtain this information and simply carries on in an aura of secrecy and an aura of planning with no enabling legislative authority.

We must be made aware of these plans. No large scale planning should be undertaken without the introduction and consideration of new emergency legislation, which is something, incidentally, which has been promised by this government since 1970.

Another concern I have is that apparently many government members do not appreciate the real nature of the order. For instance, the Parliamentary Secretary to the Solicitor General (Mrs. Hervieux-Payette), in reply to a question posed by my colleague, the hon. member for Surrey-White Rock-North Delta on November 17, 1981, said that this order would go into effect only after proclamation by the House. That is simply wrong, in view of the statement of the President of the Privy Council I have quoted. There are no provisions for proclamation in the order. To implement it we either have to use the War Measures Act, with its limited scope and application, or new emergency legislation, or we act in the other way pointed out by the President of the Privy Council, extra-legally.

I think it is important that government members and the Canadian public generally understand that even to suggest the possibility of extra-legal implementation of the order is to suggest the wholesale removal of rights and freedoms without any form of parliamentary endorsement. That is a very serious suggestion indeed.

Finally, I am concerned about specific aspects of the order which give ministers authority to plan for wide-scale suppression of basic and fundamental human rights in peacetime at a time when this Parliament is asking the British Parliament to pass legislation providing for the entrenchment of a charter of rights. Let me give some examples. Under this particular order, in the field of agriculture there is provision for planning and the implementation of control and regulation of farm production. In communications, there is provision for control, regulation and maintenance of all essential telecommunications. In employment and immigration there are provisions for control and regulation of the registration, mobilization, allocation and movement of manpower. In energy, mines and resources there is provision for the control, regulation and production of fuels. My colleague, the hon. member for Surrey-White Rock-North Delta, has pointed out that specific wartime provisions include directions to plan for censorship and civilian internment camps which, I take it, will be similar in nature to those set up during the Second World War for Japanese Canadians.

In light of past experience these plans must be looked at closely. This is so particularly in light of the fact that the government is suggesting the possibility of extra-legal implementation. It must be appreciated that these types of actions, though necessary in some very limited instances such as war, do restrict the freedom of the individual. To make plans for carrying out these actions with no enabling legislation and no parliamentary sanction leaves open the possibility of either the expenditure of a great deal of time and money without the ability to use the plans or, on the other hand—and more worrisome, as far as I am concerned—what the President of the Privy Council calls extra-legal implementation.

The first is highly undesirable, and the second prospect is outrageous. What the President of the Privy Council has said is that it would be the intention of the government, an emergency, in the opinion of the government of the day having come about, whether it happens to be some environmental emergency during peacetime or some form of insurrection in one part of the country or another, to take steps to carry out the product of the planning that is taking place. Then, according to the rationale of the President of the Privy Council, the government would expect to come back to a subsequent Parliament to have its unlawful acts retroactively made lawful. Under our parliamentary system, that is completely and absolutely out of the question and should be rejected and resisted by every thinking Canadian.

I appreciate the opportunity to give my opinion about the motion brought forward, and I call upon the government to do the right thing and produce the information requested by my colleague.

Hon. Elmer M. MacKay (Central Nova): Mr. Speaker, like my two colleagues who have spoken, I too am very concerned about the implications of what we are doing here today. I will not speak at any great length because I know that the parliamentary secretary wants a chance to respond. Hopefully he will assure the House and the country that he will be tabling the information we on this side of the House are requesting so that the fears of Canadians, which are justifiably aroused, about the draconian implications of what the government has been doing will be assuaged, at least to some extent.

I think it is rather ironic that this kind of debate is taking place in the House of Commons so close upon the heels of the passage of the Canadian Charter of Rights and Freedoms. One of the reasons I voted against the Constitution was the appre-

hension I had about some of the clauses in that charter, and I have said publicly that the very first one leaves me slightly less than inspired. I think I will put it on the record again. The very first part of our Charter of Rights and Freedoms in our proposed new Constitution has a weasel clause in it. Particularly in view of the events unfolding here today I do not think it has to be taken very seriously, at least until the government does something to justify the faith it is asking Canadians to have in it.

Before I read it I want to remind the House, for example, that we have done a lot of talking about freedom of information, and one of the most regressive clauses of any legislation of any civilized country is Section 41(2) of the Federal Court Act of Canada. I remind hon. members also that drastic modifications have been proposed to our freedom of information legislation. Yet right now in Quebec members of the Royal Canadian Mounted Police are being denied an adequate opportunity to defend themselves by virtue of this particular section's invocation by the Solicitor General (Mr. Kaplan).

● (1730)

This was not the first time that this draconian action has been taken since the freedom of information act has been brought forward in committee. It would seem to me that if the government were the least bit serious about doing something to become more enlightened in this respect, it would not be doing what it is doing with Section 41(2), when it is apparently on the way out, nor would it be taking the course of action it is taking here today in refusing to bring forward the kind of information that it has been requested to do if it were serious about the ideals of our new Constitution. The first clause reads:

The Canadian Charter of Rights and Freedoms guarantees the rights and freedoms set out in it—

—and here is where it starts to weasel, Mr. Speaker—

—subject only to such reasonable limits—

—as are generally accepted in a free and democratic society with a parliamentary system of government.

What kind of system are we talking about? Are we talking about Tanzania? If we are, I do not have very much confidence. I do not think we will ever assuage the fears of Canadians about the implications of arbitrary pieces of legislation such as this, or regulations, until the government demonstrates by its actions what it intends to do, instead of obfuscating. As the author, Eldridge Cleaver, once said, "If you are going to talk the talk, you have got to walk the walk." I do not understand why in times of peace, as the hon. member for Saskatoon West (Mr. Hnatyshyn) said, "We have to put up with the kind of apprehended fears caused by this sort of draconian regulation".

Back in the 1950s, the hysteria was over the spread of atomic technology. I can well remember a bit of doggerel by the late Pete Seeger which went something like this, "The atom don't care about all this hysteria. It flourishes in Los Alamos and also Siberia". So, it may seem, will internment camps. If we will take this kind of legislation or regulation to its logical conclusion, maybe we will have a "Gulag Archipelago" in North Bay, or perhaps Thunder Bay. Perhaps that will be a great advancement in our contemporary Canadian Constitution.

In any event, I do not understand why the government would cause such an atmosphere to develop as is present in the House this afternoon, when it could have simply assured the hon. member for Surrey-White Rock-North Delta (Mr. Friesen) before the debate started that it would table and make available some informaton to reassure members, such as myself and others from this side, and I am sure many members on that side, that these kinds of regulations are not really as bad as they sound.

Returning to something that hon. member from Surrey-White Rock-North Delta said regarding, I think, Clause 7 in the regulations in which the Prime Minister (Mr. Trudeau) takes upon himself the right of censorship and will establish an organization to co-ordinate and implement the application of censorship controls, some people may say that the Prime Minister, of course, would not do anything bad. The same Prime Minister, shortly after imposing the draconian measures in the War Measures Act that affected Quebec, promised to repeal it. That was a long time ago. The War Measures Act is still with us, and so is Section 41 (2) of the Federal Court Act.

The Prime Minister has talked in the past about participatory democracy, when what we have here, of course, is his anticipatory autocracy. So far there has been no justification for what the government is proposing to do, and we do not have any reassurance that its motives are charitable. And that is really something that should have been dealt with by Parliament. We should be assured that when Parliament is sitting, nothing will be done unless it is brought forward and fully debated. I hope we will get that kind of assurance from the parliamentary secretary. As a little token of good faith, I hope that he will accede to the most reasonable request made by the hon. member for Surrey-White Rock-North Delta, buttressed so ably by the hon. member for Saskatoon West, and will assure all hon. members that this proposal, about which we are so apprehensive, will not be as autocratic and dictatorial as it seems.

Hon. members who are fortunate enough to have some training in law are familiar with the term *res ipsa loquitur*, things speak for themselves. The way these regulations now read, without the background and without the necessary explanation to convince hon. members they do not really seem as bad as they read nor as bad as we anticipate, and in the absence of explanations, these regulations will continue to speak for themselves. I think they will raise a great deal of well justified apprehensions in the minds and hearts of the people of Canada. I hope that the parliamentary secretary will do something in a small way to alleviate the fears raised this afternoon.

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, it is a pleasure for me to convey to hon. members of the House some of the background behind the Emergency Planning Order P.C. 1981-1305. I

particularly welcome the opportunity to correct a few false impressions that may have been left since its passage and publication in June, 1981.

In a very real sense the story of the Emergency Planning Order begins with its predecessor, the Civil Emergency Measures Planning Order P.C. 1965-1041.

The shortest explanation for the issuance of the new order in council is that the old order in council had become badly outdated. The question recently before the government was whether substantially to amend the old order, which itself had already been amended more than once, or to issue a new one. For the sake of clarity, we chose the second route.

The old order was outdated in two ways. First, it no longer reflected the actual institutional structure of the federal government. In the 1965 order, the departments of Employment and Immigration, Solicitor General and Supply and Services were not mentioned, although the minister responsible for defence production was given significant responsibility. Responsibility for certain co-ordinating functions for civil emergency planning lodged with the Minister of Industry, Trade and Commerce, although these responsibilities had been transferred as long ago as 1968.

The order was also outdated in a second way. It concentrated almost exclusively on civil emergency and civil defence plans and operations for wartime conditions and was silent on ministerial responsibilities for peacetime emergencies, such as natural disasters and large scale industrial accidents. It has been federal policy since 1974 that federal emergency planning should be addressed both to peacetime and wartime contingencies. The new Emergency Planning Order reflects this dual concern by setting out some continuing responsibilities of ministers in the areas of peacetime and wartime emergency planning. The new order also describes some machinery that potentially would be essential to mitigate and to recover from either peacetime or wartime emergencies.

Thus, the first part, Section (3) of the Emergency Planning Order, assigns to ministers three general responsibilities: First, ministers shall be responsible for the identification of possible types of emergencies within or directly related to their areas of responsibility, and for preparing, evaluating, testing and, when required, implementing appropriate related emergency plans and arrangements. Second, when a minister is assigned lead responsibility for an emergency, he co-ordinates relevant federal emergency planning and stands ready to secure and control assistance provided by other ministers. Third, each minister shall at all times be prepared to provide resources from his own portfolio to any other minister having lead responsibility for an emergency.

These three general responsibilities form the heart of the lead department concept in emergency planning that the government adopted in the mid 1970s. The emergency planning responsibilities of ministers are logical extensions of their normal powers, duties and functions. The Solicitor General is responsible for internal security, both in time of normality and in times of emergency.

The Emergency Planning Order also calls upon ministers, in Section 4:

—to provide emergency planning assistance to the provincial governments, and, through them, to municipal governments;

—to assist in the joint development of federal-provincial emergency plans in the regions of Canada;

—to be prepared to provide for the safety and welfare of the employees of the agencies in their portfolios;

—to develop and maintain plans for war emergencies;

—and to be prepared to provide assistance to those ministers having additional responsibilities as set out in the Emergency Planning Order.

● (1740)

These provisions express the main differences between the earlier war-related approach to emergency planning described in the 1965 order in council, and the current approach which is generally and equally applicable to peacetime and wartime contingencies, as was described by the minister responsible for emergency planning in his announcement of November of last year. Thus, the addition of emergency planning responsibilities for peacetime contingencies in PC 1981-1305 reflects what is in fact the current policy of the federal government in this field.

The President of the Privy Council (Mr. Pinard), as minister responsible for emergency planning, has already indicated that a certain amount of confusion has arisen about this new order. Some of that confusion can be traced to this peacetime wartime distinction and to the planning for emergency measures that, however regrettably, may be needed in either setting. I draw attention to Part I of the schedule which is entitled, "Establishment and Responsibilities of National Emergency Agencies". The eleven national emergency agencies to be planned by ministers are quite similar in detail to certain of the civil emergency powers, duties and functions assigned ministers by the 1965 order in council. I have already stated that the new order better reflects the present institutional structure of the federal government. This accounts for most of whatever differences may be found between the two texts. But Section 5 of the new order calls upon ministers to plan for the effective operation of the agency in any region of Canada in time of national emergency; that is, this machinery should ultimately be capable of operation in the circumstances of very grave peacetime emergencies as well as during wartime. Obviously the peacetime operation of national emergency agencies would only be required by and justified in the face of a most severe challenge to the peace, order and good government of Canada.

Here I would stress that the order is concerned only with the planning of these exceptional measures. The implementation of these measures quite clearly requires statutory authority, either as found in existing statutes or through new and special legislation which would have to be introduced, debated and passed when needed. It is very important to point this out since it seems to have been lost on some of my colleagues opposite.

Mr. Deans: Which ones?

Mr. Smith: Those who have spoken.

Mr. Deans: All of them?

Mr. Smith: No, not hon. members of the New Democratic Party, just those of the official opposition.

In the case of wartime emergencies, the War Measures Act confers, in our view, sufficient authority to activate, for example, the national emergency agencies needed to meet such a grave national crisis as war.

The third major part of the emergency planning order comprises ministerial planning responsibilities uniquely relevant to the exigencies of war. These responsibilities, set out in Part II of the schedule, are again quite similar in detail to certain of those set out in the 1965 order in council. Here, too, it appears to be clear that the War Measures Act confers sufficient authority to permit implementation of these plans and arrangements should this be required.

The activation of one or more of the national emergency agencies, say in the aftermath of a catastrophic disaster in Canada during peacetime, would however require authority not now conferred by any act of Parliament. Legislation to fill this void could take the form of special legislation especially tailored for a particular situation or a continuing statute addressed to emergencies more generally. Which of these paths should be followed to meet particular needs is a question now under study within the government. I should like to refer to a presentation made by the President of the Privy Council to a federal provincial conference on emergency planning for some further thoughts on the matter.

I invite hon. members to consider only one of the issues now being investigated, that is, the situation obtaining when Parliament has been dissolved. I would emphasize that I speak here not of adjournment nor of prorogation when Parliament could be recalled to deal with an extraordinary situation. In his address, the minister indicated that if an emergency were to arise when Parliament is dissolved, that is when there was no Parliament in existence to consult, the government, if it judged that action was vital and authority was not available in existing statutes, would at present have no option but to act outside the four corners of statute law. There is probably sufficient authority remaining in the prerogative of the Crown to justify such an initiative, provided the action taken was reasonable having regard to the circumstances and was referred to Parliament for review at the absolutely earliest opportunity. But the minister's point was that a continuing statute on emergencies could cater for this problem directly, thus providing the means to deal with all possible situations under all conceivable circumstances. If I rightly understand some of the concerns of hon. members, they will take comfort in the fact that this and related issues are now being carefully reviewed.

Also I should like to state that it is our profound hope that we shall never need to make use of the plans, arrangements and machinery called for by the emergency planning order. It is, however, our firm belief that emergency plans addressed to contingencies that can happen here should in fact be carefully drawn up, kept current and regularly tested. I believe that Canadians want, expect and deserve no less preparedness than this.

I should like to turn to the matter of civilian internment camps which are identified in Part II of the schedule of the order, the part covering war contingency planning as a responsibility of the Solicitor General. I point out two facts to hon. members. First, this responsibility was carried over from the 1965 order in council where it was assigned to the Minister of Justice, acting through the RCMP. The present order lodges this responsibility with the minister responsible for the internal security of Canada under the lead department concept, that is, with the Solicitor General, who alone is accountable to the House. Accordingly, it leaves open the question of which element or elements in the minister's portfolio will actually undertake the detailed planning associated with this responsibility. This determination is properly made by the minister, and I would only mention that both the new security intelligence agency and the correctional service could be expected, along with the RCMP, to have some input into this planning.

Second, I draw the attention of hon. members to the view of the McDonald royal commission on the importance of the internment program and the program by which internees are identified. Pages 928 to 934 of the report are specifically addressed to the need to enhance and strengthen this aspect of federal emergency planning, not to downplay or disregard it. The commissioners state at page 930:

● (1750)

> The wholesale round-up of people does not sit well with many Canadians who have lived through the arrests of Japanese Canadians in World War II and the crisis of October 1970. Having said this, however, the fact remains that in an emergency of the kinds contemplated by the War Measures Act some potentially dangerous persons will have to be put under restraint.

The commissioners direct six recommendations about internment to the government, all of which are being carefully considered at this time. Although I am advised that no final mechanisms have been established by which the incumbent solicitor general will discharge his obligations under the Emergency Planning Order, I would hope that the following brief description of the anticipated procedures would help to alleviate the concerns about possible internment requirements that have been expressed by hon. members.

First, it is and will continue to be a function of the security service, that is, the security intelligence agency, to obtain intelligence concerning only those individuals who are the legitimate concern of that service in accordance with an approved mandate.

Second, as a safeguard against possible abuse, any intelligence to be used in support of this identification program must first be presented for examination to a review committee composed of senior officials of the security service—again, the security intelligence agency—members of the solicitor general's secretariat and legal counsel acting as a representative of the Crown. That would be the Department of Justice.

Third, the review committee would examine the information presented to ensure that stringent guidelines protecting the rights and civil liberties of individuals are respected.

Fourth, only if the Parliament of Canada declared a national emergency in relation to war or public order and subject to the passage by this House of specific enabling legislation, could internment action actually be taken. It is important to point out that all these safeguards would be taken into consideration before internment action was taken.

Fifth, as a final safeguard against potential injustice, such legislation would guarantee a detainee the right to appeal his detention to an independent advisory committee appointed by the incumbent minister of justice, which would have the power to review all information pertaining to the case, and, if justified, order the release of the detainees.

These proposed procedures clearly illustrate the concern found throughout the federal government, that the security and safety of the state must be preserved by measures that respect the rights and freedoms of individual Canadians to the fullest extent possible. I think anyone who is objective and fair-minded in evaluating these criteria could come to no other conclusion.

Mr. Deputy Speaker: Order, please. I regret to interrupt the hon. member but the time allotted to him has expired. The Parliamentary Secretary to the President of the Treasury Board (Mr. Kelly).

Mr. Norman Kelly (Parliamentary Secretary to President of the Treasury Board): Mr. Speaker, my attention was drawn to this issue for the first time several months ago when I received a number of letters that proclaimed the imminent creation of a fascist dictatorship in Canada. I did not know what those letters were referring to. Like all good members of this House, however, when approached with a question to which I do not know the answer, I made the proper inquiries. I found that the situation is exactly as the preceding speaker outlined it. I communicated that to my constituents. I found that there has always been legislation of this sort; that this is not something new or sudden, and it certainly is not something that is unexpected. I also found out that the legislation is outmoded.

All of us in the House are used to seeing things change through the passage of time, so why should we be surprised that this sort of legislation would have to address itself to situations that change through time as well? Recognizing changing circumstances and the need to respond to those changes, the government decided to review, amend and introduce new portions to this type of legislation which has always been with us. I think every member of the House would be critical of any government that did not do that to all legislation. I do not think anyone in the House would look suspiciously at the government for reviewing and updating this particular legislation at this time.

When we look at the amended document, however, what do we find? What are the horror stories that we have supposedly been hiding from the general public? We find that we have divided emergencies into two categories—war and peace. I do not think anyone here would dispute that type of categorization. It seems to be obvious. We have tried to target it in such a way that it can be applied to municipalities and to provinces, regionally and nationally.

In light of the debate I have heard in the House over the last few months about the diversity of the country and the need to develop structures, that reflect and cater to this diversity, I wonder what is so offensive or, to the hon. gentlemen opposite, what is so amusing, about creating a piece of legislation that recognizes that diversity and attempts to respond to it?

Mr. Hargrave: You did it by order in council.

Mr. Kelly: We find the government has decided, organizationally, to divide its response—

Mr. Deputy Speaker: Order, please. The hour allotted for the consideration of private members' business having expired, I do now leave the chair until eight o'clock later this day.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

CRIMINAL CODE

AMENDMENTS WITH RESPECT TO SEXUAL OFFENCES AND THE PROTECTION OF YOUNG PERSONS

The House resumed consideration of the motion of Mr. Chrétien that Bill C-53, to amend the Criminal Code in relation to sexual offences and the protection of young persons and to amend certain other acts in relation thereto or in consequence thereof, be read the second time and referred to the Standing Committee on Justice and Legal Affairs.

Mr. Deputy Speaker: Order. When the debate was interrupted at five o'clock this afternoon, the hon. member for Lethbridge-Foothills (Mr. Thacker) had the floor.

Some hon. Members: Hear, hear!

Mr. Thacker: Mr. Speaker, at 5 p.m. I had been speaking for some ten minutes, and I had been setting out some of my thoughts on the principle of these sections which are before the House in Bill C-53. At that time, I was pointing out that there has been a general lowering of standards in our country over the last few years, and I think most hon. members would agree. One need only look at the television programs which are the daily fare of our young people, who are of prime interest to me. One need only go into the bookstores and see the books

which are on display to know that the input our children are receiving can have no other possible effect than to lower standards, moral, legal and other.

One looks at the abortion statistics and finds that, in the last year, we as a society effectively killed 67,000 unborn children.

Some hon. Members: Shame!

Mr. Thacker: We did that in the face of medical evidence which showed, beyond any shadow of a doubt, that from the moment of conception a life has been created, a life which is entirely separated from the life of the mother except for a support system which lasts for a very few short months. However, in the face of all that scientific evidence, there were 67,000 abortions. I would not for one moment blame the vast majority of the young girls who have abortions, because when one looks at their conduct from the Christian perspective of tolerance, understanding and patience, one realizes that they have been faced with the daily bombardment of television, movies and books. They look to the conduct of their peer groups and, particularly, to the conduct of the older members of society. How could they do otherwise? I do not think we should ever criticize them.

Therefore, our job as legislators is surely to attempt to come up with some standard upon which we can all agree, one which we can hold out to our society as being the very minimum standard. We would certainly hope everyone would operate at a much higher standard than that; but we would want to have a minimum standard which is at least high enough to perpetuate our society. There is no doubt that if we carry on in the manner we are now, our society, as we know it, will end. The wheel of history has turned over all sorts of groups of people who came together as societies and who simply failed because they permitted the standards to which they aspired to drop.

We know that as a society in Canada, we are at an interface between two major industrial and post-industrial societies. Therefore, we are now changing, just as we developed from a nomadic society to an agricultural society, which caused stress on the people who went through that change, and just as we evolved from a rural, agricultural society to the industrial society. Those who read history know that the two or three generations of individuals throughout that transition suffered terribly. The rights of individuals failed, and the people did terrible things to themselves.

Only a few short years ago, 90 per cent of our people were on farms and in small communities with less than 10 per cent in the cities. Now over 90 per cent of people are in the cities, and we are a highly industrialized society. It will take us a while, probably two or three generations, to work out the new checks and balances between people and groups so that our society can become more stable. It seems to me that our job as legislators is, particularly, to protect the youth during this transition period. Therefore, we should clearly understand why we want to protect the youth. I suppose we could say that we need no laws at all, that everyone will be subject to his own personal sanction and the sanction of the people and the power around them. That is one way society can go. But we do not believe that in a democracy. We particularly want to protect our youth so that they will retain the opportunity to get out in society when they reach the proper age and to achieve their goals.

● (2010)

I am sure that you have worked with youth as most of us in this House have, Mr. Speaker. I believe, as sophisticated as children are in terms of the knowledge to which they are exposed, that they lack the emotional maturity to make conscious decisions about sexual matters and how to interact with their peer groups until they reach at least 17 or 18 years of age.

While we are protecting young girls and boys under the age of 18 and girls between 14 and 16, once they reach the magical age of 16, we have no further special protection for them other than the new sexual misconduct clauses under which it will be very difficult to obtain any sort of conviction in a situation where it is peer group versus peer group. Certainly for an age group difference of less than three years between a boy and a girl, it will be very difficult to obtain any sort of conviction. Therefore, we should recognize that fact.

I have no problem at all in speaking to high school students and telling them that that is my firm belief as a result of my experience in life. If we put the argument to them that if they will simply trust us because they lack the experience base upon which to make those important life decisions, life decisions that will forever affect their lives adversely if they make a mistake, I find that most young people have no problem accepting it. They agree that we should be setting a high standard.

For a few moments I would like to discuss some of the specific clauses of Bill C-53. The first part deals with the sexual exploitation of young people. The Criminal Code of Canada under Section 146, which deals with sexual intercourse with females under the age of 14, reads as follows:

> 146. (1) Every male person who has sexual intercourse with a female person who
>
> (*a*) is not his wife, and
>
> (*b*) is under the age of fourteen years,
>
> whether or not he believes that she is fourteen years of age or more, is guilty of an indictable offence and is liable to imprisonment for life.

That section will be dropped and in its place, we will have Clause 166(1) which reads as follows:

> 166. (1) Everyone who engages in or procures sexual misconduct with or by a person who
>
> (*a*) is not his spouse, and
>
> (*b*) is under the age of fourteen years,
>
> is guilty of an indictable offence and is liable to imprisonment for ten years.

Hon. members can see that the definition of sexual intercourse has been changed to sexual misconduct. I believe the question arises as to whether or not this covers ordinary sexual intercourse because the words are "sexual misconduct". Does sexual misconduct cover ordinary sexual intercourse? That question is not set forth or covered in the statute. The words

sexual misconduct are not defined. The committee should look at that area in detail and hear evidence on it from experts.

A great part of this clause is to try and legitimize and save the young people in the 15 to 18-year age group from having criminal charges pressed against them as a result of what some people describe as ordinary conduct for young people in that age group, such as fondling, petting etc, that is seen to be normal in some cases but which I am not sure, as a matter of criminal law, we should be trying to cover at all, at least to make it legal.

It is also clear that the penalty under this new clause has been changed from life imprisonment to that of ten years in prison. It will be interesting to hear what the government has to say as to why it felt it should put forth this policy for the people of Canada. It will be interesting to hear what the experts have to say, and we will want to follow up on that as well.

Section 146(2) of the Criminal Code reads:

> Every male person who has sexual intercourse with a female person who
>
> (*a*) is not his wife,
>
> (*b*) is of previously chaste character, and
>
> (*c*) is fourteen years of age or more and is under the age of sixteen years,
>
> whether or not he believes that she is sixteen years of age or more, is guilty of an indictable offence and is liable to imprisonment for five years.

That was the special section of protection for females between the ages of 14 and 16 years. That section has been carried forward with some changes into the new bill. It will be numbered Clause 167(1), and it reads:

> Every one who engages in or procures sexual misconduct with or by a person who
>
> (*a*) is not spouse, and
>
> (*b*) is fourteen years of age or more and is under the age of sixteen years,
>
> is guilty of an indictable offence and is liable to imprisonment for five years.

Clause 167 sets forth several defences. For example, if the boy is under the age of 16, that would constitute a defence. If the boy is less than three years older than the girl, that would constitute a defence.

However, the following is interesting. We read:

> (2) No one shall be found guilty of an offence under subsection (1) if he establishes that
>
> (*b*) he is less responsible than the complainant for the sexual misconduct that took place.

It has always been a principle of our criminal law that if the boy could show that he was no more responsible—those are the words in the old act—then a judge or a jury could acquit him. But the standard under these new laws, and the onus would be on the person charged to prove that he is less responsible. In the case of two 17-year-old people, how could you possibly show that the boy was less responsible than the girl?

As a matter of evidence, and as a practising lawyer, I can tell hon. members that it would be very difficult to meet that requirement. I believe that to leave that clause in is worse than to leave it out.

Over all we must agree that the clause protects both males and females equally. It removes anachronism, or at least what some people say is anachronism.

Section 152 in the Criminal Code permitted a man to be charged if he seduced a girl under promise of marriage. That section is to be removed in its entirety. But again, I wonder if that is wise. I hope that hon. members will study that section. In other sections of the act we admit 18 is the age at which girls achieve full maturity. In effect, we are saying that girls between the ages of 16 and 18 have no protection at all in the case where an older man seduces them under the promise of marriage.

Bill C-53 has Clause 168 in it. This deals with sexual misconduct by a parent with a child under the age of 16. Again, we are faced with the question of what the definition of sexual misconduct is. Does it cover petting or fondling? What if a father kisses his daughter goodbye on her way to school, does that have the potential of a charge being laid if a daughter becomes spiteful and wants to insist on a charge being laid? That section has a penalty of ten years. I have to ask whether that is enough, because we do know from statistics that the incidence of parents being involved sexually with their children is increasing. That is very regrettable, but clearly it is a fact of life. More people are being divorced. Men and women are taking on common-law spouses, or new spouses who do not have the same parent-child relationship with their stepchildren, and it is simply easy for them to become involved, given the situations that occur in many, many homes. I wonder if ten years is enough as a signal from us as parliamentarians to the judges who sit out there. I particularly wonder if it is enough when you consider that there is automatically a remission of one-third of the sentence, and that the parole board gets involved and automatically reduces that sentence still further. When we as parliamentarians set ten years as the maximum penalty, we are really not giving the judges much leeway in imposing a sentence that is good in terms of preventing other people from committing similar acts. That is what we normally would call a deterrent.

● (2020)

Section 168(2), deals with the use of premises and is no doubt very good. This relates to a growing problem in our society that has to be dealt with. Section 168.1 deals with incest, and I wonder how witnesses will respond to this because again the penalty has been reduced from 14 years to ten years.

Section 168.2 deals with visual representation of sexually explicit conduct of young persons, namely, pornography. That is a new section. This is clearly a growing problem in our society, and I am wondering why, as a matter of government policy, the Minister of Justice (Mr. Chrétien) has brought the bill forward with a penalty of only five years. Surely it is very damaging to young children to be used in making pornographic movies because they might even have the image of themselves as heroes when clearly that is not the case and their whole lives will be affected as a result. When an adult takes a 16-year-old person and gets him or her started in that kind of

activity and the child comes to believe that is a legitimate way of life and carries on in that way, surely that is a loss to society as a whole. When we say the penalty will be only five years, again given the remission provisions and the parole board, that is not much of a signal to our courts that we deem that to be important, and that that kind of conduct should be discouraged.

Section 249 deals with the abduction of unmarried persons under 16 years of age. Section 250 deals with the abduction of children under 16 years of age. I can say to you, sir, these are very good provisions, particularly in the case of divorced parents, because in many, many cases it is an absolute tragedy what happens to young children. Parents who are divorced sometimes steal these children back and forth. They are sometimes mean and vicious, using these children as though they were hammers and sledges with which to beat each other over the head, with no concern for the child; often claiming great concern for the child, but in fact using the child as a weapon to attack the other parent. Meanwhile, the children are becoming increasingly confused, and as parliamentarians I believe we should speak on that very loudly, sending a signal to parents that children have interests that go beyond the mean, narrow and selfish views of the parents.

We could then go on to other sections that deal with gross indecency, buggery and bestiality. In fact, under the present law those are offences. Under the new law they will no longer be offences. Buggery and bestiality simply disappear from our laws. Again, I am not sure that is what we should be doing in society.

Many times we believe we are updating and modernizing our law, but we are forgetting the fact that those sections were put in by people who were every bit as intelligent as are we, or think we are. They were put in as a result of the common experiences of their societies and because they found them to be necessary. I think we should look carefully at these offences before we pull them out.

People are often very unhappy with high interest rates and they go back to the biblical injunction against usury. Some seem to think that is in the Bible as a matter of religion. In fact, the parts of the Bible on usury flowed from the common experience of society at that time with high interest rates. They learned from practical experience that high interest rates cause a great concentration of wealth in the hands of the people who already have wealth and, in fact, create a class society that leads to the downfall of that society. That is why there is a section in the Bible against usury. Before we take out these sections we should be sure we understand as a society that we are doing the right thing.

There are quite a few changes dealing with assault. As you know, under the present code we have Section 245 which deals with common assault. That same section in another subsection deals with assault causing bodily harm. We have a separate section which deals with bodily harm with intent to wound, and there is a fourth section that deals with assault with intent to commit an indictable offence, and assaulting police officers.

Bill C-53 replaces that present system with offences of assault, assault causing serious bodily harm, unlawfully causing serious bodily harm and assaulting a police officer. There is no doubt that, from a positive point of view, it is in conformity with some of the basic criminal law principles. It expresses an instruction regarding reasonableness. There is a problem in that a mistake of fact must be reasonable and not just honest.

Finally, the bill deals with sexual assaults. This is perhaps the part of the bill that gets the maximum coverage and is probably a very good reason why the bill should not be dealt with as an omnibus bill. Some of us have some pretty strong feelings about many of these other sections, yet feel that this part on rape and sexual assault has some very positive provisions which should be brought in. I believe if the government were to split the package, it would be much easier to get at least some parts passed very quickly.

Under the present Criminal Code, Section 143 deals with rape, Section 149 deals with indecent assault on females and Section 156 deals with indecent assault on males.

In 1979 there were some 3,388 rape cases reported. We know, as a broad general statistic, that only one of eight rapes is actually reported because most women are just too embarrassed to raise the matter. They know that the trial and the publicity is often more harmful to them personally than the rape, however violent, vicious and awful it might be. Under the new code Section 246.1 says:

> Every one who commits a sexual assault is guilty of an indictable offence and is liable to imprisonment for ten years.

● (2030)

Section 246.2(1) reads:

> Everyone who commits an aggravated sexual assault who
>
> (a) uses a weapon during or at the time he commits a sexual assault; or
>
> (b) commits a sexual assault that causes serious bodily harm.
>
> (2) Everyone who commits an aggravated assault is guilty of an indictable offence and is liable to imprisonment for life.

That has now been dropped as a matter of government policy to ten years, and again that sends quite an improper signal to our judges as to how we as parliamentarians want that dealt with and how we feel Canadians want that dealt with. I suppose that provision for ten years will stay unless the public indicates to all of us as members with sufficient force that they want to have a harsher punishment. Perhaps if 20 years were served, that might be better than ten years.

It is also interesting to note that under aggravated sexual assault there can only be a conviction under that section if the person is using a weapon. A weapon is not often necessary in a case where the attacker is a big man. Surely you can still have aggravated assault without a weapon. Just the difference in size would put many women at a very real disadvantage.

The section also points out that the woman must suffer serious bodily harm. We all know that a punch in the nose heals within a short time, but when a woman has her apartment door broken down and has been dragged into her bedroom and thrown on the floor, it is an emotional trauma and

an indignity for her which is far greater and lasts far longer than an actual physical punch in the nose.

Another problem with the whole section is that sexual assault is not defined. There are many situations which might arise that may result in convictions that Parliament would not want, or vice versa. Surely with the collective wisdom of cabinet, Parliament and the skilled bureaucracy, along with all the witnesses who come forward, we should be able to arrive at a proper definition which is far more meaningful than the one we have. If we do not, it will be left entirely to the judiciary, and I think that they will be so busy dealing with the new constitutional provisions that they probably will not have time to decipher this. We could be doing that ourselves. I could say much more because this is an omnibus bill which covers many other areas, but I will leave time for other members to speak.

Mr. Jim Hawkes (Calgary West): Mr. Speaker, I rise to speak to the omnibus bill known as C-53 which proposes to change some of the aspects of the Criminal Code of Canada. After being a member for two and half years, I am beginning to understand the rhythms of the chamber and to carry a deep appreciation of the constitutional process and its implications on the lives of Canadians.

I rise to speak to this bill during this stage of discussion of principle, which is appropriate. To the backbenchers on the government side and to hon. members on this side of the House, I would say that as we discuss these changes to the Criminal Code, I hope we will approach the task and employ a process which is quite different from the process which was used to change the Constitution. I think it is important that we do not approach the issue of amendments to the Criminal Code of Canada with any sense of partisanship. We should deal with the amendments to the Criminal Code with the intent to define our values. I feel that we should be free in this chamber, in committee and at all stages, to work collectively to gather information of the possible implications that the proposed changes will have on Canadians. We could obtain this knowledge by bringing forward the experts we need to interpret the common law words we intend to use. These experts could help us to understand the implications that a bill such as this would have on Canadian society today and in the future. If the Liberal backbenchers allow themselves to be forced into a position of supporting one cabinet minister or one particular policy, they run the risk of doing a disservice to Canadians which will last for a long time.

That was perhaps one of the greatest tragedies during the long constitutional debate. As a Member of Parliament I was present at 50 of the 56 public hearings. Many groups of concerned Canadians came forward to give us their opinion and share their perspective on what should be in the Canadian Constitution. They talked to the committee members, and I know that those committee members who sat in the room were affected by what they heard. I know that they understood. But the decisions were made by people who were not in the room. The decisions were made by people who did not hear the testimony and were brought forward by a minister and supported by a political party and its backbenchers who served on that committee. They supported those decisions, whether or not it was in accordance with the evidence on what would be good for the country.

The primary purpose for my intervention this evening is to say as distinctly as possible that we are dealing with some very difficult value issues which interface with the criminal justice system. Not one person in this country, whether he is a cabinet minister or a Supreme Court judge, has the wisdom to determine the best consequences for Canada. As this bill passes through the House this evening, it is important that we all have the collective will to ensure that when it goes to committee, the committee members will work hard enough and the process will last long enough to give sufficient time for Canadians who are knowledgeable of the issue to be summoned to give evidence. That testimony should be carefully examined. We should not allow ourselves to become the victims of the Department of Justice, to be subjected to their determination of the wording in the legislation. We should have alternative legal advice.

People in social work who deal with the issue of child abduction, family and marital problems should be allowed to testify about the reality of these problems in Canada and about the possible implications the wording of this bill might have on those situations.

• (2040)

If we do not approach this bill in this way, then we would better serve the nation if we did not change the situation at all, because in dealing with the crimes of rape, child abuse, child pornography and child abduction at least we have in place some systems which benefit from our experience in the common law. However, when we seek to revise those systems which are in place—and I think they need revision—if we do not do it in that spirit of open investigation and inquiry, we could make a bad situation worse. It is our responsibility not to move and not to make changes unless we have the information which gives us a sense of certitude that to move and to change will make the situation better in the future and more in accord with the kind of society we want to have and would value.

I stand here today because I see little evidence that Members of Parliament have an adequate opportunity in a variety of our processes to explore in a real way the issue of values and the implications of measures we pass in the House for the values we hold.

I rose in the House one day and put a series of three questions to the Minister of National Health and Welfare (Miss Bégin) about the budget. The Minister of Finance (Mr. MacEachen) has told us that the budget is a document with a social policy purpose, and that social policy purpose is equity. I have spent days examining whether there is equity in that budget, and I have concluded that there really is not. In some respects, yes, there is, but in most there is not. In the process of that examination I noted that the budget reflects the values of whoever created it. I wonder if those are the values of the Liberal Party of Canada and all those who sit on the benches opposite, whether they are the values of the cabinet and the

whole party or whether they are the values of a very small group of people in the centre. We do not have a process which allows us to look at the budget in terms of the values it expresses.

There is just one aspect of the budget I would like to identify for the House at this point. The budget expresses itself with some sense of clarity on the importance it places on the family in Canadian society.

Bill C-53 deals in part with the values we hold in relation to families. When I rose in the House to question the Minister of National Health and Welfare, I pointed out that there is a budget provision which provides that any adult Canadian can prepare for his retirement by owning a residence because the government leaves it tax free. The government will not levy capital gains tax when it is sold, and an adult Canadian can roll that into some kind of retirement plan. There is an encouragement to own a home, unless one is married. If a person has signed a marriage licence, the budget says he has half that right. He must share. If he chooses to live common law, gets a divorce or stays single, he can have a residence, enjoy whatever that gains for him and use it in retirement, but not if he signs a marriage license.

I examined the budget further. If I were a tax adviser, I could look at the budget and advise any married couple. I could look around this chamber and pick some Member of Parliament who is 30 or 35 years of age and married and say to him, "Go to a lawyer before the end of this year, get yourself a divorce and reach a financial settlement whereby you put half your income into the hands of your spouse." He and his spouse could live together common law from that point on. If he were to do that, the tax system would reward him to the tune of somewhere between $150 and $200 a month. There would be some $2,000 a year in tax savings if such a Member of Parliament were to go through the legal process of dissolving his marriage and live common law. How many members sitting on government backbenches recognize that the budget makes a social policy statement of that kind and reflects a value of that kind in two important respects? One is capital gains in terms of residence and the other is the actual income tax system itself. One of those inequities is new; the other has been there a long, long time. Is that in any way responsible for the fact that we have a society in which it seems to be more and more difficult for families to stay together or for marriages to endure, flourish and prosper?

When I look at this bill through that perspective, its wording causes me a great deal of concern. The wording of the child abduction clause leads me to think of the case of a divorce resulting in a child living with one of the parents. In this hypothetical case a 13 or 14-year-old child gets into a violent disagreement with that parent—children do that—and runs away. A logical place to run is to the other parent. As I read this legislation, a charge can be brought against a parent who welcomes his child into his home in that frightened state. As expressed in Bill C-53, the criminal law of this country would allow somebody to lay a criminal charge of abduction against that parent, and the penalty would be a maximum of 5 years in prison. I do not think that is what any minister of the Crown really wants. I am quite certain it is not what any member of this Parliament would want, but it sits there as a possibility in the current wording of the bill. I think it speaks eloquently about the point on which I began: the need for caution, the need to be non-political in a partisan sense and the need to have a committee process in which hon. members can work hard and hear witnesses who will provide them with the knowledge they need to comprehend in a real way what this bill will do.

As I was looking through this bill over the last few weeks, I obtained from the library some of the books and research information which deal with the variety of topics dealt with in this omnibus bill. The one I have in my hand at this moment is entitled "Rape: The Price of Coercive Sexuality". The statistics in it are perhaps the best available, but they are not very good. According to one statistic in this book, one quarter of those who commit offences such as rape are unemployed and fairly young. When I see the unemployment figures that are published monthly increasing in this country, and I see that it is our young people who suffer disproportionate amounts of unemployment, as a behaviourial scientist I must conclude that we can expect to see more crimes of this kind. If we do not do a good job with legislation related to the topics that are before us tonight, then we are not providing our society with the kind of tools that it needs to ensure that we do not have an explosion of the kind of crimes which are dealt with by this particular piece of legislation.

• (2050)

As a member of the constitutional committee, it made any member who served there for all those hours, acutely conscious of the inherent conflict between the notion of individual rights and the notion of group rights, and the dilemma of whether the individual shall have the right to do whatever he chooses, versus the right of a society or some element of that society to live in a situation which promotes the kind of values which they have.

In our society I guess a group right for a family is an important kind of element. We give parents a great deal of power to determine the kind of schooling that their children might get, as one kind of an example. Some people will send their children to a school that has a strong religious flavour. Others would send them to a school which did not, and they would choose the kind of religious flavour that they wanted their children to enjoy.

What we are dealing with in this bill is an attempt to define the rights of the group over the rights of the individual. We are saying that an individual may not do the following series of things. The hon. member for Lethbridge-Foothills (Mr. Thacker) identified some of the problems that exist in this bill in terms of that issue. The bill speaks about sexual misconduct and then is silent on defining what that is. The member for Lethbridge-Foothills indicated that perhaps as parliamentarians we need to put our minds to finding a somewhat more complete definition of that, or we can opt out and turn it over

to the judges, whose value systems may be an expression of the collective will as we experience it as people who are elected or who may be a discrepant group because of their training and experience and therefore may interpret those words in a way that is very different from what is in the minds of members of this chamber.

It seems to me that when one examines any piece of legislation which is dealing with the Criminal Code of Canada there is a sort of check list of concerns and of priorities that would run through one's mind. In some way I suspect that my check list of priorities is not the one that would immediately come to the minds of perhaps most members of the House, and certainly most members of Canadian society. It is because we have come to view our Criminal Code and our justice system from a certain perspective. When I lay out my priorities as to whether or not a particular piece of legislation affecting the Criminal Code will work, will be helpful, right at the top of my list is the concern for the victim. As a society, in a piece of legislation, in the systems we have in place, do we have adequate concern for the victim? That is at the top of my list. As one looks at the crime of rape and as one talks to people who are knowledgeable in that area and who work in rape crisis centres, they will tell you, with a great deal of clarity, that the rape which has been inflicted on the victim is bad, traumatic and very upsetting. However, far too often the treatment of the victim which follows from the rape is worse than the actual rape itself.

As we look at Bill C-53, we are trying to show some concern for the victim in the sense of trying to make the crime less potent in the vocabulary that we use—we now talk about assault rather than rape—we try to make it easier for the victim to go through the necessary process of testifying. That is quite an achievement, and one which members on this side of the House will support. It is equally important to recognize that the Criminal Code can be used to create a victim. From time to time the victim in our criminal justice system is someone who is unjustly accused.

In the area of a crime such as rape or sexual assault, we do have a tendency from time to time to accuse people unjustly. The minute that becomes public knowledge, they are a victim, whether innocent or not innocent. If they were unjustly accused of a crime of robbery of a small amount and the courts were subsequently to discover they had been unjustly accused, they would have been victims, but they would not be dealt with with the same sense of severity that will accrue to those who have been charged in a court of law with an offence of the kind that is identified in Bill C-53. Think of offences against children, sexual offences or child abduction. To be accused of any one of those is to create a problem to make a victim out of someone if, in fact, that person has not committed the offence.

As I read through the bill, is there not a fatal flaw in the fact that we are treating these kinds of concerns in the same way that we might treat a bank robber? We go immediately from some kind of police investigation to a formal charge in a court of law, to a criminal charge which is public. Yet we are dealing with situations that, in many cases, are intra-family, that occur between family members. We are dealing with situations that occur between lovers, people who cared a great deal about each other at one point in time, and through some set of circumstances, create trouble for each other at another point in time. I wonder if we as a parliament would have the wisdom to start from a slightly different beginning point with the concern for the victim. If we have the wisdom to design a process which is more adequate and takes into account our concerns about these offences, a process which provides perhaps a more thorough investigation before charges are laid and provides a broader based professional group to do the investigating, rather than only police personnel, we can be sure, before going to the criminal justice process, that we have done the best we can do for all potential victims. In many cases everyone involved in the situation will turn out to be victims; their lives will never be the same.

• (2100)

Can we really get a clear handle on the protection of victims as the starting point for this piece of legislation? Can we get the witnesses we require? Can we dig inside ourselves for the wisdom to think somewhat differently and to create our law somewhat differently so that we will not risk the future of victims, whether they are innocent children or adults? I say to hon. members of the House that I hope we can approach it with that kind of spirit. Can we balance that? Do we have the wisdom to balance that with the need to protect future victims from the excesses of persons who are likely to repeat their crimes? Are we sure that we have included in this legislation the mechanism to convict people who really should be convicted? Have we included the mechanism to subsequently deal with them for long periods of time and in ways which are required, so that potential future victims do not become the victims of people who commit such crimes? The third priority should be the punishment priority or the rehabilitation priority, but that should be only the third priority, after we have dealt with the first two.

I should like to talk for a longer period of time, but the risk one runs in such situations is that one might provide such a large set of ideas that the ones one started with become obscured. In conclusion, I reiterate that we should have a decent process as we approach the bill. We should forget our party labels, work collectively and examine witnesses. We should examine thoroughly the problem which exists in society and all proposed solutions. Then, in a year's time we may be in a position to deal with the bill in third reading. We will have amended it quite a bit but with some sense of good feeling among hon. members that we have a good piece of legislation which will do a good job for Canada—adults and children of the future. I hope that is that spirit in which we approach this bill.

Some hon. Members: Hear, hear!

Hon. Bill Jarvis (Perth): Mr. Speaker, I support Bill C-53 in principle. I see many warts and many blemishes, none of which in my view are fatal, none of which are beyond correc-

tion or improvement in committee. Of course I sincerely believe that this is a committee bill.

There has been some suggestion that we have dealt with it for too long. I think spokesmen for the New Democratic Party asked at one point for agreement that there only be one speaker, limited debate for a day, or something of that nature. I was very much opposed to the suggestion. I do not think the bill needs to be considered day after day, it is a bill on which various hon. members on all sides of the House should comment because it touches the lives of many of our constituents.

It is an omnibus bill. In principle I have never been happy with omnibus bills, particularly those amending the Criminal Code, because they were often used as vehicles by a succession of governments wherein they would sugarcoat an unacceptable amendment with a variety of amendments which had been long sought and long desired. I cannot make the same accusation with equal force about this omnibus bill. I would have preferred that sexual assault amendments be dealt with separately. But I want to emphasize that omnibus bills amending the Criminal Code should not become the rule but preferably the exception.

The bill has had an unhappy history. When it was first introduced by the then minister of justice, the Hon. Ron Basford, three and a half or four years ago, I remember how deplorable was the timing of the introduction of that legislation. It preceded by only three or four months the long-awaited report of the Law Reform Commission on the same subject. I thought the then minister of justice was doing a grave disservice to the commission. It was referred to again in the Speech from the Throne in April, 1980, and finally introduced in Parliament by the then parliamentary secretary to the minister of justice. I know and respect the parliamentary secretary, the hon. member for Sault Ste. Marie (Mr. Irwin), but I suggest that any significant amendment to the Criminal Code deserves to be introduced on second reading in the House by the Minister of Justice (Mr. Chrétien), not his parliamentary secretary.

There are a number of important matters that are dealt with in the legislation, any one of which could command our exclusive attention—child pornography, sexual exploitation of young persons and public decency. As much as I am tempted to dwell on some of these important aspects, I wish to deal exclusively with the amendments regarding sexual assault. I almost made a fatal mistake today because I recalled making a speech on this subject some seven or eight years ago, and I almost looked it up. But I was wise enough to stop at the last moment. I cannot remember the circumstances. I know it was not legislation. I believe it was private members' hour, an allotted day or something like that. I remember late in the evening, on about five minutes' notice, rising and saying, "When, oh when will we be rid of the rape provisions in the Criminal Code?" I went on at some length, and as a result I received a considerable amount of mail, both in support and against. I am not so naive as to suggest that my speech prompted this legislation, but I recall saying without reservation and without qualification that the offence of rape must be absolutely done away with.

I dealt with two aspects of the offence of rape. The one which was hard to come to grips with was the dirty and smutty aspect, the multitude of clichés normally directed at victims of which we are all aware. For example, an unacceptable aspect of the offence is when young children look up the word "rape" in the dictionary and giggle. Another much more important aspect is the nature of the crime. I do not pretend to be a legal historian, but historically it was an offence against property, not a matter of protecting the integrity of a person. If a man's wife or daughter was defiled, his property was defiled; that is the history of this offence.

• (2110)

The wife or daughter was a chattel and when someone offended that chattel, the husband or the parent had recourse against the perpetrator of that offence. That is our history.

Perhaps this is not a good analogy, Mr. Speaker, but I remember very well acting for a farmer who owned a pure-bred heifer. A neighbour's bull broke down the fence between them and impregnated the heifer. I sued on behalf of the owner of the heifer and was quite successful. There is a great deal to be said about the offence of rape that is similar to that civil suit which I successfully prosecuted.

Those of us who have practised criminal law have certain cases that we will never forget. I remember an incest case, one which was very difficult for a young lawyer. I met the accused at the preliminary trial. We went through the preliminary hearings, through the trial, and by the end of it all I was absolutely convinced that my client did not know that incest was a criminal offence. He regarded that child as a piece of property and he, being the owner, could do nothing to that property that would offend the criminal law. I was not too busy at the time and I was so concerned about the case that I did some further investigation. The law school of the University of Southern California sent me a doctorate paper which showed that people in a certain vocation, to which my client happened to belong, commonly did not know that incest was a criminal offence.

The report of the Canadian Advisory Council on the Status of Women states that in 1979, just under 3,400 rapes were reported in this country, and that their information indicates that only one in eight rape cases were reported to law enforcement agencies. I presume that of the seven unreported, the decision was not left in the hands of the victim but was made by the parent or the husband. I think that situation is completely unacceptable in this century and therefore I say with all the force I can muster that we should do away with the offence of rape.

I support the principle in the bill of equal protection for and sanctions against males and females. That provision is long overdue. I have a personal view with respect to the description of the new offences of sexual assault and aggravated sexual assault. I do not like adjectives in the Criminal Code. Of course that is a sweeping generalization and I understand the

necessity of having descriptive words such as "sexual" and "aggravated sexual" in certain sections. I wonder if this does not continue to maintain an undue emphasis on the sexual nature of the offence, however.

I want to adopt the personal view of one of my colleagues, the hon. member for Saskatoon West (Mr. Hnatyshyn). On July 7 he said in the House, as reported at page 11307 of *Hansard*:

> It is my personal view that it is wise and advisable for the law to recognize that sexual assaults are crimes of violence and that their sexual character is a secondary feature.

I support that, Mr. Speaker. I have defended theft cases where the whole nature of the offence was sexual—the theft of women's clothing off a clothes line. That was a completely sexual offence, but the charge was obviously theft and the sexual aspect played no part in the trial, the conviction or the sentencing.

On the other hand I defended a brutal rape case where the whole nature of the offence was that the accused wished to prove male dominance over the victim. The fact that it had a sexual connotation had absolutely nothing to do with the offence. The accused could just as easily have taken a knife and carved the poor woman to ribbons without any penetration or any sexual aspect to the offence. He could have done that just as easily because he had to prove that as a male he was going to be dominant over his victim. It troubles me when I see adjectives such as "sexual assault" and "aggravated sexual assault" in the bill.

I wish the committee wisdom in its deliberations, Mr. Speaker. I served on that committee for a number of years and I have profound respect for it. It has some difficult days ahead so I wish it well. I am delighted to see that the minister has entered the House, Mr. Speaker. I understand the heavy burden of work that committee had in this session, but I hope it can and will deal with the difficulties in this bill by listening to the broadest range of views that is possible.

I am the last person to ask that a proliferation of sexual offences be included in the Criminal Code, but I must say that I agree with the National Association of Women and the Law which made three basic points in its brief.

First of all, the lowest level of sexual assault must include an option to proceed by indictment or by summary conviction. I think that must be included in order to deal with what we may feel is the knowing behaviour but which, to some victims, is traumatic, upsetting, disturbing and humiliating. The groper on the subway, for example, or that type of behaviour, could be dealt with by summary conviction at the option of the Crown.

Second, the term "serious bodily harm" should be deleted, in my view, and replaced with "bodily harm".

Third, I believe there should be another level of assault which is parallel to the general assault provisions of the code—assault with intent to maim or endanger life.

I understand the concern there is over sentencing, which has been expressed by the attorney general of Ontario for whom I have a profound respect—and I do not say that in any partisan sense. He is very concerned with the sentencing provision. I acknowledge the concern of my colleagues and others in the House who make the argument that a reduction in the maximum sentence could lead the public to believe that these crimes are being treated as less serious social behaviour. On the other hand, I am concerned that unacceptable, brutal and humiliating conduct may go unpunished or undeterred because of lack of prosecution. No one should try to convince us that jury equity is only a theory; juries know what the maximum sentence is and will balance it out.

I believe the committee will face its greatest test with the sexual assault clause on the sentencing aspect and I wish them wisdom. I hope they find it from the witnesses who must be called before it.

I notice the minister is now in the House, Mr. Speaker, and I presume he may wish to close the debate. I appreciate having had the opportunity to participate.

Some hon. Members: Hear, hear!

• (2120)

[*Translation*]

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Mr. Speaker, I have received comments on Bill C-53 from a number of national, provincial and local associations, from the attorneys general of the provinces, from the ministers responsible for health and welfare and from the general public. I found that the majority supported the proposed legislation and its underlying principles. I have noted these constructive comments for they will certainly be helpful when I consider amending Bill C-53. I shall not go into the particulars of the bill, as there will be ample opportunity to do so in committee.

[*English*]

I am certain that the Justice and Legal Affairs Committee will be inviting many of those who have indicated their interest in this topic to appear before the committee. I am hopeful that the committee will begin consideration of the bill early in the new year. A few hon. members, in their speeches on this bill in the House and in questions posed to me when I appeared before the Justice and Legal Affairs Committee on December 1 have suggested other topic areas, such as soliciting for the purpose of prositution and bawdy houses, that should be included in this bill. Some of those who have submitted briefs argue that Bill C-53 should tighten the law to specify that "pressing or persistent" conduct would not be necessary to obtain convictions under Section 195.1 of the Criminal Code. Other groups, such as the National Association of Women and the Law and civil liberties organizations, have recommended deletion of Section 195.1, considering that it penalizes mostly women, or, failing that, ensuring that customers who do the soliciting be included in the offence of soliciting for the purpose of prostitution.

I am well aware of the social nuisance of problems of inconvenience caused by the practice of soliciting for the purpose of prostitution in public and the problems associated with the enforcement of the bawdy house provision, as well as the complications that may result from the recent decision of the Supreme Court of Canada in the Galjot and Whitter cases.

We need to examine carefully whether the problem of street soliciting, for example, can best be resolved by criminal sanctions or by sanctions under provincial law such as occur in Nova Scotia under provincial loitering legislation.

[*Translation*]

As hon. members probably know, last week the by-laws of the City of Montreal were declared ultra vires by the Quebec Superior Court because they govern acts that already fall under the Criminal Code. I realize that this is another aspect that must be carefully considered, and I hope that the Committee on Justice and Legal Affairs will examine this question thoroughly when considering Bill C-53. In any case, all individuals and agencies concerned will have a chance to air their views. Finally, I should also like to point out—

[*English*]

—in the speeches by the hon. member for Vancouver Centre (Miss Carney) I have noticed that she was pretty preoccupied and concerned about the situation. I am most sympathetic as I think it is a difficult problem. However, I have just indicated that in Nova Scotia some decisions of the court have permitted the police to operate quite successfully without reversal in appellate divisions. There is a similar situation with the present provisions in the city of Toronto where people who are soliciting have been arrested, and the police have been rather successful in court. I am wondering why it is so difficult to proceed in other provinces when it is possible in some provinces with the existing law. It is not an easy problem.

My predecessor, Mr. Flynn, very clearly said that we should not amend the Criminal Code and that such matters should be dealt with through either the loitering legislation of the provinces or through the municipal bylaws. At that time, I did not agree; but with the recent development of efficiency and judgments with regard to the situation in some provinces, perhaps he was right. Therefore, if he was right, I will be delighted to recognize that. However, I would like the members of this committee to look at these solutions and invite some witnesses. Some people think that if we press too hard concerning the provision respecting solicitation, especially the women's groups which feel that it is oppressive to women, it might be more than they would like or the legislature would like. I found, from discussions and after waiting for the decision of the Supreme Court in the Galjot case, that the problem was not as easy as I had expected it would be.

I would like the committee to look at all these aspects, even if they are not clearly stated in the bill. I also noted the speech of the hon. member for Nepean-Carleton (Mr. Baker) who said that it would have been nice if we had discussed these matters before. However, I would like to tell him that this bill does not concern a new subject, but one which has been debated for some time. The Law Reform Commission has looked into the matter and some work has been done since. There was discussion at the time that Mr. Basford tabled Bill C-52 on the same subject. We never managed to proceed, but there was some debate. The House is not seized with a brand new problem. It has been debated in many instances in the House, in committee and in the public.

I now hope that members of the committee will look at the problems. We will debate it and hear witnesses. I am open to suggestions. However, the problem is that it is always extremely difficult to balance freedom and order. Judgments always affect both sides, generally speaking, because if one goes too far in one direction, one will perhaps create a problem concerning the freedom of the people; and if one goes in the other direction, one will have a problem with a society which is a bit too lenient.

Therefore, I will do my best with the help of the members. I am glad the committee work on this subject will start early so that we can conclude the debate and the legislation early next year.

Some hon. Members: Hear, hear!

Mr. Deputy Speaker: Is the House ready for the question?

Some hon. Members: Question.

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

Some hon. Members: Agreed.

Some hon. Members: On division.

Motion agreed to, bill read the second time and referred to the Standing Committee on Justice and Legal Affairs.

* * *

[*Translation*]

CANADA NON-PROFIT CORPORATIONS ACT

MEASURE RESPECTING NON-PROFIT CORPORATIONS

Hon. André Ouellet (Minister of Consumer and Corporate Affairs) moved that Bill C-10, an act respecting Canadian non-profit corporations, be read the second time and referred to the Standing Committee on Justice and Legal Affairs.

He said: Mr. Speaker, I would like to table for second reading in the House today, Bill C-10, an Act respecting Canadian non-profit corporations. There are in Canada some 3,000 non-profit corporations that are federally incorporated, and the purpose of Bill C-10 is to modernize the legislation applying to such corporations. Generally speaking, the bill's aim is to establish rules and guidelines for all those involved in the administration of non-profit corporations, and this includes managers, professional advisers, consultants and government employees. Under the bill, directors of non-profit corporations

have flexible and extensive management powers, subject, of course, to the right of members to verify any abuse on the part of the directors and subject to their right to take an active part in management.

Mr. Speaker, this bill, as it stands today, is the result of many consultations. Its content is similar to that of three previous bills: S-3, S-4 and S-7. All three were considered by the Senate Committee on Banking, Trade and Commerce, passed by the Senate and subsequently tabled in the House of Commons.

[*English*]

In fact, Mr. Speaker, the bill before us tonight is exactly the same legislation word for word, as which was introduced in 1979 by my predecessor, the current hon. member for Durham-Northumberland (Mr. Lawrence).

Mr. Baker (Nepean-Carleton): It is a fine bill.

[*Translation*]

Mr. Ouellet: At the time the bill was being drafted, briefs were submitted by representatives of various key groups with an interest in the bill. In fact, between December, 1977, and February, 1978, the Senate Committee on Banking, Trade and Commerce heard witnesses from the Canadian Chamber of Commerce, the Quebec Chamber of Commerce, the Toronto Board of Trade, the Institute of Association Executives and the Canadian Red Cross Society. These associations want this legislation, and in fact, Mr. Speaker, they have been waiting for it for a long time. Finally, the bill has the same objectives as Bill S-3, Bill S-4 and Bill S-7, that is, to establish a system in which members are treated equitably and are able to make an effective contribution to the administration of the corporation's internal affairs, and managers are free to pursue the objectives of their corporation. I therefore recommend that the members of this House support the bill.

• (2130)

[*English*]

Mr. Nielsen: Mr. Speaker, I rise on a point of order. I want to say, better late than never.

Mr. Albert Cooper (Peace River): Mr. Speaker, I take pleasure in having the opportunity to speak on this bill tonight. Somehow when one talks of charitable organizations, many images come to mind. We think of clubs, such as the Lions and the Kinsmen. We think of church organizations. But at the same time we think of other groups and the abuses that have occurred under the umbrella entitled charitable organizations. I think of groups such as the Moonies. I can think of kidnapping, brainwashing and programming and all those sorts of things that we have heard on the news lately. There is no doubt that is all part of this particular piece of legislation we are addressing tonight. It is a part of it, but it is not all of it.

First, I would like to look at what we would be dealing with, the purpose of laws when they are put before Parliament and what happens when we try to have them enacted into legislation. One of the first things we do in any law is to protect the innocent. We dealt with that earlier tonight when we spoke about rape laws, laws that affect sexual conduct and sexual offences. We think of criminal law. The primary focus and purpose of much of our criminal law is to deal with crimes perpetrated on innocent people.

The second aspect of any law is probably to preserve the interests of our society. In other words, if we were to look at it in this country, it is to encourage the development of a Canadian way of life, a Canadian lifestyle, a Canadian framework for our organizations.

The third element of any law is probably to ensure order and peace, basically to have a peaceful environment. The fourth one is a difficult one and one with which parliamentarians must always grapple, that is the idea of ensuring majority rule, but at the same time going to great lengths and being very careful to protect the rights, the concerns, the difficulties and the problems that minorities face. With that in mind, I think we have to look at this particular piece of legislation.

Bill C-10, an act respecting Canadian non-profit organizations does try to protect the innocent. There are several clauses in the bill which deal with protection, the protection of the membership and its members from abuse, from difficulties and from disputes. That is one of the primary focuses of this bill.

The second purpose of any good legislation is to preserve the interests of our society. In other words, what we will try to achieve in our charitable organizations. We would look to encourage honesty. We would look to encourage legitimacy. We would look to encourage consistency in terms of the Canadian way of life and the principles and the objects that we would consider important with what we as Canadians view as right and would like to see reflected in our legislation.

The third aim of good legislation which we must consider is to attempt to ensure order and peace. Again, this legislation tries to deal with that. It would try to discourage societies that would be violent and basically dishonest, abusing the principles of a charitable organization or generally doing anything that would disrupt what we consider good order, good government and good opportunity within our government.

The fourth purpose is to deal with the attempt to ensure majority rule, but at the same time to try to protect the minority. As we study Bill C-10, we see there is plenty of room left to protect individual members from their own organization. They have plenty of opportunities through this bill to appeal to the courts, so much so that I begin to have some concerns about this part of the legislation.

After having looked briefly at the laws and our purposes for laws and what this legislation tries to reflect, what we must do is try to have a look at the purposes of charitable organizations as we see them. We should look at the importance and the role they play within our society.

The first purpose of a charitable organization—and I say first although that necessarily does not mean it is the first order of priority—would be what one would call fellowship, in other words, companionship among members, a sense of

belonging, a sense of community, a sense of togetherness and a sense of common direction, common beliefs and common philosophy. To go one step further, its purpose is the promotion of similar ideas and concepts.

The second purpose of a charitable organization is to benefit those with a specific need. As we take a look at the charitable organizations in Canada today, we can see that they cover the whole gamut, the full circle of people or objects within our society with a specific need. We have such things as art societies, animal societies and societies that deal with prisoners, whether Canadian or foreign, or prisoners held behind the Iron Curtain. I think of Amnesty International and that type of organization.

The second area of need would be physical need, for instance, food, clothing and shelter. Still another one would be emotional need. I think specifically of such areas as counselling victims of crime and victims of stress. Just recently in my own riding I have seen some of the concerns that emanate from that. Over the last couple of years we have experienced a booming economy. We have seen charitable organizations that have provided counselling for families that are suffering from some of the traumatic experiences that come with sudden economic growth which tend to put pressure on the family unit and cause all sorts of pain, destruction and hurt.

The third area is propagation of viewpoints. That is where the charitable organization gets together and really has a sense of joining of like-minded people. Their purpose is to teach the people within their organization about the principles, the guidelines and the goals they wish to foster and propagate. They strive to instruct their members and bring them to a mature approach that is consistent with their organization and the beliefs they propagate. Another area, of course, has to be the seeking out of new members, proselytizing, trying to bring new people into the corporation.

● (2140)

My interest in this bill comes from my keen interest in charitable organizations and from the concept I have of charitable organizations. I tend to think of them as being small groups. Charitable organizations are, in my opinion, largely small groups, minority groups, which tend to reflect a minority position, attitude and idea. They tend to have very genuine and very real reasons for their existence. As I said, I think that is one of the most important parts and most fundamental foundations for the way in which I approach Bill C-10. They tend to be small, and any legislation that attempts to deal with them, attempts to address them or their problems must, therefore, recognize the fact that we are not dealing on the average with large corporations.

Of course, there are exceptions. We do have charitable organizations with very large memberships. We do have charitable organizations that are motivated by selfishness, organizations which have been taking advantage of the charitable donations aspect of the laws in order to accumulate wealth and personal gain. We have seen them used as vehicles of abuse. I believe very strongly that in fact these are the exceptions rather than the rule.

As we approach this bill I think it is very important and fundamental that we think in terms of the small organizations which will in fact be affected by the bill. In order to emphasize that, I would like to turn first in Bill C-10 to the definition section which defines charitable organizations. It says:

"charitable corporation" means a corporation incorporated or continued under this act to carry on activities that are primarily for the benefit of the public;

Then it states:

"corporation" means a body corporate incorporated or continued under this Act and not discontinued under this Act;

That is a very broad definition. We wonder, when looking at that, just what it means. The description tends to create in our minds a picture of largeness, grandness, bigness, when in fact what it should bring to mind, because of what it really does define and stand for, is little organizations like Lions Clubs. I have them sprinkled all through my riding; Lions Clubs of ten, 12, 15 members; Kinsmen Clubs, Knights of Columbus, Masons and churches. I think it is important that we recognize that churches represent, in fact, a very important group that will be affected by this particular legislation. That fact has been downplayed in any publicity I have seen about the bill.

In looking into the matter this afternoon I discovered that churches will be covered by this particular legislation. Therefore, I think this causes us some concern and we should give this bill a great deal of consideration. If we look at the size of the bill, we find it is all-encompassing, far-reaching and with many implications. It will have a strong impact on all of us in the House and on people sprinkled throughout my area. Therefore, I believe it deserves very careful consideration and investigation.

This afternoon while sitting in the House I learned that the government intended to bring this bill before us tonight. So I tried to carry out some investigation to find out what the bill is all about. I was surprised that Bill C-10 was to come forward today. I quickly sent out some feelers because I have distributed this bill to a few people asking for consideration and comment. Some of those comments have come back, but the majority have not yet reached me. I suddenly found myself confronted with a bill in respect of which there seemed to be very little resource material on which we could draw, and few sources of background information. On studying the bill. I found it to be massive and all-encompassaing, and it will in fact cause many changes. Therefore, it is important that we treat it with the seriousness it deserves.

I have some concerns about Bill C-10. The first is that in my view it will seriously complicate charitable organizations, those charitable organizations which, as I say, create in my mind a picture of small, simple groups, sometimes almost family affairs. Under this legislation they no longer will be simple. These will no longer be family affairs and will no longer be community affairs.

The best example of that, and the one that probably brought this bill into clear focus for me, came from the work I did last

week to assist a small church in my riding to obtain federal incorporation. That small church would probably have a membership of, I would guess, 20, 25, at the outside, 30 people. It is primarily a family church in a rural area and I expect the people will probably meet in someone's home.

As I address this bill I cannot help but think of and relate to that very small church that suddenly, in the next little while, will be confronted with this massive piece of legislation.

Clause 5(1)(c) is the part that I find really begins to put some dramatic and effective regulations before this very small membership I refer to. It states in part:

(c) the classes of membership, and if there are two or more classes of memberships, the rights, privileges, restrictions and conditions that constitute the membership interests of each class;

They must be defined. They must be prescribed in form and set out. I suddenly get the picture of my ten little farmers in this little community church sitting down and trying to define the classes of membership, the rights, privileges and restrictions of membership. They are not lawyers, they are simple family farmers wanting to worship quietly with their families, likely in a farm home. Now they are suddenly involved in very concrete definitions.

The question that really arises—and I have heard it talked about briefly in some of my research—is whether churches would be affected. Just to clarify that, I think it is important that I read a quotation of the Minister of Consumer and Corporate Affairs (Mr. Ouellet). This goes back to his news release of several months ago. It states:

Churches which will be incorporated federally will be affected by this bill, and although most churches which do incorporate do so provincially, there may be those who will incorporate federally.

In fact that is true, as demonstrated last week by my little community church. That little church has sought federal incorporation. As such, it will be subject to this massive legislation which is before us tonight. I would like to use this little church as an example to emphasize the importance of this legislation and its impact on each of us. This example puts a very complicated piece of legislation into perspective. It allows us to grasp some of the difficulties we face with it.

● (2150)

I would like to touch briefly on Clause 105. In some respects this clause personifies the priorities of this act and some of the difficulties it will present for us. Clause 105, subsection (2) says, "Every director and officer of a corporation shall comply with this act, the regulations, articles, bylaws and any unanimous member agreement." It is interesting, when you look at the priority of that clause. The first priority is that the directors are responsible to the act; the second priority is the regulations, and the third and final priority is the bylaws of the charitable organization, of which they are directors. In other words, the state comes before the regulations in their responsibility to the organizations of which they are members.

Many years ago, there was a great deal of fear of the influence that the church had over the state. That led to a doctrine which is today known as "separation of church and state," a doctrine which has had some far-reaching implications on our society over the last several centuries. When I review this particular clause, I cannot help but wonder if we have not in fact gone full circle. Once we worried about the influence of the church on the state, but now perhaps we should worry about the influence of the state on the church. As I begin to study more clauses of the bill, the concern I have becomes more pronounced and clearer.

Another interesting clause of the bill is Clause 114. This section deals with the right of an organization to discipline its members. I believe that every organization has that right and it is defined to their membership and laid out in their rules and regulations. Clause 114 is probably nothing more than what we would see in the constitution of most organizations, simply the right to discipline their members. That is fair and reasonable.

Clause 115 says that the member is entitled to a fair hearing should he be disciplined by his organization. Again, we see that as a fairly normal, reasonable and, in fact, obligatory type of clause which should be in any legislation. It is probably the very clause we would see in the constitution of a charitable organization.

Clause 116 is one with which I have more concern about. In this clause we see a dramatic shift to another direction. I will read clause 116 because I think it is important. It says:

A member of a corporation who claims to be aggrieved because he was disciplined or because his membership interest in a corporation was terminated, may apply to a court under Section 214.

I will refer to Section 214 later. What I want to emphasize at this point is the fact that if a member was disciplined by a charitable organization—I think back to this church in my riding—and his membership was revoked for violating their particular code of law or ethics, he could dispute that in the court. That becomes very interesting and intriguing if you think of the fact that when the member joined, he probably had an understanding of the guidelines and regulations which defined his right to be a member of the organization he was joining. Yet he can appeal to a court when he disagrees with the discipline which was handed out to him.

That small church in my riding is a fundamentalist church and I am sure it would have regulations which state that a member must not commit adultery or engage in fornication or, in fact, if he were to engage in any of those activities, it would be grounds for retiring that member from membership in that church. It becomes very interesting when we realize that the very things for which they could reject him from the organization as being illegal in their organization, would not be illegal under Canadian law. If this member who is disciplined were to appeal to the court, the court would find that it is not contrary to the law. Those ramifications will become very serious, as I will illustrate later.

What results from this bill is that when that member appeals and the court upholds his appeal, the court can dictate to the church that it must change its regulations to be in accordance with government regulations.

I can envisage a massive involvement by the state in the church, which may well have some very serious and dramatic effects in the future on a number of our church organizations.

Another interesting clause in this bill is Clause 123. It stipulates that the membership list of an organization must become public. All I would have to do to get a membership list of any organization is to simply join it. We have received some complaints about this particular part of the legislation because it causes concern to a number of our constituents, and I am including constituents of all members. The dangers of the abuse of this clause become evident. The RCMP could join an organization in order to get a membership list, and once they have it they would know what part of society these members are involved in. This could have very serious implications.

There could be two organizations which are dramatically opposed to each other. For example, one group could be the communists and the other group could be the John Birch Society. Under this legislation, a member of the communist party could join the John Birch Society and immediately have access to the names and addresses of all the members of that organization.

Members of the Ku Klux Klan could join an organization which might be sympathetic to the black people in our country. It would immediately have a list of targets and subjects for harassment. It is easy to see some of the difficulties we could be getting into.

A very simple example could be a mailing list. Some of us get very annoyed at having our names on a mailing list without our permission. Therefore, I believe that that clause presents difficulty and could lead to the discrediting of a number of organizations and lead to a number of difficulties within some of our small, private organizations.

Another clause which deals with court involvement in our charitable organizations is Clause 130. Under Clause 130 a member may dispute the election of a director. Not only can he dispute it among the membership, he can dispute the appointment or election of a member in the courts of the land.

Mr. Speaker, I believe it is ten o'clock.

● (2200)

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

Adjournment Debate

[*English*]

AGRICULTURE—REDUCTION IN INTEREST RATE PAYMENTS MADE BY FARMERS

Mr. Charles Mayer (Portage-Marquette): Mr. Speaker, I rise this evening to speak about a very important topic which I raised with the Minister of Agriculture (Mr. Whelan) in this House on December 3 concerning items in the budget which were supposed to be there as a result of some of the statements the Minister of Agriculture had been making across the country prior to November 12. He had left the impression that if there was not substantial help forthcoming in the budget for farmers, he would resign.

I want to put what is in the budget in the best perspective I can. What is in the budget for agriculture is $50 million. That $50 million is made up of an additional $45 million for loans and $5 million to be used to keep interest rates down. The $5 million sounds like a lot of money. By the admission of the federal Department of Agriculture in some of its advertisements, there are about 330,000 farmers in Canada, and that $5 million works out almost exactly to $15 per farmer. That is really an incredibly small amount of money to be made available to farmers at this time. The reason I say that amount is incredible, ludricous and insulting is that, on the average, farmers are paying in excess of $7,000 in interest. When we compare that $15 to the average $7,000 farmers are paying, that puts into perspective the kind of aid for farmers there really is in the budget.

In addition to being responsible to the farmers of this country, the Minister of Agriculture has a very large responsibility to consumers. Without a healthy agricultural industry which has some hope for the future, the consumer of the country would be very badly served. We can produce food cheaply; that is the main reason we have the standard of living we have. If the agricultural industry declines, that will be felt by farmers immediately, but ultimately it will affect all of us. It will affect the way we live. It is for this reason that the Minister of Agriculture has a responsibility not just to the agricultural community but to the total community across the country.

The minister has been able to accomplish little for farmers in the budget, and that is a serious matter for farmers. It is serious in another respect. Canada is very wealthy in natural resources. We also have farmers as a resource. I am a farmer, and I am proud of that fact. There is more arable land per farmer in Canada than in any other country in the world. That means we have a responsibility not just to ourselves but to other people around the world to produce as much food as we possibly can, but it is becoming increasingly difficult to do that because of some of the things the minister has done, or not done, during his tenure in office. The minister has held his portfolio since 1972. He makes no bones about the fact that he took a brief sabbatical. In fact, he looks on that in a laughing way, as if it were his divine right to be where he is. It was unfortunate for him he was forced into that sabbatical, but fortunate for farmers and too bad he was not forced right out.

I think that would have been better for the farmers of the country.

We Canadians have a responsibility not just to our own countrymen but to other countries around the world not blessed with the natural resources we have here. What has this minister presided over during his term of office? As we all know, farming is a very risky business. We risk bad markets, weather, hail storms, all kinds of weeds and everything else we associate with the variables of farming. During this minister's tenure he has allowed the government to become the dominant variable, to the point that people are now cutting back on production. This is not because of the variables with which they have learned to live over the centuries. I just mentioned some of the things farmers must cope with, such as weather. There is a common joke; we blame the CPR for everything, including hail storms! Farmers in my part of the country have learned to live with all of these things, but they are now finding it impossible to live with the variables this government has imposed on them.

The Minister of Agriculture cannot have it both ways; he cannot go around the country saying that the banks are the bad guys and that they should not be lending unlimited amounts of money, implying that people get themselves into trouble because of all the money they borrow and cannot repay. The minister cannot say those things while at the same time supporting his government's policies which deliberately keep interest rates high. I could give all kinds of examples of those policies, but I do not have the time to do so tonight. The simple fact is that this government supports the policies of the Bank of Canada and Mr. Bouey, and that is the main reason we have high interest rates. If the Minister of Agriculture were to choose to take up that cause, go to bat in the cabinet, in public and everywhere and resign on this issue, he would earn a tremendous amount of credibility from the agricultural community in this country. I cannot emphasize too strongly, Mr. Speaker, that the budget contained virtually nothing for farmers and that it literally gutted the Small Business Development Bond. In fact, they do not even call it a Small Business Development Bond, they call it the small business bond. There are no guidelines available to the banks as yet. We met with the Royal Bank of Canada on Tuesday night and the bank officials stated that they had not received any guidelines on how the small business bond would be made available to the farming community and that they would go ahead on their own and begin to make loans.

● (2205)

Surely it is incumbent upon the minister to see that there are some guidelines available to the banks so that the banks can then come along and assist farmers in difficulty. I know the Parliamentary Secretary will get up and read a bunch of things that have been prepared by the department and he will talk about all the great things that the minister did. I find that unfortunate.

I shall close, Mr. Speaker, by wishing the chairman of the Standing Committee on Agriculture, who has recently suffered some illness, a speedy recovery and a Merry Christmas to everyone in the House.

[*Translation*]

Mr. Marcel Ostiguy (Parliamentary Secretary to Minister of Agriculture): In reply to the question asked by my colleague opposite concerning interest rates, I would like to point out to him that it is very interesting to see that some people are trying to prove with statistics what the hon. member for Portage-Marquette (Mr. Mayer) is now saying to the effect that the refinancing made possible through the Farm Credit Corporation and announced in the budget will only save $15 in interests per farmer. My hon. colleague was very careful not to say per farmer in Canada, which is the true basis of his figures.

If he had used these words, Mr. Speaker, we would have seen immediately the irrelevance of his comments since the government has never pretended to reduce interest rates paid by every single farmer. On the contrary, this program has always been aimed at those in dire straits. I believe that the folder recently published by the Farm Credit Corporation at the request or for the use of farmers clearly shows that this is a program designed to provide financial assistance during a difficult period. Nearly all eligibility requirements can be found in this folder as well as the maximum amount provided, and so on.

Finally, every farmer who receives the maximum refinancing amount of $200,000 from the Farm Credit Corporation will save not $15,000, but up to $28,000 over two years if he pays the current interest rates of 18¾ per cent, since interest on loans now being granted by the Farm Credit Corporation to those in difficulty is 11¾ per cent, which means that the Corporation is offering a 7 per cent discount on interest rates. While the number of farmers in dire straits is certainly higher than it would appear from bankruptcy data, it must be recognized that they are still a minority.

Mr. Deputy Speaker: I am sorry to interrupt the hon. parliamentary secretary, but his time has expired.

Mr. Ostiguy: It is already over, Mr. Speaker, but I had so much to say.

[*English*]

PETRO-CANADA—QUERY RESPECTING LOCATION FOR HEAVY OIL UPGRADER IN SASKATCHEWAN. (B) RESPONSIBILITY FOR SITE DECISION

Mr. Bill McKnight (Kindersley-Lloydminster): Mr. Speaker, I take part in this adjournment debate to try to solicit some information on a question that I asked on December 9 of the Minister of Energy, Mines and Resources (Mr. Lalonde). I find the reply strange, as I took the time, and felt I did the right thing, to give the minister prior notice that I would ask a question regarding something in the constituency of Kindersley-Lloydminster, which is of utmost importance to that area

of Saskatchewan. It concerns a heavy oil upgrader in an area of Canada with the largest available supply of heavy oil. Heavy oil must be refined, upgraded and moved to market. At the present time, 60 per cent of that oil is being sent to the United States so that the sulphur can be removed, so that it can be sweetened, so that it can be sold.

• (2210)

PetroCan is a member of a five-company consortium, comprised of Saskoil with 25 per cent of the shares; Husky Oil with 25 per cent of the shares; Shell Oil with 15 per cent; Petro-Canada with 15 per cent; Gulf Oil with 20 per cent. I asked the Minister of Energy, Mines and Resources where PetroCan, which the minister said is the window on the resource industry, and where the government wanted the heavy oil upgrader located in Canada. The minister said that PetroCan did not have any preference at all as to the location of an upgrader in Saskatchewan. He went on to say that Husky was the leader of the group. All representatives of Husky Oil said was that they would provide the people to explore the location. The decision would not be made by Husky, it would be made by the consortium.

The consortium made a decision yesterday in Saskatchewan that the upgrader would be located in Moose Jaw, which is approximately 300 miles from the oil patch which produces the volume required by the upgrader. It will be a $1 billion construction project. It will take 2,000 to 2,500 people to build the upgrader. When it is completed, it will employ 300 to 500 people on a permanent basis. The area in Saskatchewan in which the oil is located is similar to any other area which produces raw material. They become tired of producing raw material and seeing the benefits of refinishing and manufacturing removed from the area. This is what is happening now. The people in the northwestern part of Saskatchewan have long looked forward to additional benefits by having the upgrader located near the oil patch. The decision to move it to Moose Jaw was done with no surprise. It did not surprise anyone in the House or anyone in northwestern Saskatchewan. It was done because Saskoil and the government of Saskatchewan chose to place it in Moose Jaw. They made this choice because the federal government and PetroCan said, "Go ahead and choose the site." Husky Oil did not choose the site. It only has 25 per cent, along with Saskoil.

This summer, Mr. Bob Blair, the president of a Canadian company, Husky, said in Lloydminster that the preference of Husky was to have it built near Lloydminster. As a matter of fact, Husky on its own was prepared to build the 100,000 barrel per day upgrader in northwestern Saskatchewan near Lloydminister. Gulf, which owns 20 per cent of the consortium, indicated that its preference was in northwestern Saskatchewan. The only company which expressed a preference for the Moose Jaw area was Saskoil, and it was done for purely political reasons.

I am astounded that the Minister of Energy, Mines and Resources did not have some awareness of even the percentages held by the companies in the consortium. He said that Husky Oil was the largest shareholder. He was completely wrong in that statement. Husky Oil is not the largest shareholder. There are several communities, such as the communities of Maidstone, Lloydminster, Wilkie, Unity, Kindersley, Neilburg and other surrounding communities, which had the capability of providing housing and having the benefit of a stable tax base by people moving into their communities. It would not disrupt those communities.

• (2215)

The plans are to build the townsite during the construction stage so that there would not be much disruption to the 2,000 or 2,500 people who are employed there. Those of us in northwest Saskatchewan find it strange that the minister allowed something like this to happen. I cannot sit idly by in my province and see the manufacturing basis for our raw materials moved away from the areas in which they occur, any more than I appreciate it that the rapeseed produced in Saskatchewan has to be sent to central Canada to be processed. People who produce raw materials have the right to expect the added benefits of manufacturing and finishing the product.

That is why I hope that whoever answers for the Minister of Energy, Mines and Resources will explain why this decision was made. Was it economic grounds or political grounds? I suspect the latter, but in the spirit of brotherly love and good cheer, Merry Christmas, Joyeux Noël et Bonne Année.

Mr. Jack Masters (Parliamentary Secretary to Minister of Communications): Mr. Speaker, during the past few weeks there has been considerable speculation in the press, especially in Saskatchewan, regarding the location of a heavy oil upgrader being planned for that province. The federal government recognizes the valuable contribution that the heavy crude oil resources of Saskatchewan and Alberta can make to securing future sources of petroleum for Canadians. However, their development has proceeded slowly. The reasons have been partly technical: only a small proportion of this oil can be produced in the field unless costly recovery techniques are employed. While the National Energy Program has provided new price and tax incentives for production of heavy crude oil by enhanced recovery processes, the problem remains of finding domestic markets for this heavy crude.

The federal government believes that resource upgrading should take place in the actual regions of production. It is crucial that facilities be installed in producing areas to upgrade the heavy oil into a more marketable product, which can be readily shipped to any domestic refinery. Toward this end, the federal commitment to participate financially in an upgrading plant in Saskatchewan is clearly set out in the National Energy Program.

The Government of Canada and the government of Saskatchewan agreement of October 26, 1981 provided further encouragement for the establishment of a heavy oil upgrader as noted in the following extract from the agreement:

We are agreed that a commercial-scale crude oil upgrading facility, designed to optimize the energy and economic benefits to Saskatchewan and Canada,

should be constructed in Saskatchewan. We agree to encourage the construction of an upgrading facility for substantial completion by the end of the term of this understanding.

A differentiated Petroleum Compensation Charge (PCC) will be applied to the input of heavy crude oil upgraders in Saskatchewan. This will provide heavy oil upgraders with access to appropriate differentials between input and output prices.

It is agreed that heavy oil upgraders in Saskatchewan will be treated as resource activities for income tax purposes.

Shortly after the release of the NEP in October 1980, negotiations began between several companies culminating in the creation of a joint venture to upgrade heavy crude in Saskatchewan. The companies participating in this undertaking are: Husky Oil, the project leader with a 25 per cent interest; SasKoil Resources Inc. 25 per cent; Gulf Canada Limited 20 per cent; Petro-Canada 15 per cent; and Shell Canada 15 per cent. During the past months this group has been actively investigating the possibility of building a heavy crude oil processing plant in Saskatchewan.

May I reiterate what the minister said in the House on December 9 and that is, that so far as the Government of Canada is concerned, it has taken no stand and has no particular views with regard to a specific site.

Mr. Deputy Speaker: A motion to adjourn the House is deemed to have been adopted. Accordingly this House stands adjourned until tomorrow at 11 a.m.

At 10.20 p.m. the House adjourned without question put pursuant to Standing Order 2(1).

HOUSE OF COMMONS

Friday, December 18, 1981

The House met at 11 a.m.

● (1105)

ROUTINE PROCEEDINGS

[*English*]

THE ECONOMY

CALL FOR INTRODUCTION OF NEW BUDGETARY MEASURES—MOTION UNDER S.O. 43

Mr. Otto Jelinek (Halton): Madam Speaker, I rise under the provisions of Standing Order 43. It is crystal clear that the November 12 budget is having a devastating effect on all sectors of our economy as witnessed by the outcry from virtually every responsible business and consumer organization in Canada, the latest two being the Canadian Institute for Economic Policy, headed by former Liberal finance minister, Walter Gordon, and the Economic Council of Canada. I therefore move, seconded by the hon. member for Yukon (Mr. Nielsen):

That this House condemn the government for its budgetary policy, as well as the Minister of Finance for imposing such financial chaos on all Canadians, and further that this House do not adjourn for Christmas until such time as the Minister of Finance introduces new, positive and realistic budgetary measures.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EXTERNAL AFFAIRS

POLAND—CONDEMNATION OF MILITARY GOVERNMENT—MOTION UNDER S.O. 43

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, in view of the imposition of martial law by the communist Government of Poland, and now the brutal killing of innocent Polish citizens, all in a ruthless attempt to stifle the new, free spirit of Solidarity, thereby reducing the people of Poland to little more than slaves in their own country, I move, seconded by the hon. member for Annapolis Valley-Hants (Mr. Nowlan):

That this House soundly condemn the military Government of Poland, and its Russian masters, for denying the Polish people their right to freedom of choice, and for the use of force and violence to crush the Solidarity movement, and warn the Soviet Union of serious consequences if it continues to interfere in the domestic affairs of Poland.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

UNITED NATIONS

CONGRATULATIONS TO NEW SECRETARY GENERAL, JAVIER PEREZ DE CUELLAR—MOTION UNDER S.O. 43

Mr. Marcel Prud'homme (Saint-Denis): Madam Speaker, pursuant to Standing Order 43 I move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling) and the hon. member for Hamilton Mountain (Mr. Deans):

That the House of Commons express its warmest congratulations to the new Secretary General of the United Nations, the Peruvian, Javier Perez de Cuellar, who has been elected unanimously by the General Assembly of the United Nations as the fifth Secretary General of that organization, and the first from our own western hemisphere; and that the House of Commons express its appreciation and thanks to the outgoing Secretary General Kurt Waldheim for his untiring efforts for peace during his two mandates as Secretary General from 1971 to 1981.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Madam Speaker: The House has heard the terms of the motion.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I just want to say that that blows my chances of an early retirement. I am sorry!

Some hon. Members: Oh, oh!

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

Some hon. Members: Agreed.

Motion agreed to.

Mr. Deans: If I had known that, we would not have seconded the motion.

S.O. 43

VETERANS AFFAIRS

DELAY IN PROCESSING PENSION APPLICATIONS—MOTION UNDER S.O. 43

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, on behalf of my colleague, the hon. member for Winnipeg North Centre (Mr. Knowles), I move the following motion under Standing Order 43. There are hundreds, perhaps thousands of veterans who have applied for service-related pensions. The time between applications and decisions runs upwards of one year. This is both unfair and unjust. I move, seconded by the hon. member for Hamilton Mountain (Mr. Deans):

That this government take steps now to provide whatever technical assistance is necessary to clear up this unacceptable backlog and to ensure that no longer than three months be established as the period for processing and deciding on pension applications.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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CRIMINAL CODE

INSTALLATION OF SAFETY SHIELDS IN TAXIS—MOTION UNDER S.O. 43

Mr. Gus Mitges (Grey-Simcoe): Madam Speaker, I rise under the provisions of Standing Order 43. Given the fact that there has been a steady increase in common assaults across Canada from 112,911 in 1979 to 117,103 in 1980, and given the fact that an increasing number of these assaults include attacks on taxi drivers, the most recent case being the murder of an Edmonton taxi driver while on duty, I move, seconded by the hon. member for Halton (Mr. Jelinek):

That the government give active consideration to the introduction of appropriate legislation that would make the use of safety shields standard equipment for all taxicabs across Canada in order to better protect those drivers who serve the public.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

[*Translation*]

HEALTH SERVICES

REQUEST FOR WITHDRAWAL OF BUDGETARY MEASURES INCREASING COSTS—MOTION UNDER S.O. 43

Mr. Jim Hawkes (Calgary West): Madam Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43.

I move, seconded by the hon. member for Oxford (Mr. Halliday):

That the Minister of National Health and Welfare (Miss Bégin) ask the Minister of Finance (Mr. MacEachen) to withdraw any budgetary measures, including the dental plan, that will increase health costs for Canadians.

Madam Speaker: Under the provisions of Standing Order 43, this motion requires the unanimous consent of the House. Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1110)

[*English*]

THE ECONOMY

CALL FOR INTRODUCTION OF NEW BUDGET—MOTION UNDER S.O. 43

Mr. Albert Cooper (Peace River): Madam Speaker, whereas the Liberal government has served the small businesses of this country a Molotov cocktail of high interest rates, inflation, a National Energy Program, and an incompetent budget—

An hon. Member: Nonsense.

Mr. Cooper: —and whereas the result of this will be an increased federal deficit because many businesses will no longer pay taxes as the result of having no profits, I therefore move, seconded by the hon. member for Edmonton East (Mr. Yurko):

That the Minister of Finance immediately introduce a new budget which will allow our Canadian entrepreneurs to have a taxable income once again.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Paproski: Allan MacEachen said no.

THE ENVIRONMENT

CHEMICAL POLLUTION OF NIAGARA RIVER—MOTION UNDER S.O. 43

Mr. Neil Young (Beaches): Madam Speaker, I, too, rise under the provisions of Standing Order 43. In view of the precedent established by Environment Canada of providing financial and technical assistance to public interest groups to argue against the proposed Hyde Park clean-up agreement in U.S. courts, I move, seconded by the hon. member for Hamilton Mountain (Mr. Deans):

That this House instruct the Minister of the Environment to provide financial and technical assistance to public advocacy groups, to help them at hearings to begin in February next year to oppose SCA Services' application to expand the number and volume of chemicals they are permitted to discharge into the Niagara River.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

THE BUDGET

REQUEST THAT ANNUITY PURCHASE LEGISLATION BE LEFT UNCHANGED—MOTION UNDER S.O. 43

Mr. Alexandre Cyr (Gaspé): Madam Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43.

Hundreds of Canadians who had concluded sales contracts for property, boats or businesses, with a view to taking advantage of income-averaging annuities in order to defer capital gains over the next few years, which is both fair and lawful and would have provided fishermen and farmers with sufficient funds to provide for themselves and their families during retirement, can no longer do so since the new budget was brought down on November 12. These people who have spent a lifetime saving for their retirement have now become the victims of the budget and its retroactive measures. I therefore move, seconded by the hon. member for Bonaventure-Îles-de-la-Madeleine (Mr. Bujold):

That the House ask the Minister of Finance (Mr. MacEachen) to allow the legislation applying before November 12, 1981, to remain applicable, at least in the case of individuals who entered into contracts that were legal at the time, such as commercial fishermen and farmers who did so in order to purchase income-averaging annuities.

Madam Speaker: Under the provisions of Standing Order 43, this motion requires the unanimous consent of the House. Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

EXTERNAL AFFAIRS

POLAND—RESOLUTION PASSED AT PUBLIC MEETING IN TORONTO—MOTION UNDER S.O. 43

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I rise under the provisions of Standing Order 43, supported by the hon. member for Oshawa (Mr. Broadbent), to present a motion similar to that presented yesterday. As the House will recall, yesterday the Secretary of State for External Affairs talked out the resolution proposed by the Canadian Polish Congress because he could not approve the world "tolerated" in the third paragraph of the resolution. Having made the appropriate changes, I call on all hon. members of the House to give their unanimous approval today to the following resolution from the Canadian Polish Congress:

We Canadians of Polish descent, are deeply concerned about the current events in Poland, and we call upon the Canadian government as cosignatory of the Helsinki Accords to undertake the following actions:

1. To press for the immediate lifting of martial law in Poland and the release of all Solidarity officials.

2. To press for the reinstatement of the rights of workers to form free trade unions.

3. To publicly state that any intervention by a third party or parties into the internal affairs of Poland will be viewed with the greatest of concern.

4. To send to Poland, for distribution by non-government organizations, significant economic aid in the form of food, medical supplies and agricultural machinery and feedstuffs in order that the people of Poland survive the coming winter.

We trust that the voice of the Canadian government as international mediator will be heard and that the conflicts in Poland will be resolved in a just and lasting manner.

Therefore I move, seconded by the hon. member for Oshawa (Mr. Broadbent):

That this House express its concern by supporting the resolution.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent? I am just worried because there has been a change in the motion which has been transferred to the Orders of the Day. Therefore, I cannot put it to the House. Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker—

Mr. Nielsen: Talking it out again.

Mr. MacGuigan: —the Right Hon. Leader of the Opposition (Mr. Clark) is once again presenting a resolution without any consultation with this side.

Some hon. Members: Shame!

Mr. MacGuigan: This morning the hon. member for Parkdale-Hyde Park (Mr. Flis) did me the courtesy of consulting me on a resolution concerning the situation in Poland, which I am prepared to accept.

Some hon. Members: Shame!

Mr. MacGuigan: If the hon. gentlemen opposite were prepared to allow that, we would be pleased to see it passed.

Madam Speaker: Order, please. I am afraid that I must interrupt at this time, it being 11.15 a.m. Oral questions.

• (1115)

ORAL QUESTION PERIOD

[*English*]

THE BUDGET

PRE-BUDGET CONSULTATIONS

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, my question is for the Minister of Finance. Now that the minister has had an opportunity to discuss with his departmental officials the involvement of Professor Neil Brooks in the pre-budget consultation, will the Minister of Finance explain today why his officials relied exclusively for outside advice on a man who is known to have anti-private enterprise views, and not on the broader group of tax experts that the department has used in the past?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, as I said in the House the other day, I was not aware that Neil Brooks had been an adviser to the department. I have no objection to the use of his services, but I would add there have been other advisers as well. The hon. member asserted that he was the sole adviser. There were a number of other persons from various institutions who were called upon from time to time to assist the department, and among these was Professor Neil Brooks.

NAMES OF ADVISERS TO DEPARTMENT

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, would the minister be prepared to make that list available to the House so that we can judge the quality and content of the advice that came to the department during the pre-budget preparations?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Yes, Madam Speaker, I would have no objection to giving the list of all the persons who were called upon to consult with the department prior to the budget. For example, there is a Mr. George R. Lucas, a private consultant. I wonder does the hon. member for Etobicoke Centre find his political flavour unacceptable, or is he going to apply some form of ideological test to Canadians who serve their government in this capacity? Maybe the hon. member would apply a test now to Mr. Lucas, or to Mr. Mike White of Moore Corporation, who provided some advice and assistance. What about Peter Wood of Clarkson, Gordon—would he apply the same test to him as well? I just find the hon. member's approach rather indefensible.

RULES AFFECTING SMALL BUSINESS

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, the budget has a particularly harsh impact on small business. The minister has altered the rules on interest deductibility, on the Small Business Development Bond, on deferred profit sharing plans, on the dividend payouts of small business, on capital cost allowance, and on capital gains. The lit goes on and on. Would the minister today tell the House why he and his comrade, Neil Brooks, have chosen to attack small business so severely in this budget?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, as I have said previously in the House, the benefits to small business, although there have been changes, over all have been improved. For example, in the next taxation year an additional $50 million will flow to small business. As I have stated, it will be my pleasure to answer point by point the objections that have been raised against the small business package.

I must say that I find the hon. member's use of the word "comrade" rather interesting in light of his leader's motion earlier this morning whereby we are attempting to establish respect for each other in the world.

Some hon. Members: Hear, hear!

EFFECT ON CONSTRUCTION INDUSTRY

Miss Pat Carney (Vancouver Centre): Madam Speaker, my question is addressed to the Minister of Finance. It is the consensus of the small business community that the minister took lots and gave little to that sector of the community. The Minister of Finance is the Grinch who stole Christmas from the thousands of Canadians who are facing mass lay-offs because of the minister's budget measures. The Canadian construction industry says it is in a state of panic because of the changes in the measures affecting capital cost allowances. This is forcing intensive lay-offs, particularly in western Canada. Why is the minister attacking this industry which is made up of small businesses, mainly family firms, which employ thousands of people? How can he collect his revenues if the industry collapses?

• (1120)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I do not accept the premise of the hon. member's question.

IMPACT OF SALES TAX

Miss Pat Carney (Vancouver Centre): Madam Speaker, my supplementary question is addressed to the same minister. Do I understand that the minister is telling this House that there are no lay-offs in the construction industry as a result of his budget, when the industry cannot even bid on 1982 contracts because it does not even know what the impact of the sales tax will be?

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): No. I am saying, Madam Speaker, that I do not accept the premise of the hon. member's question, and it has not improved with the repetition.

* * *

RAILWAYS

MODERNIZATION OF CROWSNEST PASS RATE

Mr. Les Benjamin (Regina West): Madam Speaker, I should like to direct a question to the Minister of Transport in light of his response yesterday, and some leaks and news reports last night and today. He spoke about deforming the Crow rate idea yesterday, and said he wanted to modernize it. Is the minister's version of modernizing the Crow rate the implementation of an updated Snavely report that would give the railways a 35 per cent return on equity investment for grain transportation? Is that his version of a modernized Crow rate? Does his version of a modernized Crow rate mean an increase in Crow rates charged to prairie grain producers?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, as a number of us have previously said, the cabinet is now discussing the subject, and the question to be decided is should it be a comprehensive system approach, or should it be a special project approach. This is the point we are at now.

If I took some rather passionate objection to a question yesterday it was because of the fact that so many people who claim there should not be any change in the western grain transportation system do so by raising the straw man that such a change would mean the total elimination of the Crowsnest rate system. I was simply reacting to that yesterday in saying that such would not be the intent, nor would it be the intent to leave the railways entirely free to do whatever they want, charging any price they want for transportation of grain. I was saying yesterday this was not the case, that if the Crowsnest rate is modernized it would be by way of replacing it by another statutory regime. Yesterday I was reacting against the deformation of that intent.

POSSIBILITY OF RATE INCREASE

Mr. Les Benjamin (Regina West): Madam Speaker, I do not want to be accused of being ungenerous to the government. I am always a very generous fellow and I will not abuse the rules by talking about misleading, prevarication, lying or anything like that, when just a simple explanation of stupidity will suffice.

Some hon. Members: Oh, oh!

Mr. Benjamin: The minister did not answer the question. Does Crow rate modernization mean an increase in the Crow rate? Does it mean implementation of the secret Snavely follow-up report, and that the railways will get a 25 per cent return on the investment of donations by the taxpayers of Canada for the rehabilitation of branch lines, and that they will make money on the grants that were given to them by the Government of Canada?

• (1125)

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, should the government decide to modernize the Crowsnest rate, this will be announced in due course. I was only reacting yesterday to the anticipatory deformation of what the policy might be.

Mr. Benjamin: Madam Speaker, obviously modernize means increase. The minister has not answered. We can only assume that is the answer.

* * *

MARINE TRANSPORT

NEWFOUNDLAND FERRY SERVICES

Mr. Les Benjamin (Regina West): Madam Speaker, I would like to deal with another matter concerning Confederation bargains. The minister has ordered Canadian National to further affect transportation in Canada. Why has he ordered the reduction of south shore service, and the dropping of 42 ports of call from the north shore service and the cutting of ferry service between Sydney and Argentia as well as the north coast ferry service in Newfoundland? Is he trying to do for the Liberal Party in Atlantic Canada what Otto Lang did for them in western Canada?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, that is a very strange supplementary question. It is an entirely different subject.

Mr. Broadbent: The answer was strange.

Mr. Pepin: If the answer was strange it is obviously because I am not in a position to give a clear-cut answer today.

Mr. Benjamin: You ordered it.

Mr. Pepin: The leader of the NDP should understand that, and I am quite sure that he does.

On the subject of the coastal service in Newfoundland, I would be in a position to—but I don't have time—explain the why of our decision to eliminate service to a number of ports in the area. The hon. member who claims to belong to a party of

change is probably the most reactionary member I know. Every time someone talks of change in Canada, he goes wild. What is happening in Newfoundland is simply the fact that since the entry of Newfoundland into Confederation a number of changes have taken place, and one of those changes has been the construction of highways in Newfoundland. Therefore, in the Avalon Peninsula and the Burin Peninsula—

Madam Speaker: Order, please. I must ask the hon. minister if he could be shorter in his replies. Nearly every time he rises I am tempted to call him back to order.

* * *

SMALL BUSINESS

PROCESSING OF DEVELOPMENT BOND APPLICATIONS

Mr. Lorne Greenaway (Cariboo-Chilcotin): Madam Speaker, my question is for the Minister of Finance. It concerns the Small Business Development Bond program. As the minister probably realizes, currently there are many applications for these bonds and they cannot be processed before December 31, after which time one has to be in dire straits to be an applicant. In my province of British Columbia, for instance, there are 80 applications being processed by one legal firm for one bank alone. There is no way they can get these through by the end of the month. If a person who wants a Small Business Development Bond can obtain a written commitment from his chartered bank before December 31, would the minister assure us that he would allow this application to go through while it catches up to the documentation?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I regret that I did not hear the beginning of the hon. member's question. However, I believe that the circumstances to which he referred in his question were dealt with by me several days ago in the House with respect to the Small Business Development Bond and arrangements that had been made prior to the budget to permit them to be validated before the end of the year.

CRITERIA GOVERNING APPLICATIONS

Mr. Charles Mayer (Portage-Marquette): Madam Speaker, my question is for the Minister of Finance and it concerns the changes to the Small Business Development Bond. The minister will know that changes have been made in the criteria to allow unincorporated businesses and firms which are in financial difficulty to apply for the bond. It is my understanding that the banks are not in a position to make those loans because there have been no instructions from the department. Will the minister speed up the guidelines set by his department so that the banks will be in a position to assist those people whom the budget was intended to assist?

• (1130)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the same question has been raised and, as I stated earlier, my department has had a meeting with the chartered banks. At the present time all the regulations have been clarified, and there is no justification for any delay arising from an alleged uncertainty as to what the changes mean. I take the view that there is no reason at the present time that derives from the government why these bonds cannot be processed.

* * *

AGRICULTURE

REQUEST THAT MINISTER MEET LIVESTOCK FARM LEADERS

Mr. Bert Hargrave (Medicine Hat): Madam Speaker, my question is directed to the Minister of Agriculture. The question is with respect to a recent public statement the minister made at New Liskeard, Ontario, at an Ontario Federation of Agriculture local meeting. It was a very extreme, abrasive, and totally uncalled for remark, and it was about "gutless" farm leaders, with the clear implication that he was referring to the livestock industry, and especially the cattle industry.

In view of the minister's cancellation of a meeting last December 9 with the livestock farm leaders to discuss national stabilization, I would like to ask the minister if he would now reconvene such a meeting and sit down and discuss harmonized national stabilization under the legislation of which he is aware, and include not only cattle producers but the cattle provinces as well.

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the hon. member talks about those farm leaders about whom I was talking, and I challenge him and anyone else who has led those people down that path to ruination and bankruptcy to accept their responsibility for doing it.

Some hon. Members: Oh, oh!

Mr. Whelan: Hon. members opposite sound very guilty to me, guilty of the misdemeanour of advising producers on how to use an old-fashioned marketing system that is so outdated we are using it for hardly anything else in our society. Instead of just criticizing the government I say to those farm leaders that they should offer some constructive suggestions. They have not done that kind of thing. Some farm leaders have, and some have not. The farm leaders who have and the people who follow them are the ones who are not going bankrupt, as far as that goes.

The hon. member talks about meeting beef farmers, I have met more beef cattle farmers in the last six months than any other politician in this whole country. The date they set was an inconvenient date for me; I will meet with them any time they want. I met with cattlemen in Alberta on Monday of this week.

Some hon. Members: Hear, hear!

THE BUDGET

INTEREST DEDUCTIBILITY PROVISIONS

Mr. Scott Fennell (Ontario): Madam Speaker, my question is addressed to the Minister of Finance. Considering the universal opposition to his November 12 budget, and keeping in mind the spirit of Christmas, would he consider during the recess getting away from his rigid stand of removing interest deductibility, and instead permit interest deductibility for small corporations, that is, those earning less then $200,000 a year and up to $1 million? This is their only means of raising equity financing, and it is absolutely important to them if they are to develop this country.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, in the spirit of Christmas to which the hon. member referred, may I say that I regard his suggestion as very valuable, and I will take it under consideration.

* * *

EXTERNAL AFFAIRS

POLAND—CANADIAN CONTRIBUTION TO INTERNATIONAL RED CROSS RELIEF FUND

Mr. Jesse P. Flis (Parkdale-High Park): Madam Speaker, in view of the fact that the House leader of Her Royal Majesty's Official Opposition refused to second a motion under Standing Order 43 which proposed that Canada should continue to provide assistance to the Polish people through the most efficient means, would the Secretary of State for External Affairs please tell the House, in addition to the $100,000 the government gave to the Canadian Polish Congress, and in addition to the $500 million grain credits which have already been given, is the government prepared to give the Polish people further assistance, and through what means?

Mr. Clark: Talk it out, Mark.

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, I thank the hon. member for his question. I am pleased to be able to tell him and the House that the government is able, in response to an appeal by the International Red Cross for food, clothing and medicine, to announce today a grant of $500,000 to the International Red Cross for Polish relief.

Some hon. Members: Hear, hear!

* * *

AUTOMOTIVE INDUSTRY

REQUEST THAT NEW AUTOMOBILES BE EXEMPTED FROM SALES TAX

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, my question is directed to the Minister of Finance. The minister is no doubt aware that just today there were lay-offs announced in the auto industry which will affect Oshawa, Toronto, and Ste. Thérèse. In the case of Oshawa and Toronto they are of a temporary nature, but the Quebec lay-offs are permanent. Will the Minister of Finance reconsider his refusal to reduce or eliminate temporarily the sales tax on new automobiles, and enter into some kind of program to stimulate the auto industry now, and encourage consumers to purchase the backlog of automobiles sitting in showrooms and on the lots of the various companies in order to try to get this industry back on its feet?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker the hon. member has made a suggestion with respect to a tax change. I accept his suggestion, and if and when it will be possible to make further tax changes, I will take his suggestion into account.

Mr. Broadbent: What did you say, Allan?

Mr. Deans: That is something like the aid given to people renewing mortgages last summer.

REQUEST THAT MINISTER MEET INDUSTRIAL REPRESENTATIVES

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, in addition to the commitment the minister has just made, I wonder if he might consider sitting down with the industry and the provinces most affected and attempt to work out a program of assistance which would enable the industry to recover at least some of the share of the market which has been lost to cars imported from various parts of the world.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, in his preamble the hon. member raised a matter to which he has referred earlier, namely, high mortgage rates during the peak period. I undertook to have some discussions with the banking institutions. The hon. member will be pleased to know, as I am, that the Royal Bank has undertaken to renegotiate over 10,000 mortgages which had been put into effect during that period of high interest rates. That is a very positive step.

Mr. Lawrence: Thanks to Ontario government pressure.

Mr. MacEachen: In view of the benefits which flow from the hon. member's suggestions, I will take this further one under consideration and deal with it, I hope as effectively as with the former one, namely, successfully.

* * *

THE BUDGET

EFFECT ON THE LIFE INSURANCE

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, my question is directed to the Minister of Finance. In light of the universal opposition to his budget and, in particular, to that portion dealing with taxation involving life insurance, will

the minister confirm to the House that he will withdraw that measure concerning life insurance, and will he take a leaf out of the book of the former minister of finance, who tried to do the same thing but later withdrew because of public outcry?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member talks about universal opposition to the budget. He seems to have forgotten that the budget was approved by the House of Commons by a resounding vote.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

An hon. Member: Why are you changing it?

Mr. Clark: Peter Lang is not applauding.

Mr. MacEachen: If the budget of the former minister of finance had been treated in the same way, perhaps the hon. member would not be asking questions today.

* * *

INCOME TAX

REMISSION ORDER RESPECTING NORTHERN BENEFITS

Mr. Dave Nickerson (Western Arctic): Madam Speaker, my question too is addressed to the Minister of Finance. Will the minister bring in permanent changes to the Income Tax Act to replace the remission order on the taxation of certain benefits, reference to which was made in his budget?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, as my hon. friend knows, we did extend that remission order for another period of time. In the meantime, before the remission order comes to an end it is my hope that we would be able to put in place a better system of support to meet the particular requirements dealt with in the remission order.

* * *

● (1140)

AGRICULTURE

EMPLOYEE BENEFITS

Mr. Bud Bradley (Haldimand-Norfolk): Madam Speaker, my question is for the Minister of Agriculture. The minister knows that farmers provide room and board for many of their seasonal and permanent workers in order to harvest crops during the year. He also knows that the budget emphasizes taxation of employee benefits. Since this would force an unacceptable cost increase to workers, which would have to be passed on to the farmers at such a difficult time, can the minister assure the House and agriculture in Canada that this room and board provided by the farmers will not force the workers to pay income tax on this benefit?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, I am not sure the hon. member is accurate in what he is stating. I would like to double check this and have further discussions. Some farm organizations have made that kind of representation to me. However, I do not have the kind of information I need to make proper representations. But I will do so, if it is as he says.

* * *

THE BUDGET

EMPLOYEE TRAVEL BENEFITS

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, my question is for the Minister of Finance. Thousands of airline and railway employees in my riding and across Canada have an historic right to travel on a surplus space basis—the minister knows what that means—a right which has always been treated as a non-monetary benefit. The Minister of Finance has given a hint this morning that he feels a bit of the spirit of Christmas. Is he now prepared to announce the withdrawal of his ill-considered plan to tax these employee travel benefits, recognizing that the taxation of non-monetary employee benefits will only lead to higher wage demands, higher travel costs to the public, and a great deal of additional and unproductive paper-pushing by bureaucrats?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member has referred to the question of free travel passes. He will recall that in the budget it was stated in more detail that Revenue Canada will be making changes in its administrative practice so as to require employees to include in income an appropriate value of their employment benefits, such as free transportation passes, lodging and boarding assistance. These were the only two items that were mentioned with respect to administrative change. No others have been mentioned. Therefore, I take it for granted that Revenue Canada will be establishing this administrative practice with respect to these particular benefits. That will be the responsibility of the Minister of National Revenue.

I draw to the attention of the hon. member the reasoning in the budget documents for the change in employment benefits. He ought to understand that the tax-free status of these benefits is inequitable for employees who cannot receive them. There has been an increasing practice to transfer benefits to employees in this form rather than through cash and normal remuneration, through that method escape taxation and, accordingly, place a higher burden of taxation on employees who are not treated in the same way.

The practice that is pointed out has been concentrated in the larger corporations, since employees of small business typically receive most of their remuneration in the form of wages and salaries which are fully taxable. That is the reasoning behind the proposal to establish some fairness among the employees of Canada. That is the philosophy behind the change.

[*Translation*]

EMPLOYMENT

INQUIRY WHETHER QUEBEC MUNICIPALITIES WILL BE ALLOWED TO SUBMIT SUMMER WORKS PROJECTS

Mr. Pierre Gimaïel (Lac-Saint-Jean): Madam Speaker, my question is directed to the Parliamentary Secretary to the Minister of Employment and Immigration. In view of the tendency of the government of the province of Quebec to want to restrict the powers of Quebec municipalities, which was particularly apparent last year when municipalities were prevented from submitting Canada Works and Young Canada Works projects, could the parliamentary secretary inform us whether the province of Quebec has given any guarantees that municipalities will be able to submit Young Canada Works projects in 1982?

Mr. Rémi Bujold (Parliamentary Secretary to Minister of Employment and Immigration): Madam Speaker, unfortunately, we have as yet received no work from the government of Quebec whether or not it will allow Quebec municipal authorities to submit projects this year under the Young Canada Works Program. We have had discussions with government representatives, and we hope that this year they will take a more open stance and allow municipalities to submit projects. I would even like to suggest to representatives of the government of Quebec that, in view of their great love for democracy, they should conduct a referendum among Quebec municipalities to find out whether they want any projects.

* * *

[*English*]

FISHERIES

FRENCH TARIFF ON COD EXPORTED FROM CANADA

Mr. Lloyd R. Crouse (South Shore): Madam Speaker, my question is to the Deputy Prime Minister and Minister of Finance. Canada's fishing industry is today facing disastrous marketing problems. I ask the minister, since my question deals with tariffs, why does Canada grant preferential fishing rights to France while that country places a 15 per cent tariff against Canadian cod exports, as compared to no tariff whatsoever on Canada's competitors? Will the minister contact the proper authorities in France and the Economic Community, through the contractual link that was set up by the Prime Minister, pointing out that Canada cannot accept this situation and requesting that the tariff be eliminated on Canadian cod exports?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Madam Speaker, we have in fact been discussing with the European Community the very question of reducing tariffs against Canadian fish. Until the dollar strengthened, we were sending a considerable amount of fish to the European market. On the question of France, the hon. member surely knows that France is fishing in Canadian waters under a treaty that was signed a number of years ago. I am sure he does not advocate that we abolish our obligations under that treaty.

On the question of access to the Common market, I will be interested in the hon. member's position if and when we ratify the agreement that was negotiated with the European Community. It will mean that Canadian industry will have to make up its mind whether it wants to have all the fish and full warehouses, or use some of the fish to trade for access to markets.

* * *

FEDERAL PROVINCIAL FISCAL ARRANGEMENTS

EQUALIZATION PAYMENT FORMULA

Mr. Tom McMillan (Hillsborough): Madam Speaker, my question is directed to the Minister of Finance. Earlier this week the Conference Board of Canada projected that Ontario's rate of growth in 1982 would be worse than any other province in Canada. Given that the Minister's budget now ties equalization payments for the poorer provinces to Ontario's economic performance rather than to a national standard, and given that Ontario's economy is in decline, will he finally agree with the Council of Maritime Premiers, who issued a statement to that effect this week, that under the new formula fewer provinces will qualify for equalization payments and those which do will qualify for less money? Will the minister admit that the new formula is just another way for the federal government to grab revenue at the expense of basic and essential services in the poorer provinces of this country?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): No, Madam Speaker. I could not agree with the hon. member in the inaccurate statement which he brought into his question. First, I do not believe that the Ontario economy is in the state of imminent collapse as the hon. member seems to imply. The existing equalization formula has been roundly condemned by all the provinces. It has been disagreed with by an all-party parliamentary task force which concluded that the existing equalization formula should be abandoned. In this current session of Parliament we had to introduce a bill to eliminate the province of Ontario arbitrarily from receiving equalization payments. The necessity was obvious of producing a new formula, which stated that it was apparent that the Province of Ontario was able to provide a reasonable level of public services. Therefore, it would be a standard upon which the equalization is based. That is the approach.

● (1150)

The fact of the matter is rather than equalization payments being reduced, as the hon. member alleges, they will increase under the new formula by about 15 per cent in total from year to year. It seems to me that that is a rather substantial increase in payments to the recipient provinces.

Oral Questions

THE BUDGET

EFFECT ON RETIREMENT INCOME OF FARMERS

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, my question is directed to the Minister of Finance. On November 24 I sent a statement to the Minister of Finance from a firm of Saskatchewan accountants who argue that under his budget would be the elimination of annuities for farmers, which really means the elimination of a great deal of their retirement income so that the average farmer in Saskatchewan would lose around $6,000 or more dollars per year, and in the year of sale he would see his taxes increase from $5,000 to over $70,000. In view of the fact that the minister has not replied to the information, nor to the questions we and the Federation of Agriculture and other people have asked on this issue, I wonder if the minister can confirm, in the spirit of Christmas, that later today or very shortly next week he will announce the reinstatement of the IAAC for farmers and small businessmen, or certainly an exemption that would cover the main concerns of the small farming community in this country?

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): No, Madam Speaker, I cannot confirm that I will be making any such announcement. I believe that the hon. member has, I am sure unintentionally, not fully understood the comparative advantage of the forward averaging system—

Mr. Mayer: No one understands it; that is the problem.

Mr. MacEachen: —in comparison with the income-averaging annuity contract. Hon. members may be interested in knowing that recently representatives of the cattle industry came to Ottawa to express their concern about the elimination of IAAC, as they are called, and the substitution of the forward averaging. After an examination of the two alternatives, they concluded that probably the new system was better for the farmers. When they returned to the west they issued a statement to that effect and said that, "Yes, indeed, we think that system is probably better for the farmer".

An hon. Member: It means that people will pay more taxes.

Mr. MacEachen: Madam Speaker, may I say that the hon. member has raised a particular case and I am trying to get a letter off to him today that is on a very complicated example. I hope that will further our common understanding of this problem.

QUERY RESPECTING POSSIBILITY OF CHANGES

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, I have with me the comparison made between IAAC and forward averaging that was worked out by 12 accountants of a very respectable firm in our province. I should like to ask the minister directly whether or not he is stating to the House today that the door is absolutely closed with regard to any changes that may pertain to small farmers, and small businessmen not large cattle ranchers, who depend on the sale of their farms for retirement incomes?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the door is never closed at all. The hon. member will have an opportunity to state his case, if it is required, when the budget resolutions are before the House. I can assure the hon. member that I will be listening very carefully to any views that are put forward at that time and, indeed, as I have been listening to views up to the present time.

ANNOUNCEMENT OF CHANGES

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, the Minister of Finance has heard several more representations from this party today for changes in the budget. Will the Minister of Finance indicate to the House whether he intends to introduce or to announce any changes in the budget before the House of Commons adjourns today?

An hon. Member: You already know the answer to that one.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, it is my intention, as I have indicated informally, to indeed make some announcement today. I would make the statement on motions at the present time, but it is necessary that I make this announcement when markets close. If I get consent, Madam Speaker, I would be prepared to come into the House at four o'clock and make a statement and table some documents, so that the House of Commons would be fully apprised of the announcement before it recesses.

Mr. Nielsen: You have it.

Mr. MacEachen: Madam Speaker, I want to assure you that I have attempted to get these announcements put together before the House rose. That is why I have met the deadline today.

Hon. Erik Nielsen (Yukon): Madam Speaker, I simply want to indicate to the minister right now that he has the consent of the official opposition to make that statement at four o'clock.

EFFECT ON BENEFITS PROVIDED FOR BRITISH COLUMBIA LOGGERS

Hon. John A. Fraser (Vancouver South): Madam Speaker, my question is directed to the Minister of Finance. As the minister knows, in the forest industry in British Columbia there are certain benefits that can be considered deemed benefits, in terms of room and board for people working in outlying logging and timber operations. Will the minister advise the House whether he has yet responded to any representations from the forest industry or the unions in

British Columbia, and whether he will reconsider the budget provisions which would make those benefits taxable?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, my understanding is that under the present law these benefits are taxable at the present time.

IMPACT ON GUARANTEED INCOME SUPPLEMENT RECIPIENTS

Mr. Jim Hawkes (Calgary West): Madam Speaker, I have a very serious question for the Minister of Finance. I rose in the House on November 27 and expressed my concern in the form of a question on the impact of his indirect and hidden taxes on senior citizens. Specifically, did his tax take from hidden taxes exceed the $35 which the House of Commons had voted to guaranteed income supplement recipients? The minister responded to the question, Madam Speaker, by stating "No". It is very clear in *Hansard* on November 27 that he responded "No". In my supplementary question I asked if he would table a scientific study to support his answer. He indicated a willingness, and suggested to the House that my information was incorrect. Earlier today during the question period, under the minister's signature I received the following letter, and I quote one sentence:

> Work has commenced on the study and I will introduce it in the new year.

On November 27 the minister did not know. Today under his own signature he said that he will commence the study and introduce it in the new year. The minister misled the House on November 27. Will he stand in his place and apologize to the House for his statement?

Madam Speaker: Order, please.

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

Some hon. Members: No.

Madam Speaker: Order, please. Sorry, but the hon. Minister of Finance may not raise a point of order at this time. He may later on.

EMPLOYEE TRAVEL BENEFITS

Hon. Jake Epp (Provencher): Madam Speaker, I should like to direct my question to the Minister of National Revenue. In view of the fact that the Minister of Finance has now passed the hot potato of employee travel passes to that minister, will the minister tell the House whether he intends to pass regulations in his department that would make those employee travel benefits taxable?

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, the Minister of Finance stated very clearly this morning the position he has taken with regard to the taxation of benefits. My job is to interpret the law. I will be doing that in consultation with the Minister of Finance. I can assure the hon. member, the opposition, and the people in the country that we will be doing that along the same lines as the general theme in the budget, and that is with fairness and equity.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

* * *

HOUSE OF COMMONS

SPEAKER'S CHRISTMAS WISHES

Madam Speaker: May I at this time wish all hon. members a very Merry Christmas and a Happy New Year. I rejoice with them that they will now have some time to spend with their families which, considering our functions and our life style, we all miss very much. May these moments with your families be filled with joy and love.

● (1200)

[*Translation*]

A Merry Christmas and a Happy and Prosperous New Year to everyone, and the very best to you and yours during the holidays!

* * *

MESSAGE FROM THE SENATE

Madam Speaker: I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate has passed Bill C-46, an act to regulate the importation of fresh, chilled and frozen meat and to amend the Export and Import Permits Act, without amendment.

* * *

[*English*]

PETITIONS

TABLING OF REPORTS OF CLERK OF PETITIONS

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table reports of the Clerk of Petitions stating that he has examined the petitions presented by hon. members on Thursday, December 17, 1981 and finds that they meet the requirements of the Standing Orders as to form.

* * *

BUSINESS OF THE HOUSE

Mr. Nielsen: Madam Speaker, the Minister of Finance indicated that he would be making a statement later this day if he had unanimous consent to do so. We indicated immediately

that consent was forthcoming from this party. I wonder if the New Democratic Party could give an indication whether that consent is forthcoming from them.

Mr. Deans: Madam Speaker, I did not realize that I was entitled to take questions. Of course, unanimous consent is given.

Madam Speaker: Does the House give its unanimous consent?

Some hon. Members: Agreed.

[*Translation*]

Mr. Pinard: In view of the fact that the Minister of Finance (Mr. MacEachen), with the unanimous consent of the House, will be making his statement at four o'clock, it obviously follows that there will be no private members' hour today.

[*English*]

Madam Speaker: Is it agreed that the Minister of Finance should table the document later this day and that there be no private members' hour?

Some hon. Members: Agreed.

Mr. Nielsen: Madam Speaker, it is, of course, clearly understood that it will be considered a statement on motions and that there will be the appropriate responses from both opposition parties?

Mr. Deans: Madam Speaker, I just want to be sure that when the statement is made it is understood that it is a statement on motions and that there will be an opportunity for questions.

[*Translation*]

Mr. Pinard: Madam Speaker, I am now able to inform the House that the Minister of Finance will not take up the entire hour he has been given, thus enabling members to ask a few questions if they should wish to do so. Therefore members of the opposition will have an opportunity to ask questions before the House adjourns at five o'clock.

* * *

[*English*]

HOUSE OF COMMONS

STAFFING OF ENGLISH DEBATES REPORTERS

Mr. Svend J. Robinson (Burnaby): Madam Speaker, I rise on a question of privilege concerning a matter which could potentially affect the ability of all Members of Parliament in this House to carry out their responsibilities. It relates to a matter of administration, some might say. It is a question of a decision which was announced to the English language *Hansard* reporters in this House yesterday informing them, I am told without any prior consultation with that group, that a vacancy in that particular area of administration will not be filled. I am drawing this matter to the attention of—

Madam Speaker: Order, please. That is a matter of administration. I will be glad to discuss it with the hon. member, who wanted to see me just before question period but I had a series of meetings that led me up to the hour of the question period. It is a matter of administration. I can assure the hon. member that consultations have taken place and we are hopeful that the decisions taken will not affect the services of *Hansard* in this House. But I will be glad to discuss the matter with the hon. member.

* * *

POINT OF ORDER

MR. MALONE—SUGGESTED CORRECTION TO QUESTION ASKED BY MR. NYSTROM

Mr. Arnold Malone (Crowfoot): Madam Speaker, I rise on a point of order. I wonder if the hon. member for Yorkton-Melville (Mr. Nystrom) might want to take the opportunity to make a correction to the record. I believe he inadvertently misled the House today when he put a question to the Minister of Finance (Mr. MacEachen) about tax as it relates to small farms. In making a distinction between small farms and cattle ranches, he implied that it was not needed when he knows full well that—

Madam Speaker: Order, please. I am afraid that is not a point of order. It is a matter of debate or interpretation. If the hon. member wants to correct any statement in the House, he may do that himself. Hon. members may not ask other hon. members to correct their statements.

ROUTINE PROCEEDINGS

[*English*]

EXTERNAL AFFAIRS AND NATIONAL DEFENCE

PRESENTATION OF SEVENTH REPORT OF STANDING COMMITTEE

Mr. Maurice Harquail (Restigouche): Madam Speaker, as chairman of the subcommittee on Armed Forces Reserves, and in the name of the chairman of the Standing Committee on External Affairs and National Defence, I have the honour and great privilege to present what I understand is the first report on the subject of the reserves as contained in the seventh report of the Standing Committee on External Affairs and National Defence, in both official languages.

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

NATIONAL HOUSING ACT
CANADA MORTGAGE AND HOUSING ACT

TABLING OF DRAFT OF AMENDING BILL

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, in accordance with Standing Order 41(2) I have the honour to table for discussion two copies in both official languages of a draft bill to amend the National Housing Act and the Canada Mortgage and Housing Corporation Act.

* * *

PETITIONS

MR. HAWKES—CULTURAL AFFAIRS—GAME OF CHESS

Mr. Jim Hawkes (Calgary West): Madam Speaker, it is my duty to present a petition signed by over 1,020 Canadians from coast to coast on behalf of the more than four million Canadians who benefit from the self-discipline and intellectual stimulation to be gained from chess.

The purpose of this petition is to indicate clearly to the federal government the urgent need for the federal government to follow the leadership of many provincial governments and other national governments and recognize chess as a universal form of cultural expression, combining physical and mental excellence.

[*Translation*]

The purpose of this petition is to ask the Secretary of State (Mr. Regan) to change departmental policy so as to include measures to promote chess and, consequently, physical and mental excellence.

[*English*]

The petitioners hope, Madam Speaker, that in your examination of their petition you will find the petition in order, sense the urgency of their plea, and that you might use the discretionary powers vested in your office to allow discussion and referral to committee at the earliest possible moment.

Madam Speaker: Would the hon. member like to repeat that in French now?

Some hon. Members: Hear, hear!

* * *

CANADA LABOUR CODE

AMENDMENT RESPECTING SECURITY OF EMPLOYMENT

Mr. David Orlikow (Winnipeg North) moved for leave to introduce Bill C-646, to amend the Canada Labour Code (security of employment).

He said: Madam Speaker, I have filed a copy of this bill with the Clerk and I wish to introduce it for the following reason.

During the past year lay-offs of Canadian workers have been occurring with increasing and alarming regularity. The

Canadian Manufacturers' Association has reported 140,000 lay-offs in that sector alone during the last few months.

This bill is designed to give increased protection to laid-off workers. If enacted, the bill would require longer advance notice of lay-offs, more generous severance pay and would provide for the establishment of a job protection board with representatives of labour, management and government, to inquire into the reasons for the lay-offs and plant closures.

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

* * *

[*Translation*]

NATIONAL ENERGY BOARD ACT (NO. 2)

AMENDMENT RESPECTING APPOINTMENT OF TEMPORARY MEMBER

Hon. André Ouellet (for the Minister of Energy, Mines and Resources) moved for leave to introduce Bill C-87, an Act to Amend the National Energy Board Act (No. 2).

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

Madam Speaker: When shall this bill be read the second time? At the next sitting of the House?

Some hon. Members: Agreed!

Madam Speaker: Later today.

* * *

● (1210)

[*English*]

BUSINESS OF THE HOUSE

Mr. Baker (Nepean-Carleton): Madam Speaker, while we are on the subject of introduction of bills, I wonder whether the government House leader could now advise the House if it is the intention of the government to introduce the Crown corporation bill which the President of the Treasury Board indicated is very important to him and which has been called for by the Standing Committee on Public Accounts and by the Auditor General. If he is not in a position to give me that answer now, would he undertake to give me that answer during the recess? I have information on some good authority that the government has now decided to jettison that bill, and I would want to be persuaded otherwise.

[*Translation*]

Mr. Pinard: Madam Speaker, obviously we shall not be introducing any other bills today. With regard to the bills which will be introduced after the holidays, we shall be in a better position to inform the House as of January 25.

Order Paper Questions

[*English*]

EXTERNAL AFFAIRS AND NATIONAL DEFENCE

MOTION RESPECTING AUTHORITY OF SUBCOMMITTEE TO TRAVEL

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, I have a motion which I believe is agreeable to all sides of the House. I would move, seconded by the hon. member for York East (Mr. Collenette):

That the members of the subcommittee on the relationship between Canada and Latin America and the Caribbean of the Standing Committee on External Affairs and National Defence be authorized to travel during the period ending February 1, 1982, to Cuba, Haiti, Jamaica, Trinidad and Tobago, Costa Rica and Nicaragua, and that the necessary staff accompany the subcommittee.

Madam Speaker: Is it the pleasure of the House to adopt the said report by unanimous consent?

Some hon. Members: Agreed.

Motion agreed to.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 2,035, 2,363, 2,766, 3,065, 3,222, 3,316, 3,368, 3,532, 3,533 and 3,535.

[*Text*]

USE OF 707 BY PRIME MINISTER

Question No. 2,035—**Mr. McKinnon:**

1. Was a Canadian Forces 707 aircraft committed to the Prime Minister's use during his recent European/African/South American trip and, if so, for how many days and hours?

2. Were other service aircraft committed and, if so, for how many days and hours?

3. What was the total itemized cost for transportation of the entire trip?

Mrs. Ursula Appolloni (Parliamentary Secretary to Minister of National Defence): 1. Yes, 14 days.

2. No.

3. CF137 Boeing 47 hours flying time at $4,517/hr.—

crew temporary duty expenses	$8,410
Landing/ground handling fees at Dakaar, Lagos, Maidugure, Brasilia, Sao Paulo, Manaus and Mexico City	8,426
In-flight meals (resupply) at Dakar and Mexico City	3,636
Total expenses	$232,771

NUMBERS OF RCMP IN ONTARIO AND QUEBEC

Question No. 2,363—**Mr. MacKay:**

1. (a) What was the number of RCMP officers involved in policing the provinces of Ontario and Quebec during the fiscal year 1980-81 (b) what was the breakdown, by function and geographic location, of the officers involved in (i) criminal law (ii) commercial crime (iii) customs and excise (iv) drug enforcement?

2. For the same period, what was the total number of officers in the Ottawa headquarters and support staff involved in (a) criminal law enforcement (b) commercial crime (c) customs and excise (d) drug enforcement?

Hon. Bob Kaplan (Solicitor General):

1. (a) 2701 (regular "uniform" members)

			Ontario	Quebec
(b)	(i)	Federal criminal law*	418	349
	(ii)	Commercial crime	102	105
	(iii)	Customs and excise	67	62
	(iv)	Drug enforcement	241	117
		Total	828	633

* includes Criminal Code and other Statutes with the exception of commercial crime figures which are shown separately.

		Ottawa Headquarters	
		R.C.M.P. Officers	Support Staff
2. (a)	Federal criminal law	169	92
(b)	Commercial crime	25	5
(c)	Customs and excise	12	4
(d)	Drug enforcement	15	5
	Total	221	106

Note: These figures include the following sub/sub/activities: detachment policing, special investigation, telecommunications, operational support, air services, criminal intelligence and immigration & passport.

Of the total RCMP officers (169), 55 positions are with foreign services at different points around the world and two are attached with Interpol, Paris.

The establishment figures for "HQ" Division include personnel who provide support services to all divisions. No distinction can be made as to the percentage of positions that are strictly dealing with the provinces of Ontario and Quebec.

MR. H. G. BOWN

Question No. 2,766—**Mr. Beatty:**

1. Did Norpak, Limited make an offer of employment to Mr. H. G. Bown, director general of information technology research and development, Department of Communications and, if so, on what date?

2. On what date and to whom did Mr. Bown first disclose the offer of employment as required by the government's guidelines for holders of public office?

3. (a) Did the Minister of Communications announce on June 23, 1981 that Mr. Bown would be leaving the department in order to take a senior executive job with Norpak, Limited (b) was he aware at the time of the implications of the guidelines in Mr. Bown's case and, if so, for what reason did he not mention that it was unclear whether Mr. Bown could accept such a job under the guidelines?

4. On what date did the Minister of Communications first become aware of the implications of the guidelines for Mr. Bown's future employment?

5. Was an application made for exemption from the guidelines and, if so (a) on what date (b) what form did the application take?

6. Is Mr. Bown currently employed by the Department of Communications and, if not, on what date did he leave?

Mr. Jack Masters (Parliamentary Secretary to Minister of Communications): In so far as the Department of Communications is concerned, the reply to the above question is as follows:

1. Norpak Limited made a formal offer of employment to Mr. Bown on June 18, 1981.

2. Mr. Bown officially disclosed his offer of employment to the assistant deputy minister (research) on June 19, 1981. This offer of employment disclosure was also made known to the deputy minister on June 19, 1981.

3. (a) The minister announced on June 23, 1981 at the Noranda-Norpak news conference, that Mr. Bown would be leaving the department to join Norpak Limited.

(b) The minister was aware of the implications and the guidelines and the assistant deputy minister (research), Mr. Doug Parkhill, responded at the June 23 press conference that the department would adhere to the requirements of these guidelines.

4. The minister was aware of the guidelines with respect to post employment for public servants. When the June 18 offer of employment to Mr. Bown became official, action steps were taken to seek exemption for Mr. Bown as provided for in the guidelines.

5. (a) Yes, on July 15, 1981.

(b) The application was sent to Miss Anita Szlazak, the Public Service Commissioner who chairs the post-employment advisory committee for public servants which is responsible under the guidelines for reviewing requests for exemptions and making recommendations to the Treasury Board.

The application was made up of a letter from the deputy minister outlining Mr. Bown's case and the reasons on which the request for exemption was based. The letter was accompanied by supporting documents. The application for exemption and the advisory committee's recommendation was presented to the Treasury Board ministers on July 29, 1981 for consideration and was approved.

6. At the time of receipt of this inquiry Mr. Bown was still an employee of the Department of Communications. Separation date: August 17, 1981.

TRANSFER OF IMMIGRATION OFFICERS TO DEPARTMENT OF EXTERNAL AFFAIRS

Question No. 3,065—**Mr. Cossitt:**

1. Were offices and employees of the Department of Employment and Immigration outside Canada transferred to the Department of External Affairs and, if so (a) on what date (b) for what reason (c) does the Minister of Employment and Immigration no longer have control over their functions?

2. Are ministerial entry permits still issued by the Minister of Employment and Immigration and is it necessary for him to have the concurrence of the Secretary of State for External Affairs first?

3. Is this an attempt to dismantle or completely abolish the Department of Employment and Immigration and, if so, how can such a move be justified?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): 1. Some 350 foreign service employees of the Employment and Immigration Commission presently in Canada or posted abroad were transferred to the Department of External Affairs.

(a) on April 1, 1981.

(b) to establish a consolidated foreign service which will provide a more refined and effective tool to deliver all overseas programs.

(c) No. The Minister of Employment and Immigration retains full responsibility for administering the provisions of the Immigration Act and its application in Canada and abroad. This includes immigration policy development, program design and legislative interpretation. The Department of External Affairs has assumed responsibility for the delivery only, of the immigration and other programs abroad under the policy and functional direction of the Minister of Employment and Immigration.

2. The Minister of Employment and Immigration does not need the concurrence of the Secretary of State for External Affairs to issue minister's permits. Section 37 of the Immigration Act (1976) clearly gives this authority exclusively to the minister of immigration.

3. No.

USE OF GOVERNMENT VEHICLES

Question No. 3,222—**Mr. Stevens:**

1. Is it government policy to allow cabinet ministers, deputy ministers and/or senior public servants to drive or otherwise use government vehicles for personal use?

2. Does the government receive compensation for such personal use of these cars and, if so, on what basis?

3. Who is responsible for the payment of operational and maintenance expenses while the vehicles are being used for the personal benefit of cabinet ministers, deputy ministers, and/or senior public servants?

Hon. Donald J. Johnston (President of the Treasury Board): 1. Yes; cabinet ministers and deputy ministers of departments or equivalent may make personal use of the departmental vehicle assigned to their offices for official use.

2. Yes; all personal use of the departmental vehicle must be paid for on the basis of a kilometric/mileage rate. The total annual charge relates to the taxable benefit received and is determined as the greater of the amount calculated by multiplying the annual personal distance driven by the applicable rate, or the minimum stand-by charge as per section 6(2) of the Income Tax Act, generally calculated, on the date this question was asked, as 1 per cent of the capital cost of the vehicle. Effective with the 1982 taxation year, the minimum stand-by charge has been increased to 2½ per cent per month of the capital cost of the vehicle. Cabinet ministers make a monthly payment to the department equal to the calculated stand-by charge and a further adjustment at the end of the year, should personal use exceed that permissible by dividing

the annual amount paid by the kilometric/mileage rate. Deputy ministers have the total taxable benefit accruing from personal use of the departmental vehicle added to their gross earnings for the year.

3. The payment of operational and maintenance expenses for these vehicles is the responsibility of the owner department, as the kilometric/mileage rate is established on the basis of reimbursement of both operating costs (gasoline, oil, lubrication, tires, maintenance and repairs) and ownership costs (depreciation, provincial tax, finance charges, insurance and licences).

IMMIGRATION LEVELS

Question No. 3,316—**Mr. Herbert:**

Were discussions held with provincial government representatives to determine what the immigration levels will be in the next three years and, if so, for each province, what minimum and maximum level was established?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): The provinces have agreed in principle that immigration levels should be set for the next three years. The major purpose of federal-provincial consultation in this area is to allow for an over-all exchange of views on all immigration policy, from which future levels may be determined.

Some provinces have indicated specific intake levels for 1982. Quebec expects to receive 16,000 to 18,000, Saskatchewan 2,850, and Prince Edward Island would like to receive 250 to 280 new arrivals. Most provinces, however, have referred to their needs in terms of a percentage of the total national level to be decided federally, stating preferences for maintaining or slightly increasing present intakes.

USE OF DND AIRCRAFT BY CABINET MINISTERS

Question No. 3,368—**Mr. Cossitt:**

1. With reference to the answer to question No. 1,996 with regard to the use of Department of National Defence aircraft by cabinet ministers which stated in part: "The list of executive aircraft used by cabinet ministers... will be available on a monthly basis effective October, 1981 (on request).", was such information requested by the hon. member for Leeds-Grenville from the office of the Minister of National Defence and, as of the date of this question, has the information been furnished and, if not, for what reason?

2. Has a specific system been set up to make this information available each month to avoid any necessity of prolonged and repeated inquiries and, if not (a) for what reason (b) on what date will it be set up?

Hon. J. Gilles Lamontagne (Minister of National Defence): 1. Yes; as of the date of the question the information for the months of October and November was being compiled, however, this information has since been forwarded.

2. Yes. The monthly list of executive aircraft used by cabinet ministers will be available on written request to the office of the Minister of National Defence within 15 calendar days of the following month.

(a) and (b) Not applicable.

ANSWER TO QUESTION No. 3,470

Question No. 3,532—**Mr. Cossitt:**

With reference to the answer to question No. 3,470 which referred in part to the human reaction of many officials in their attitude to answering Order Paper questions, is it government policy to (a) make such blanket statements (b) refuse to make public the names of the public servants involved (c) permit public servants, who complain about Members of Parliament who put questions on the Order Paper, to hide behind a cloak of anonymity?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): (a) See reply to question No. 3,470 answered December 10, 1981.

(b) See reply to question No. 3,469 answered December 10, 1981.

(c) This is a hypothetical question.

ANSWER TO QUESTION No. 3,649

Question No. 3,533—**Mr. Cossitt:**

With reference to the answer to question No. 3,469 which stated in part that "The hon. Member needs only to read successive Order Papers in order to form his own conclusions as to the answer to this question" and as to those members accused by the government of having "overloaded the system" concerning Order Paper questions, does the government realize that the hon. member for Leeds-Grenville did not request to be told his own personal conclusions but was requesting information from the government and, in view of this clarification, is the government now prepared to issue a corrected answer?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): In view of the fact that this question is entirely argumentative in nature and does not belong on the Order Paper the government pondered not answering. However, since the question implies that an incorrect answer has been given, it is clearly necessary to set matters straight. The answer to this question is: no corrected answer is necessary since the answer given was correct.

ANSWER TO QUESTION No. 3,479

Question No. 3,535—**Mr. Cossitt:**

With reference to the answer to question No. 3,479 which stated in part that the government bases whether or not it is amused on certain basic psychology texts, what is a complete list of all such texts used by the government?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): The answer suggested that the hon. member could, if he wished, consult such books. The government does not believe that it has any need to consult such books. If the hon. member wishes to do so and has difficulty with the index system in the Library of Parliament, he can enlist the assistance of any one of the professionaly trained staff in the Library.

* * *

[*English*]

QUESTIONS PASSED AS ORDERS FOR RETURNS

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if questions Nos. 1,997

and 2,519 could be made orders for returns, these returns will be tabled immediately.

[*Text*]

USE OF DND AIRCRAFT BY CABINET MINISTERS

Question No. 1,997—**Mr. Cossitt:**

1. Since the date the government took office following the general election of February 18, 1980, was any Department of National Defence aircraft used by the Prime Minister and/or a cabinet minister and, if so, in each case (a) on what date (b) for what purpose (c) who used the aircraft and what were the names and job designations of all persons on board at any time (d) what was the point of origin, point of termination and any stops in between (e) what was the cost of the flight?

2. What was the total cost of all such flights?

Return tabled.

USE OF FALCON JETS BY CABINET MINISTERS

Question No. 2,519—**Mr. McKinnon:**

Were Department of National Defence Falcon jets used to transport cabinet ministers or Members of Parliament during the first four months of 1981 and, if so, how many trips were made and, in each case (a) what was the (i) date (ii) point of departure (iii) destination (b) who was the principal passenger?

Return tabled.

[*English*]

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

Madam Speaker: Shall the remaining questions stand?

Some hon. Members: Agreed.

Mr. Stevens: Madam Speaker, I raise once again the point of order I raised yesterday. Question No. 2,042, which touches on the costs borne by the taxpayers of Canada for the Prime Minister's world tour approximately a year ago, has still not been answered. Your Honour will recall that yesterday the government House leader promised it would be answered today, yet we now have a reply which does not include the answer to that question which has been on the Order Paper for months.

Mr. Smith: Madam Speaker, if the hon. member would look up question No. 2,035, standing in the name of the hon. member for Victoria which is found in Monday's Order Paper, I think he would find that the question has been asked and answered.

Mr. Young: Madam Speaker, I would like to ask the parliamentary secretary when he expects to answer my questions on the Order Paper concerning the Obstacles report. Yesterday the Minister of State tabled the government's initial response to the Obstacles report in the House, which addressed some 40 of the recommendations. In previous announcements by the government, the government spoke about implementing 56 recommendations from the Obstacles report. I wonder whether the parliamentary secretary could advise both the House and myself when we can expect answers to at least the additional 16 initial responses which were not included in the minister's document tabled yesterday.

Mr. Smith: Madam Speaker, I will be making representations to the hon. Secretary of State, who has just recently been designated as the minister responsible for co-ordinating those answers.

Mr. Waddell: I wonder if the parliamentary secretary could advise the House whether the subcommittee on the Caribbean will be visiting the Turks and Caicos Islands in their travels.

Mr. Smith: Madam Speaker, he could ask his colleague, who will be going, but I do not believe they were included in the order of reference which just went through the House.

[*Translation*]

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered. Does the House agree to have questions Nos. 1,997 and 2,519 made Orders for Returns?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*Translation*]

EXTERNAL AFFAIRS AND NATIONAL DEFENCE

MOTION RESPECTING AUTHORITY FOR STANDING COMMITTEE TO EXAMINE SECURITY AND DISARMAMENT ISSUES

Hon. Yvon Pinard (President of the Privy Council) moved:

That the Standing Committee on External Affairs and National Defence be empowered to examine security and disarmament issues with specific attention to Canada's participation in the second Special Session of the United Nations General Assembly devoted to Disarmament scheduled for June/July 1982, and report to the House not later than Friday, April 2nd, 1982; and

That the Committee be empowered for this purpose to retain the services of advisers to assist in its work and that it also be empowered to retain such professional, clerical and stenographic help as may be required and that it also be empowered to advertise invitations to the public to submit opinions on the aforementioned matter.

He said: Madam Speaker, I understand that there has been consultation on this matter and that there is unanimous consent for adoption of this motion.

Madam Speaker: Is there unanimous consent?

[*English*]

Mr. Nielsen: That is correct, Madam Speaker. I do not have my Order Paper in front of me, but was the word "security" included in the motion?

Mr. Pinard: Yes.

Mr. Baker (Nepean-Carleton): Yes, it was.

[*Translation*]

Madam Speaker: Therefore, there is unanimous consent for adopting this motion.

Some hon. Members: Agreed.

Motion agreed to.

Mr. Pinard: There has also been consultation on Bill C-87, and it has been agreed that we should proceed with all stages of the bill today, so that the motion should include referral of the bill to the Committee of the Whole. I wish to announce now that at the stage of consideration by a Committee of the Whole, I shall be presenting an amendment on behalf of the Minister of Energy, Mines and Resources (Mr. Lalonde), to have the number of additional commissioners restricted to six. In the circumstances, and subject to this amendment, I believe there is unanimous consent for the House to proceed as I have just indicated and that the bill can be taken through all stages and adopted during the next few minutes.

Madam Speaker: Is there unanimous consent for proceeding with all stages of the bill?

Some hon. Members: Agreed.

* * *

NATIONAL ENERGY BOARD ACT, NO. 2

AMENDMENT RESPECTING APPOINTMENT OF TEMPORARY MEMBERS

Hon. Yvon Pinard (for the Minister of Energy, Mines and Resources) moved that Bill C-87, an Act to amend the National Energy Board Act (No. 2), be read the second time and, by unanimous consent, referred to the Committee of the Whole.

Madam Speaker: Is it the pleasure of the House to adopt this motion?

Some hon. Members: Agreed.

Motion agreed to, bill read the second time and, by unanimous consent, referred to the committee of the whole—Mr. Blaker in the chair.

[*English*]

The Assistant Deputy Chairman: House in committee of the whole on Bill C-87, an act to amend the National Energy Board Act (No. 2). Shall clause 1 carry?

On Clause 1—*Temporary Members*

Mr. Nielsen: On a point of order, Mr. Chairman, we whipped through second reading so fast that the minister did not make an explanatory statement. I see that the parliamentary secretary is in his place, and I assumed that he would be recognized first to make the statement which would normally be made on second reading debate, and that he would be followed by the hon. member for Calgary Centre.

Mr. MacLaren: Mr. Chairman, I could either do so now or on third reading, as the hon. member wishes.

Mr. Nielsen: I think it would be appropriate if the explanation were given now.

Mr. MacLaren: Mr. Chairman, hon. members may recall that last Friday, December 11, this House gave final reading to Bill C-60, to amend the National Energy Board Act relating to the detailed routing of pipelines, conditions relating to construction, entry on to the right of way, acquisition of the right of way and compensation for the use of the land. The bill is now awaiting royal assent. Hon. members may also recall that all parties agreed to the swift passage of the bill which had originated in the Senate as Bill S-12.

Bill C-60 will require that a company which files a plan, profile and book of reference with the Board must serve a notice on all landowners whose land is proposed to be acquired.

Mr. Andre: You've got the wrong notes.

Mr. MacLaren: The company must publish a similar notice in a newspaper in the area of the land involved. Landowners who have been served with a notice, and any other landowner who believes that his land will be affected by the pipeline, will have 30 days to file a notice of objection with the National Energy Board.

If any notice is received, the Board must conduct a hearing in the locale of the land affected, at which time the landowners who have filed notices have a right to be heard. The terms of reference of this hearing include not only the best possible route for the pipeline, but also the best method of acquiring the land and of constructing the pipeline. The Board has the power to address all of these concerns either by withholding its approval of the plans, profiles, and books of reference or by imposing terms and conditions on the approval.

• (1220)

There is substantial pipeline construction contemplated in the near future. The board estimates that nearly 4,000 land owners will be affected by the bill in the first quarter of 1982 alone. Even if only 3 per cent of them request public hearings, this could give rise to 120 cases in that quarter. Just how many land owners will apply is unknown at this time, but the board must have the flexibility to deal with the situation.

However, Bill C-60 did not provide for any additional board members to conduct these hearings. Staff will also be required by the board to administer Bill C-60, but arrangements have already been made with Treasury Board for the provision of such staff. However, under the National Energy Board Act, the board is restricted to nine permanent members with no provision for temporary members. These permanent members are needed to carry out the existing responsibilities of the board under the National Energy Board Act, the Petroleum Administration Act and the Northern Pipeline Act. With the

high level of activity in the energy field, all nine members are already committed to hearings throughout 1982 and beyond. It would be impossible for board members to carry out their obligations under Bill C-60 without provision for additional members.

As the President of the Privy Council has noted, concurrence has been received from all parties to introduce this bill in anticipation that it will receive swift passage so as to permit Bill C-60 to be proclaimed at an early date. The sole purpose of the bill before us now is to provide for the appointment of not more than six temporary members under terms and conditions to be prescribed by the governor in council and for such members to carry out such duties as may be assigned to them by the chairman.

Whether more permanent members are needed can be determined when experience has been gained in administering Bill C-60. Each of the temporary members will be governed by the same conflict of interest rules which are contained in the National Energy Board Act relating to its members.

Members may note that there has been a change in the wording of the residence requirements of board members. They are presently required "to reside in the city of Ottawa or within 25 miles thereof or within such other distance as the governor in council determines". It has been decided to change these definitions and relate them to the National Capital Region based on the definition set forth in the National Capital Act. This seems to reflect the appropriateness of using the term, National Capital Region, embracing an area in both Ontario and Quebec in referring to the federal Government of Canada.

As I pointed out, the act is basically simple. It provides for no more than six temporary board members, permitting the bringing into operation of Bill C-60 at an early date. It is the intention to proclaim the coming into effect of this act on the same day as Bill C-60.

I have referred to the fact that this bill anticipates not more than six temporary members. At the committee stage of the bill, as the President of the Privy Council has already indicated, with the concurrence of the two opposition parties I will move an amendment that will limit the number of temporary members to not more than six.

Mr. Andre: Mr. Chairman, I want to take this opportunity to say a few words. We concur with the introduction of this bill. We did support and do support Bill C-60 which provides, I think, for a fair way of treating farmers, ranchers and other land owners who are subject to pipeline right-of-way expropriations. Obviously, we concur with the necessary changes to the staff of the National Energy Board so as to enable it properly to administer this new way of handling land owners.

I would also like to take this opportunity to indicate that an equal concern to Bill C-60 is a concern that we in this party feel about the ability of the National Energy Board properly and expeditiously to handle other very important issues which will be coming forward in the coming year. In particular, I consider that the hearings which the National Energy Board will be undertaking on natural gas exports commencing March, 1982, are of vital importance in an energy sense to the future of this country.

These gas export hearings, I hope and believe, will result in the authorization of increased gas exports, which are vital to this country for many reasons. First, although the Minister of Energy, Mines and Resources never wants to admit it in this House, there are dozens and dozens of oil and gas companies in severe financial straits at this time. Many of these companies are primarily concerned with natural gas having explored for and found gas over the last few years. These companies have been unable to market their gas. They are now in hock to the banks and are faced with the extremely high interest rates prevailing, putting them into serious straits.

Yesterday I heard about a rather significant company, not a large one but certainly a significant company, that could be purchased for $1 as a result of its inability to market gas. This is a Canadian-owned company. That kind of de-Canadianization flowing from many of this government's policies on interest rates and the policies of the National Energy Board is something about which we should all be concerned. One thing the government could do without having to eat crow and admit how bad the National Energy Program is would be to examine and authorize natural gas exports.

We are faced with a very serious balance of payments problem and serious interest rate differentials vis-à-vis the United States, and increased gas exports would perhaps be the quickest, most readily available way in which we can improve our balance of payments deficit and reduce the interest rate differential between Canada and the United States.

Increased cash flows to industries from increased gas exports would be a tremendous stimulus to increased exploration and development. It will maintain thousands of jobs, not only in the oil and gas industry but all of the industries primarily located in central Canada that supply the oil and gas industry. They produce the pipes, the valves, the pumps, the machinery and so on which are so much a part of exploration and development efforts.

It is important that the National Energy Board get to these decisions quickly. The ability to sell natural gas to the United States market is being reduced daily. The door is slowly being closed. The reason is simple. The United States, unlike Canada, adopted a much saner energy policy two years ago. This triggered a massive increase in exploration and development in the United States. Large gas finds have been discovered in the U.S. Therefore, the market for Canadian natural gas is being reduced daily as a result. I might add that there are 300 to 400 Canadian companies in the United States drilling and finding natural gas also contributing to the restriction of market forces. If we are going to take this opportunity that gas exports offer, it is important that we do it quickly and very soon. It is important also that the National Energy Board be able to pursue these hearings with some vigour and make recommendations to the government as soon as possible.

I would be remiss if I did not mention the other side of the question. Will we have sufficient natural gas to look after

Canada's natural gas needs in the reasonably foreseeable future? That is a vitally important question that must be addressed by the National Energy Board as well. The National Energy Board is the best equipped body in the country to make that decision. The National Energy Board should be given the flexibility by the government to consider not just that gas which is now available through opening up a valve, but the gas that has been discovered and could be brought to market with reasonable dispatch. It should also be able to consider that gas which can reasonably be anticipated as coming on line as a result of the exploration and development activity that will be going on.

• (1230)

In conclusion, I would indicate that we are in favour of providing the National Energy Board with this increased manpower to provide flexibility in handling the ongoing mandate as well as the new mandate given the board as a result of Bill C-60. I would express the hope and the wish that the National Energy Board will understand, and I think it does, the gravity of the situation for the Canadian oil and gas industry in western Canada, particularly those smaller Canadian-owned companies which are rich mainly in gas rather than oil, and that the board will handle these hearings with dispatch and make recommendations to the government at an early date. Perhaps with that kind of quick movement on the part of the National Energy Board and, hopefully, the government, we can repair some of the damage done in the last two years, getting this vital and creative sector of the Canadian oil and gas industry back on track, making this country self-sufficient with a more vigorous economy. This will put back to work some of those thousands of Canadians who have been laid off as a result of the energy mistakes over the last two years.

Mr. Waddell: Mr. Chairman, I am pleased to speak on behalf of the NDP on this bill and to give our approval for its speedy passage. We agree that we need more temporary board members properly to administer the act. Like a hockey team, we would like a few leftwingers if we could choose, but I suppose we will not have that choice, and I will have something to say about that in a few minutes.

I do want to reply briefly to some of the remarks by the hon. member for Calgary Centre before I wish him a Merry Christmas as he leaves to go back to the gas boom. I could not let his remarks pass without some comment. They sounded like what one of my colleagues has called "the Canadian Hunter refrain", or what my colleague refers to as "the oil magots". The refrain is: Give us some money so we can find more gas and oil, becuse we are broke. Give us some tax advantages. When the money and the tax advantages are given, give us permission to export the gas and oil as quickly as we can because we have a surplus and we are broke. Then after it is exported they say: Give us more money because we have to find more. This is like perpetual Christmas, like having Santa Claus all the time. They say: Do these things or we will take our rigs south. We hear that refrain all the time.

At one time in this country in the early 1970s we were exporting one half of our daily production of oil because these people told us that we had lots and we should sell it. Now we are faced with this terrible difficulty of importing about one third of our oil. I am worried that the same thing may happen with natural gas.

We want to help these companies out, but there may be other ways of helping them. For example, would it not make more sense to move our gas east and west rather than north and south? If there is in fact a surplus of gas, perhaps we could even have a gas bank to store some of that gas for Ontario or for Quebec until we need it, particularly when the government is encouraging people to convert to natural gas. Perhaps it could be moved to the maritimes; we might even consider that. It seems to me those kinds of alternatives would make some sense, rather than advocating that we predetermine the board's hearings. After all, the National Energy Board has to determine whether we have an exportable gas surplus, and I do not think it is for members of this House to make those decisions for the National Energy Board.

We are in favour of this bill because we think the new members will be needed to administer effectively the provisions of Bill C-60, as mentioned by the hon. member for Etobicoke North. Bill C-60 was passed last week in the House. It related to new expropriation procedures and protection for those people who are affected, the land owners and small farmers, as a result of pipelines going through their lands. On previous occasions in the House, including last week, the hon. member for Kootenay East-Revelstoke made quite strong speeches about the necessity for that measure. Bill C-60 is the "Yahk" bill". It is named after a little town in British Columbia. They have a little slogan there: "I have been to Yahk and back". I hope you will go there some day, Mr. Chairman, to see that very friendly little place.

If my colleague to my left here stops yakking for a minute I will tell hon. members that the Yahk home owners raised such a fuss when their land was expropriated under a very old 19th century law that the member for Kootenay East-Revelstoke brought the issue to the attention of the Minister of Energy, Mines and Resources and the government did bring in the bill to update that expropriation procedure. What we are now doing is adding temporary members to the National Energy Board who will help administer the measure more effectively.

Before I sit down I want to draw the attention of the House to a private member's bill I had the honour of introducing in the House on October 10, 1980.

An hon. Member: This sounds like a commercial.

Mr. Waddell: My friend across the way says this is a commercial, and it is. He should read that bill because it is an attempt to upgrade and modernize the National Energy Board. The bill we have before us today only touches on one aspect, adding some temporary members. What I was attempting to do in my bill was make some other provisions and I just want briefly to touch on those.

If we could broaden this particular bill today we could put something in it to really make sure that these members got decent salaries and decent status. We have to upgrade these boards, the National Energy Board and other administrative boards, almost to the status of the Federal Court. We should do that because these boards are handling the day to day important matters in Canada, for example the exportation of oil and gas, television licences, the cost of telephone service, prices of this and that, air fares and so on. These boards need to be upgraded. They do not need to be populated by low level appointments. In the past there have been a lot of what one commentator called political hacks appointed to the board. It was not me who said that but a distinguished commentator from the Law Reform Commission.

The other thing we need to do with the National Energy Board is upgrade the role of board counsel. We also need to make public and open up the internal procedures of that board and let the sunlight in as they do with administrative boards in the United States. We need to consult people about appointments, including provincial governments. We should change the background requirements of some of the people who are appointed to these boards. For example, we do not have any environmentalists on the National Energy Board, yet we have been hearing from very active people on environmental law and environmental matters for the last 15 years. Why don't we do that? There are no northerners or native people on these boards. There should at least be a representative of those groups on the boards.

• (1240)

There are many things which can be done to upgrade the boards. I would ask the hon. member to read my bill over the Christmas holidays. He will find it in the October 10, 1980, *Hansard* and I will put it in his Christmas stocking.

In conclusion, I say that we in the NDP support the provisions of this bill. However, we draw the attention of the government to how appointments are made. Let us not have the usual political hacks. Let us not have the former candidates and bag men. We should try to get board members, even as temporary members, who will take to the board some experience in various fields and who have backgrounds which are not now represented on the boards. We need people who understand the plight of small farmers whose land might have to be expropriated for these public works projects. With that comment, Mr. Speaker, I think I can give our party's consent to the speedy passage of this particular bill.

Mr. MacLaren: Mr. Chairman, I move, seconded by the hon. member for Moncton:

That Clause I of Bill C-87 be amended by adding immediately after line 16 on page 1 the following: "(6.1) Not more than six temporary members of the Board shall hold office at any one time".

The Assistant Deputy Chairman: The House has heard the proposed amendment of the parliamentary secretary. Does the House agree to this amendment?

Some hon. Members: Agreed.

Motion agreed to.

Clause 1, as amended, agreed to.

Clauses 2 to 4 inclusive agreed to.

Title agreed to.

Bill reported.

The Acting Speaker (Mr. Blaker): When shall the bill be read the third time; by unanimous consent, now?

Some hon. Members: Agreed.

Mr. Ouellet (for Mr. Lalonde) moved that the bill be read the third time and do pass.

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

* * *

[*Translation*]

ELECTRICITY AND GAS INSPECTION ACT

INSPECTION OF ELECTRIC AND GAS METERS AND SUPPLIES

Hon. André Ouellet (Minister of Consumer and Corporate Affairs) moved that Bill C-11, an Act relating to the inspection of electric and gas meters and supplies, be read the second time and referred to the Standing Committee on Health, Welfare and Social Affairs.

He said: Mr. Speaker, I shall be very brief, except to move adoption of this bill which is to replace the Gas Inspection Act and the Electricity Inspection Act. There are several good reasons, Mr. Speaker, why the two existing acts should be consolidated in a single act. First of all, existing legislation governing the accuracy of measuring electricity and gas has not been changed since 1920, so that a review and improvements are necessary to reflect present-day circumstances and technological progress.

Second, the future act will allow accreditation of private meter manufacturers, so as to increase the industry's responsibility for measurement accuracy. However, I can assure the House that the Department of Consumer and Corporate Affairs will continue to test electric or gas meters whose accuracy is contested by a purchaser or vendor. Such tests have proved to be an excellent means of ensuring that everyone gets a fair deal, and if they are combined with regular inspections of accredited manufacturers by inspectors, Canadians should be receiving even better service in this area. I would like to point out that the act provides for adjusting provisions to measuring instruments to be used for new energy forms or means of distribution, such as the supply of steam from a central source.

I can assure the House that the intent of the act has received very broad support. In fact, a number of public utilities have written to ask us to accelerate passage of the bill. Thus, the proposed legislation will maintain a system under which our

national consumption of electricity and gas will continue to be measured correctly, and my department has a responsibility for seeing to it that the legislation is applied fairly to all marketing agents. Especially with respect to energy and measurement of electricity and gas consumption, this bill is entirely in line with my department's terms of reference. I therefore recommend that this bill be supported by hon. members on both sides of the House.

[*English*]

Mr. Geoff Scott (Hamilton-Wentworth): Mr. Speaker, it is with great pleasure that I rise to take part in the second reading of Bill C-11, an act relating to the inspection of electric and gas metres and supplies.

Perhaps I could paraphrase the words of the Gettysburg Address and suggest that the world will little note nor long remember what is said here, but it can never forget what we are doing here.

I feel like the hon. member for Winnipeg North Centre (Mr. Knowles). I used to sit up in the gallery for the better part of 20 years and wonder what monentous legislation could keep Members of Parliament here on the last day, just before the Christmas recess. Well, this is an example of the monentous kind of legislation. As I say, I feel like the hon. member for Winnipeg North Centre in filling in these final moments.

As an aside, I am sure that the thoughts of all members of the House are with the hon. member for Winnipeg North Centre at this time and we all hope to see that distingushed gentleman back here on January 25, even, Sir, if you do not agree with the principles of Bill C-11.

Bill C-11 was first introduced in April, 1980 by the hon. Minister of Consumer and Corporate Affairs (Mr. Ouellet). In fact, it is almost identical to Bill C-20 which was introduced by my esteemed friend, the hon. member for Durham-Northumberland (Mr. Lawrence), when he was minister of consumer and corporate affairs. In 1978, this bill was introduced by the former Liberal minister of consumer and corporate affairs, the hon. member for Notre-Dame-de-Grâce-Lachine East (Mr. Allmand).

It is the opinion of the Progressive Conservative Party that this bill has been required for some time. It is with regret that it has not come before the House for second reading until now. It is our hope that it will proceed quickly through all stages of debate today in the House.

The purpose of Bill C-11 is many- faceted. This legislation will replace two existing acts, the Electricity Inspection Act and the Gas Inspection Act. Both of these acts have not been substantially amended or altered since the 1920s. As well as consolidating and updating the current acts, Bill C-11 will also serve to eliminate a number of inconsistencies in the acts which have resulted in various problems of interpretation and enforcement of these two outmoded pieces of legislation.

Due to the fact that these current acts have not been substantially amended since the 1920s, this new bill will reflect the changing technologies in the gas and electricity metering industry. The legislation is also forward-looking, in my view, in that it will provide for the application of the provisions of the legislation to new sources or supplies of energy or new forms of energy distribution. This is a very attractive part of the legislation. We in this House are always being accused of only reacting to change, but here we are anticipating it and applauding it.

● (1250)

The act will also legitimize the use of certain recognized units such as British thermal units, of BTUs, as they are commonly known. The criminal offence provisions of the act are also strengthened. The act makes it a criminal offence for any contractor or supplier to "short supply" a customer by incorporating the wording and intent of Sections 33 and 34 of the Weights and Measures Act. The act also makes it an offence to commit theft by substituting a misleading or fraudulent meter.

The main purpose of this bill, however, aside from these very important housekeeping measures, is to permit the Department of Consumer and Corporate Affairs to transfer a portion of its meter inspection function over to the private sector. Not only will this enable the already overburdened and understaffed branch of legal meterology to utilize its staff in other areas, but it also aids in reducing the government's expenditure at a time when many of us on this side of House are determined that the spending priorities of the government must be redesigned and directed particularly to important areas, such as housing and farming.

The act will authorize qualified utilities and meter manufacturers to verify and seal electricity and gas meters, subject to frequent audits and inspections by the staff of the Department of Consumer and Corporate Affairs. It will, therefore, extend to the Canadian consumer the same protection he currently receives but at considerable savings to the federal government.

I feel it is incumbent upon me, as consumer affairs spokesman for my party, to allay any fears on the part of consumers who may feel that turning over verification of meters to those industries and contractors who sell the product is, in effect, the fox guarding the chickens. Only those utilities which are qualified and competent and accredited meter shops will be permitted to inspect gas and electricity meters. The qualified service people will have to register annually as well as be subject to spot audits by federal government inspectors to ensure that these meter shops and inspectors are maintaining strict quality control procedures.

These utilities and meter shops are required to meet strict standards on the quality of testing equipment and quality control measures. These standards are set by the federal authorities in accordance with prescribed standards of calibration. It at any time a meter verifier fails to meet these standards, the accreditation necessary for him to be in business can be revoked and the meters under his jurisdiction sealed and re-verified.

Should a dispute between an electricity or gas utility and a consumer arise, federal government inspectors will be able to arbitrate the dispute and verify the meter's accuracy. I hope

these safeguards calm the fears of many consumers. The standards are quite rigid, and the penalties for not adhering to them are quite strict.

I am also pleased to see a feature of our government incorporated into this bill, that is, a sunset provision. The minister responsible for the act will submit a report to Parliament after five years on the administration of the act. Should any difficulties arise out of the administration of the act, then the consumer can be assured those sections of the act which are being questioned will come under the scrutiny of this House of Commons.

It is with great pleasure that I say "yea" to Bill C-11, and I hope we can proceed quickly to royal assent.

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

The Acting Speaker (Mr. Blaker): The Chair will recognize the hon. member for Hamilton Mountain (Mr. Deans).

Mr. Ian Deans (Hamilton Mountain): Mr. Speaker, I want to say just a word or two about Bill C-11. It was very interesting to hear my good friend and colleague, the hon. member for Hamilton-Wentworth (Mr. Scott), outline the provisions of the bill. Having read the bill, I recognize that those indeed are the provisions!

I want to talk about some concerns I have about the legislation. I will begin by saying that we will support the passage of the bill, but we do so with some two or three reservations.

It is all well and good to write out the procedures which must be followed in order to effect a proper testing, particularly of natural gas equipment. Perhaps testing of electrical equipment is not quite as important, although it can cause problems. I want to talk seriously for a moment about the hazard involved with natural gas and the difficulties which can be encountered in dealing with it. I have spent a significant portion of my life working as a firefighter, and I can recall on numerous occasions going to fires or to gas leaks in an attempt to evacuate the areas and assist in bringing things under control. It scared me no end when I realized that it would be quite easy for a very major catastrophe to occur as a result of inadvertence or inadequate inspection.

I am therefore compelled to say that no matter how we write the legislation, unless we can instil in the people who are going to assume this responsibility that the responsibility is a real responsibility for the lives of people, then no legislation will suffice in any way.

I draw a comparison with the legislation passed in the province of Ontario some years ago regarding motor vehicle safety inspection. It was done for a good reason. It was done because it was believed that there were on the roads of Ontario vehicles which were unsafe, and we therefore passed legislation which empowered licensed mechanics to inspect vehicles and to issue stickers saying that vehicles were in good working order as far as safety was concerned. I can tell hon. members that it has been brought to my attention on numerous occasions that after cars had been inspected and purchased, brakes failed and wheels fell off. Vehicles were not adequately inspected. The safety of the drivers and people in the vicinity of those vehicles was placed in some jeopardy.

With that in the back of my mind I was concerned about this legislation. It will become a primary responsibility of the minister—who is undoubtedly listening to me with one ear and listening with the other to his colleagues—to ensure that the Ministry of Consumer and Corporate Affairs does in fact oversee inspections and inspectors in such a way as to protect the safety of Canadians. It is not good enough to assume that just because there are penalties in the bill people given the responsibility of carrying out day to day inspections will automatically do that in such a way as to guarantee the safety of those people who must come into contact with these apparatuses.

I urge that the minister have a staff of a size sufficient to make sure that not only meters and other paraphernalia to be used are properly tested but also that there be a continuation of spot checks both on those who are doing inspections and on the work which has presumably been inspected and for which certificates have been issued, and that spot checks be made on a regular basis across the country to guarantee the quality of the work. As I say, in the case of natural gas in particular the hazard involved is signficant. I suggest to the minister further that with regard to employees who are currently involved in testing—if I speak quickly, I will get to the end—they be given priority and the opportunity to undertake that work.

With those few comments I will now allow the bill to be read the second time.

• (1300)

The Acting Speaker (Mr. Blaker): The Chair is a little uncertain. Is there a disposition among members to put the bill through all stages?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Blaker): Would the minister like to have his bill through all stages before lunch or after?

Mr. Ouellet: Before lunch, Mr. Speaker.

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

Some hon. Members: Agreed.

Motion agreed to, bill read the second time and, by unanimous consent, considered in committee, reported, read the third time and passed.

The Acting Speaker (Mr. Blaker): It being one o'clock, I do now leave the chair until two o'clock this afternoon.

At 1.03 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

THE ROYAL ASSENT

The Acting Speaker (Mr. Blaker): I have the honour to inform the House that a communication has been received as follows:

Government House
Ottawa

18 December, 1981

Madam,

I have the honour to inform you that the Honourable Brian Dickson, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 18th day of December, 1981, at 2.45 p.m., for the purpose of giving royal assent to certain bills.

I have the honour to be,
Madam,
Your obedient servant,
Jacques Noiseux
for
Edmond Joly de Lotbinière
Administrative Secretary
to the Governor General

* * *

PEST CONTROL PRODUCTS ACT

MEASURE TO AMEND

The House resumed, from December 11, 1981, consideration of the motion of Mr. Whelan that Bill C-45, to amend the Pest Control Products Act, be read the second time and referred to the Standing Committee on Agriculture.

Mr. Dave Nickerson (Western Arctic): Mr. Speaker, I am pleased to be able to speak on a subject worthy of debate on a Friday afternoon in the House of Commons. It is a most important matter how we in Canada control our pests. However, before I commence my remarks I shall raise in the House the observation that the hon. member for Perth (Mr. Jarvis) is not present. The hon. member for Perth gave me a solemn undertaking yesterday that if I were to sit in this House and listen to his speech on Bill C-53, he would sit here in return and listen to my speech on pest control! Having given that solemn undertaking, I find it rather unusual that the hon. member has not complied with his undertaking. However, I do see the hon. member for Timmins-Chapleau (Mr. Chénier), and he might serve as a surrogate. I shall address my remarks specifically to him who, I am told, knows a lot about the subject matter.

Pests are an important matter for this House. As I look around, I see pests opposite me, Mr. Speaker, pests to the left of me, and also in Saskatchewan and in Manitoba. We have to do something about these pests. There are no pests in Alberta yet, or very few. Perhaps we should try to be serious for a few minutes.

● (1410)

I have certain objections to the bill, Mr. Speaker. My objection is to the punishment provision. Section 10(1)(a) of the Act reads as follows:

10. (1) Every person who, or whose employee or agent, violates any provision of this act or the regulations is guilty of

(a) an indictable offence and is liable to imprisonment for two years,—

There is something unusual about that wording, Mr. Speaker. The same wording is used not only in the Pest Control Products Act but also in the Pesticide Residue Compensation Act and the Plant Quarantine Act. Unlike other legislation where punishment is set at a maximum and a judge could impose imprisonment of any period up to that maximum, this act specifies a fixed period of imprisonment for two years.

The Electricity Inspection Act provides that someone found guilty of an indictable offence is liable to imprisonment for a term not exceeding two years. There is that proviso, "a term not exceeding two years", or five years or whatever is the standard wording. I am unable to determine why in this and similar legislation dealt with by the Minister of Agriculture (Mr. Whelan), a fixed period of imprisonment is specified. I hope that matter will be rectified at some future date.

I could also take objection to section 10(2) of the act, Mr. Speaker. Under the Criminal Code people are presumed innocent until found guilty, and a great deal of effort is expended on giving people the maximum opportunity to be presumed innocent. Under this and similar legislation, guilt is assumed until the accused party can prove innocence. Last night we were dealing with the important question of rape. I do not understand why, when dealing with such a subject, or with murder, the presumption of innocence is made, whereas when dealing with a contravention of the Pest Control Products Act guilt is assumed until innocence can be demonstrated.

This applies not only to a principal but to his agent. The agent need not necessarily be present and perhaps cannot even be found. I think this is rather unfair. I would prefer if there were an assumption of innocence until the Crown proved guilt.

There is a problem with the very restrictive drafting of this bill, Mr. Speaker. The drafters of this and similar legislation, assisted by the Department of Justice, take the view the drafting should be wide enough to take in every conceivable thing that might happen.

The definition of a pest control product could include an ordinary hammer. Someone might be able to kill a beetle with a hammer and so it would be included. By regulation, however, the hammer could be exempted from the definition of a pest control product. It seems that the wording is all in favour of the government and that a manufacturer or someone engaged in selling such products could be at a disadvantage.

The definition of a pest control product includes mousetraps. I have a few words to say about mousetraps. The question of mousetraps and the legislation relating thereto could be a good

example of the differences in party philosophy. In this party we believe that if you invent a better mousetrap the world will beat a path to your door. You should be able to accumulate wealth and prosperity beyond your wildest dreams. We believe that someone who invents a better mousetrap should receive the full fruits of his labour. According to the philosophy of the party opposite, however, the builder of a better mousetrap would find hordes of bureaucrats at his door with legislation such as this Pest Control Products Act, asking him to fill in pieces of paper and to abide by reams of rules and regulations. The inventor would wish he had never heard of a mousetrap let alone make a better one.

A leg-hold trap could be included in the definition of pest control products, according to this bill, Mr. Speaker. I come from an area where many people make their living through the use of such traps. I know that in some parts of Canada people oppose this device. In the Territories we take the view that the provincial or territorial authorities should make the rules and regulations which govern trapping. Other people, however, believe that the Criminal Code should be amended to bar the use of that type of trap and others that are deemed to be inhumane. If it were the wish of Parliament that this be done, I would not argue that it lies within the jurisdiction of this body, but would insist that it be brought before the House of Commons and the Senate for debate.

This bill provides a way to get around the situation. The use of such traps could be outlawed by regulation. I do not think that is the proper way to address the question. It is my personal opinion that the leg-hold trap should not be banned. Many of my constituents have written to me on this subject at great length. They make a living from its use and have not found any alternative that is as effective. I would not like to see them lose their livelihood by a back door method such as that which might be allowed under the Pest Control Products Act.

• (1420)

What we are doing with the amendment before us is to make the provisions of the Pest Control Products Act binding on Her Majesty the Queen in right of both Canada and the provinces. I would like to hear from the spokesman on the government side what amount of consultation has taken place with the provinces on this matter. I agree wholeheartedly that various federal government departments should come under this act and be bound by it. There is a question of jurisdiction with the provinces. If I am satisfied that these consultations have taken place and that provincial governments agree that it should be binding on provincial government departments, then I would certainly have no objection to that. However, I would like to hear from the government side whether or not these consultations have taken place and concerning the position of the provinces with respect to this legislation.

I have another doubt concerning the act, in that we are really entering an area of joint responsibility, one of those grey areas where part of the legislative responsibility for pest control devices comes under the provincial government and part comes under the federal government. It would seem legitimate to me that the federal government should deal with aspects of pest control devices and products, such as manufacture, interprovincial sales, and import and export of these products. However, the use of these products in a particular province or territory should be governed by provincial or territorial legislation, in my opinion. Most provinces and the territories have pretty good pesticide acts. Therefore, we must be careful, in reading through the act, that we are not trespassing on provincial grounds.

I have one other point to make with respect to this act. I wish that the Minister of Consumer and Corporate Affairs (Mr. Ouellet) were here. I noticed that he was here just a few minutes ago. However, in reading through the Pest Control Products Act and its accompanying piece of legislation, the Pesticide Residue Compensation Act, one will see that the latter contains a provision which has a bearing on the problem with which we are seized in this House relating to urea formaldehyde foam. If someone suffers a loss under the Pesticide Residue Compensation Act with respect to the use of pesticides approved by the government under the Pest Control Products Act, that person will be entitled to compensation. That idea is established in law and has apparently been operating for some time under the auspices of the Minister of Agriculture (Mr. Whelan). I see very little difference between the use of the agricultural products we have here and the use of urea formaldehyde foam insulation as approved by CMHC, which reports to the Minister of Public Works (Mr. Cosgrove). It would seem to me that the same types of things have happened. The product has been approved by the government, and I we were to follow the philosophy contained within the Pesticide Residue Compensation Act, the user who suffers a loss should be entitled to compensation.

I think that I have done pretty well for Friday afternoon on a bill such as this, Mr. Speaker. I do not think I have kept the House waiting too long. We on this side do not wish to unduly prevent passage or slow it down. I thank Your Honour for your kind indulgence.

Mr. Bill Yurko (Edmonton East): Mr. Speaker, I will not be long in discussing the merits or demerits of this piece of legislation. However, I felt it appropriate to get up and ask some questions. I hope the government is prepared to answer those questions.

This is an amendment to the Pest Control Products Act, an act which is apparently administered by the federal Minister of Agriculture (Mr. Whelan). First of all, I want to ask why this amendment is necessary. If it is necessary, why was the act not amended years ago? Why is the amendment so late in coming if, indeed, it is necessary?

The second question one must ask is what this amendment does. I would simply like to read the explanatory notes to indicate what it does. It states that:

This amendment would make the Pest Control Products Act and any regulations made there under applicable to Her Majesty and any agent of Her Majesty, thereby providing legal authority to control the use of pesticides by

departments or agencies of the federal government or any provincial government.

One would have thought that legislation like this, passed some years ago, would automatically apply to federal agencies and departments. Therefore, the obvious intent of this legislation is very specific; that is, to make it applicable to areas of provincial jurisdiction. One must then ask whether or not ministers of the government, such as the Minister of Agriculture, the Minister of the Environment (Mr. Roberts), or some other minister, had undertaken extensive negotiations with the provinces to come to some agreement with respect to the extension of this legislation to areas of provincial jurisdiction.

During the first half of the decade of the seventies, I was rather extensively involved in an attempt to reach an accord between the federal and provincial jurisdictions with regard to the applicability of various sections of the Constitution to environmental matters. It was obvious, early in the seventies, that there was some degree of confusion as to just where the concern and responsibility for subsequent legislation lay in Canada with respect to environmental control. Of course, on several occasions we had reached federal-provincial accords for the protection and enhancement of environmental quality in Canada as a result of some major conferences, particularly the Stockholm Conference on the Human Environment in 1972, and a series of conferences in connection with the Canadian Council of Resource and Environment Ministers. One fundamental understanding we had between the provinces and the federal government was that the federal government would be primarily responsible for the establishment of ambient standards across the nation which would subsequently be followed by the provinces. However, it was understood that the provinces would be primarily responsible for establishing source standards and, indeed, the regulation and enforcement of those source standards. Therefore, the amount of effluent from a plant or the distribution of some particular type of pesticide was supposedly a matter for provincial regulation and control, rather than federal control.

I would therefore ask whether or not this action and this change to the legislation is being undertaken unilaterally by the federal government or whether, in fact, it is being done after considerable consultation and agreement with the provinces. I think that in light of the new constitutional accord with the provinces, there will be areas of doubt in the future concerning jurisdiction. We will wonder whether the jurisdiction lies with the provinces or the federal government or whether it comes under property and civil rights or some other area. There will surely be a continuing and increasing need for discussion, co-operation and agreement in areas like this.

Therefore, without holding up the bill any longer, I would again simply ask the federal government, in the hope that it can answer, whether or not it has had substantive discussion and agreement with the provinces; if so, which provinces have been consulted with regard to the addition of Clause 1 of this bill which will make it binding upon them?

● (1430)

Mr. Simon de Jong (Regina East): Mr. Speaker, unlike the two previous speakers, I think this is an important amendment. Perhaps the importance is not what is in the amendment itself but what is missing. This act has not been reviewed or changed for some time. I believe a minor amendment took place in the mid-1960s. Many important developments have occurred since that time, particularly in the area of chemical control of weeds and pests.

This is an important issue because it places before us the issue of technological innovations and how our society adapts and deals with them. Over the last two decades we have seen a growing number of ways in which insects, pests and weeds are controlled by chemicals, but we have never taken a look at the side effects which these new chemicals have on the environment and on the health both of the consumer and the producer. It is a case whereby one section of society has gone forward and innovated new technologies without really taking an over-all look at the effects of other sectors upon society.

Indeed, this is an important issue. Every year hundreds and thousands of gallons of toxic substances are distributed throughout our environment, possibly causing great havoc to our environment and to human health. The system that has existed so far has been an honour system. When a new chemical is produced by a manufacturer, that manufacturer may have spent several years working on the product and might have invested $20 million in research. That manufacturer will be very anxious to see his particular product get registered, allowing him to market it to farmers and to other consumers. However, before marketing can take place, the government insists on the company coming up with studies which demonstrate the product is not hazardous to the environment and to the health of both the consumer and the producer.

The government has relied on the data of private labs to verify that the substance in question is not carcinogenic or harmful to the environment before allowing its registration. But very often in the last several years these private labs have deliberately falsified their tests. The major scandal, of course, centred around the Industrial Biotest Laboratories of Illinois in the mid-1970s. This lab removed dead mice and replaced them with live mice. They deliberately altered the results of their tests. A chemical called captan was developed by Chevron. Chevron requested that IBT alter its findings and study documents.

We have had cases in which corporations that were developing chemicals have asked testing companies to deliberately falsify the test results. As a result of these tests, governments determine whether or not to allow registration of chemicals.

The IBT scandal is one of tremendous magnitude. Most of the major pesticides and herbicides on the market in Canada today were tested by that lab. It was on the basis of those tests that the Canadian and the American governments allowed these products on the market. IBT is not the only case, of course. There are other cases. For example, criminal convic-

tion of several officials of the Richardson-Merrill company occurred as a result of a drug called MER/20.

The chemical dornwall was produced by the Wallace Tiernan company. Again it was found that there was fraudulent manipulation of data.

The McNeil Laboratories pleaded no contest on charges of concealing information about the chemical flexin.

Hazelton Laboratories was charged with falsifying data on the artificial sweetener aspartame and the drug aldactone.

The drug panalba was withdrawn from the market in 1968 after information in the manufacturers' files was accidentally discovered by an American food and drug administration inspector.

The Velsical Chemical company was indicted by a U.S. grand jury in 1977 for suppressing information that chlordane heptachlor was carcinogenic.

There is a long string of private labs whose tests were discovered to be false. Nowhere does the amendment that we are dealing with today touch on these important questions. We are dependent upon an honour system, an honour system which has obviously broken down.

The Saskatchewan government has been quite concerned about the laxity of the federal government in dealing with this important question concerning the health and welfare of Canadians and our environment. The present system of regulation has been condemned as having major deficiencies by the Saskatchewan Environmental Advisory Council. Farmers, grain elevator operators and many others suffer from health problems related to chemical exposure, yet chemicals whose safety is in doubt continue to be widely used. Residues of these chemicals contaminate food, pollute lakes, rivers, wells and other sources of water. I will come back to the question of the pollution of water, which is so important to the province of Saskatchewan and to the prairie region, in a moment.

A stinging condemnation of the regulatory system for pesticides is contained in the 1977-1978 and 1978-1979 annual reports of the Saskatchewan government's environmental advisory council. We can read in the 1978 report the following:

> There are major deficiencies in the present research and regulatory process.

The report went on to state that the federal government does not do enough independent research on the chemicals it approves.

Mr. Baker (Nepean-Carleton): They fired the scientists.

Mr. de Jong: This report also states that both the agriculture and the health and welfare departments are forced to rely on laboratory tests by the chemical manufacturers.

The danger signals are out, Mr. Speaker. The high incidences of still births and birth defects in various counties in Ontario surely are a warning to us. I have raised this issue many times. We have reports by Environment Canada on the pollution of surface water on the prairies. In an article in *The Western Producer* for September 25, 1980 we read:

> The comments came hard on the heels of the release of a study made by Environment Canada last year which showed almost every animal, fish and bird tested throughout the prairies show traces of manufactured chemicals.

We have a report of a study from Tobin Lake, Saskatchewan. The researchers took some of the most primitive life forms, single cell animal forms, at the bottom of lakes and found in them a high degree of abnormality. In other words, the chemicals so widely used on the prairies eventually run through the water system, are deposited in lakes and sink down to the bottom, causing abnormalities in the simple life forms at the bottom of lakes.

This is an early warning system. We cannot go on forever and ever dumping more and more highly toxic materials in our environment without the chickens coming home to roost at some stage. There are limits to the amount of clean air, clean earth and clean water. We are fast approaching those limits. Unfortunately, there is nothing in the minister's amendment to this bill that deals with this very serious problem.

I am not the only one who raises this concern. I have in my possession a letter from the deputy minister of health and welfare which is dated July 16, 1980. That is when this amendment was being discussed. Essentially the deputy minister was suggesting to the Department of Agriculture that the Department of National Health and Welfare be named or listed specifically in the Pest Control Products Act, because the Department of National Health and Welfare does not trust the Department of Agriculture to make unbiased decisions as to what chemicals should be allowed on the market.

• (1440)

An hon. Member: They can't even look after their own labs.

Mr. de Jong: They cannot look after their own labs, indeed. That is another accurate observation.

It has been our position in this party that what is needed is either a Royal commission or a special inquiry, and personally I would prefer a parliamentary inquiry, into the whole chemical question, to study everything from manufacturing to registration, pollution, usage and the disposal of toxic wastes. We must begin to form an overview of what these new substances are doing to our environment. We must begin to examine in depth what alternatives there are, because surely we must begin to come up with alternatives. As I mentioned before, the danger signals are there. We are running out of time.

What are the solutions we can put in place? I am not one who advocates the immediate banning of all sorts of chemicals. I consider it to be part of my duty as a Member of Parliament to give warnings and to raise the fact that there are early warning signals warning us of the limitations. We are running out of time and must begin to devote our energies and resources to the development of other means by which pests and weeds can be controlled, perhaps by biological means. Unfortunately, the amendment before us misses all of these points.

I would like to see the Department of the Environment and the Department of National Health and Welfare mentioned in

the act. They should be involved in the decision-making process by which chemicals are registered.

Of course, the Minister of Agriculture (Mr. Whelan) claims his department has a good working relationship with the Department of National Health and Welfare, that the departments do consult with each other and that his department does take the advice of the health department. But that relationship has not always worked.

When it came to the chemical called captan, one of the chemicals tested by the IBT labs and later the test was found to be faulty, the Department of National Health and Welfare recommended that the chemicals should not be used. The Department of Agriculture chose not to follow that advice. In fact, it has now set up its own little group to study this chemical. When it comes to the crunch the Department of National Health and Welfare takes a back seat, indeed, in the decision-making process.

We in this party will continue to press for a responsible attitude by governments to new chemicals that come on to the market. We feel it is not just up to the Department of Agriculture to determine which products should be placed on the market and which products should not. The health of Canadians, both consumers and producers, is at stake here, as is the health of our environment. In that decision-making process we maintain that those other guardians of the public interest, the Department of National Health and Welfare and the Department of the Environment, should also be involved.

The matter of the Constitution was raised just a few moments ago by a previous speaker. Personally it is one of my regrets that in the constitutional process responsibility for the environment and, therefore, responsibility for future generations who must inherit our earth, was not discussed. All too often the responsibility falls between different departments and different levels of government, so in fact what we have is a collective system of irresponsibility.

While our clean air, clean water and clean earth are being consumed by one generation, no one is around to protect the rights of future generations who must live with the mess we are leaving behind for them. I personally hoped that at some stage during the constitutional debates this particular question could have been raised. Some agreement could have been reached among the various levels of government to take on the collective responsibility for the health of our environment, in order to ensure that future generations will have something to inherit. Unfortunately this did not occur, but it is not too late. I urge the government, the Minister of Agriculture, the Minister of National Health and Welfare (Miss Bégin), and the Minister of the Environment (Mr. Roberts) to allow a parliamentary special task force to convene and to discuss in depth all the ramifications of chemical use in our society and in our way of life.

MESSAGE FROM THE SENATE

Mr. Deputy Speaker: Order, please. I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate has passed Bill C-87, an act to amend the National Energy Board Act, without amendment.

GOVERNMENT ORDERS

[*English*]

PEST CONTROL PRODUCTS ACT

MEASURE TO AMEND

The House resumed consideration of the motion of Mr. Whelan that Bill C-45, to amend the Pest Control Products Act, be read the second time and referred to the Standing Committee on Agriculture.

Mr. Gordon Taylor (Bow River): Mr. Speaker, this is a very short bill but, in my view, a very important bill. It deals with poisons that can kill human beings, wildlife, and even the earth by stopping it from producing. I do not think we should be in a rush to pass it without adequate debate.

Poisons are always dangerous. The act has been administered with some indifference and, in some cases, with arrogance. It is high time we as Canadians started to take more care with regard to the administration of acts such as this.

This simple amendment is important, and I commend the government for bringing it in. This bill requires more than one amendment. There are many things, some of which have already been mentioned, that are crying for attention, and I have in mind pesticides, herbicides and other toxic materials. As members of this House we have a very definite responsibility in dealing with these matters. We should give them the importance they really deserve.

In relation to the testing of these poisons, I am not at all satisfied that Canadians should be accepting tests carried out in other countries, simply putting the stamp of approval on the substances and using them in this country, because those pesticides, herbicides and toxic materials can mean suffering and sometimes the death of human beings, suffering and sometimes the death of animals, fish and wildlife, and the death of our producing land.

When one of the early explorers saw the prairies which have since become Manitoba, Saskatchewan and Alberta he wrote to the head of his company and said: "This land is a wilderness, it is only good for buffalo; there is no value to it whatsoever". I want to suggest that he missed one great fact, that this land contains two, six or eight inches of black soil. Often today we do not place sufficient value on that black dirt. It is what produces our food. That is what gives us bountiful harvests, along with the sun and the rain and the bountiful will of God. Without that black dirt we would not have the

standard of living we enjoy in Canada today. In many cases we are killing or destroying the fertility of that black dirt. How many millions of tons of black dirt—

Mr. Speaker: Order, please.

THE ROYAL ASSENT

[*English*]

A message was delivered by the Gentleman Usher of the Black Rod as follows:

Mr. Speaker, the Honourable Deputy to the Governor General desires the immediate attendance of this honourable House in the chamber of the honourable the Senate.

Accordingly, Mr. Deputy Speaker with the House went up to the Senate Chamber.

● (1500)

[*Translation*]

And being returned:

Mr. Deputy Speaker: I have the honour to inform the House that when the House went up to the Senate Chamber, the Deputy Governor General was pleased to give, in Her Majesty's name, the royal assent to the following bills:

Bill C-60, an act to amend the National Energy Board Act—Chapter No. 80.

Bill C-48, an act to regulate oil and gas interests in Canada lands and to amend the Oil and Gas Production and Conservation Act—Chapter No. 81.

Bill C-46, an act to regulate the importation into Canada of fresh, chilled and frozen meat and to amend the Export and Import Permits Act—Chapter No. 82.

Bill C-84, an act to amend the Small Businesses Loans Act (No. 2)—Chapter No. 83.

Bill C-87, an act to amend the National Energy Board Act (No. 2)—Chapter No. 84.

Bill S-23, an act to incorporate the Jules and Paul-Émile Léger Foundation—Chapter No. 85.

Bill C-86, an act for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1982—Chapter No. 86.

GOVERNMENT ORDERS

[*English*]

PEST CONTROL PRODUCTS ACT

MEASURE TO AMEND

The House resumed consideration of the motion of Mr. Whelan that Bill C-45, to amend the Pest Control Products Act, be read the second time and referred to the Standing Committee on Agriculture.

Mr. Taylor: Mr. Speaker, tons of black earth have been lost to agriculture because of mining, because of pesticides having been put into it and because of bad construction methods, and black dirt will continue to be lost if we continue disregarding its value in the way we have been. We should be looking very carefully now at the situation respecting the injection of poisons into the earth. We should be developing better testing methods for pesticides and toxic materials. We should not be satisfied to accept testing done in another country. I agree with the speaker from the New Democratic Party who a few moments ago said that the Department of Agriculture has not been doing a good job administering the Pest Control Products Act.

We are dealing with the health of human beings, the health of animals and the health of soil. Our country depends on the health of these vital resources, and the Department of National Health and Welfare and the Department of the Environment should play a vitally important role in this whole matter.

Very little attention has been given to the effects on people of chemicals, pesticides, herbicides and other toxic materials which are designed to do certain things. One pesticide is 2-4-D, which is used to destroy all the growth along highways to make them safe for travel. We do not want brush to become a snow trap and cause accidents and deaths on the highway. The objective is good, but blowers are used to spread poison on rights of way, and in many cases little attention is paid to whether the poison is spread beyond the actual rights of way. In many cases the poison goes beyond and destroys trees, grass and gardens. I remember when one of these blower operators was destroying weeds along a highway; the wind was blowing across the highway and causing the poison to land beyond the right of way. I asked him why he allowed that poison to be spread on a man's garden. This man depended on that garden for his livelihood. I said, "You have destroyed everything in his garden". The blower operator said, "I could not have done that; the blower will only blow 12 feet, and that garden was 30 feet away". I said, "Ye gods man, don't you realize the wind can carry it?"

The public had to pay, and one man lost his job. There has to be some responsibility exercised when we deal with these poisons.

Another case was brought to my attention when I was an MLA of poison being spread by means of an aircraft. Again no cognizance was taken of the kind or of what that poison would do. It went through an open window into a room where there was a sick lady, and this made her sick to the verge of death. She was able to pull through, but she suffered for months because of that carelessness in the distribution of poison. We have to realize that poisons are not little toys. This is not a matter to be laughed at, because these poisons are destroying human life, plant life, wild life and soil. This is a very important matter. There is a responsibility on the part of the departments which administer acts like this to make sure proper notification is given before poison is used.

Just last summer a machine was used to spread poison in a schoolyard, and the school board was not even notified. This

poison was spread deliberately to clean up weeds which were felt to be a public nuisance. Youngsters played in the schoolyard, and some of them became very ill. No notification was given to the principal of the school in that small town. No sense of concern or responsibility was demonstrated. They simply went in and did it. I agree completely with the previous speaker, who said there has been a lack of realization that we are dealing with poisons. There have to be some severe penalties for those who completely disregard the health and lives of people, and that is why I am glad to see this amendment. The government has to accept this responsibility too.

This act is binding on Her Majesty in right of Canada or of a province and any agent thereof. I hope we have the legal authority to enact this for the provinces. I presume we have. This point was raised by the hon. member for Edmonton East (Mr. Yurko). I assume that part of the work was done.

● (1510)

There must be a responsibility on governments, whether federal, provincial or municipal, when poisons are being distributed to ensure that they do the job for which they are intended and that they do not affect the lives of people. The methods used are important. Cognizance must be taken of the wind, the amount of moisture in the air and so on. Scientists and others trained in this area should set the criteria as to when, how and where these poisons are distributed.

About seven years ago an Alberta company, I would not say it did not care but it thoughtlessly allowed toxic materials to enter a stream. That stream passed through a farmer's land. He had a beautiful herd of cattle which drank from that stream. They took sick and he lost the entire herd. He did not know what was the matter. They had been healthy. You can admire a healthy animal. However, they became deathly sick and were dying before his eyes. He quickly got a vet who found that the water had been poisoned and that was why his animals were dying. It took two years to affix the responsibility on that oil company. The farmer was eventually paid for his herd. That really did not replace the herd because it was a beautiful herd. Again, it was carelessness, no responsibility for what poisons do. Our people must be trained to realize they are dealing with poisons. We go to great lengths to label our bottled poisons so that they are kept out of the reach of children, and properly so. We should be even more careful when spraying these poisons on our soil, grass, trees and in the air. Who knows what harm they can cause?

Many people will not eat fruit until it has been washed. When I was a youngster, I went to the bushes in the coulees in the canyon of the Red Deer river where I picked and ate the chokecherries and the saskatoons. I did not eat many gooseberries because I did not like them. I never thought anything of it. It was good fruit, beautiful fruit, excellent fruit, delicious fruit, but boy, I would not eat it today with the poisons being sprayed in our countryside. It is necessary to wash them before eating them. When we get fruit from Ontario, Nova Scotia or British Columbia, we wash it before eating because we do not know what pesticides or herbicides have been sprayed. There is a responsibility on the part of government.

I commend the government for now accepting responsibility for its actions and those of its agents. When I was in highways I did not allow the poisons to be thoughtlessly sprayed so that they would ruin the farmers' crops, destroying their livelihood. I had to take the responsibility for that. If I had permitted that to happen two or three times, someone would have said that I was not doing my job and that I had better get out. In fact, we had to let someone go who we thought was a responsible person, because the Crown must be responsible for the actions of its agents. The minister must take that responsibility. That is our way of government.

I would like to see an amendment to this bill to put some responsibility on the Minister of the Environment (Mr. Roberts). After all, he is trained to look into these matters. The environment is being affected. There are many ways of ruining the environment, ways probably that I have never even dreamed of.

I recall an occasion when we were building a bridge over a stream. Someone said to me that if we were not careful and did not put it at a certain height, it would stop the fish getting from the warm water to the cold water, and they had to get there. I do not know why they had to get there, but apparently they had to in order to stay alive. Therefore our engineers were instructed to ensure we would not kill the fish in that stream.

There are many ways in which the environment is affected. As the hon. member said a few moments ago, we need people who are trained. We must know all the answers before we start dealing with poisons which can affect the lives of this generation and future generations.

As I mentioned a few moments ago, it is pretty thoughtless—I do not believe anyone would do it deliberately—to allow these sprays to be spread in a schoolyard. That should never happen. I hope it never happens again. I am not going to make any amendments because I know it would be useless if they came from this side. I would like to see a member on the government side move an amendment placing some responsibility on the health minister and the environment minister.

I wish to point out one other sad fact. This is an important agriculture bill. Where is the Minister of Agriculture (Mr. Whelan)? Maybe he has something important to do. This bill could affect the lives of human beings, animals and our soil, and the minister is not here to listen to the arguments. I hope he reads them in *Hansard*. I hope he sees the responsibility of the government, particularly with regard to the effects of tests on human beings and the environment to ensure that we leave for future generations clean air, water and soil.

Mr. Blaine A. Thacker (Lethbridge-Foothills): Mr. Speaker, I wish to say a few words on Bill C-45. Our party agrees this bill should pass. It makes the Pest Control Products Act binding on the provincial and federal governments and their agents. I understand all provinces agree with this. Therefore, it should be quickly implemented.

The recent exposure of the tests at the Industrial Bio-Test Laboratories where over 100 pesticides were improperly tested means that we must do our tests in Canada. While this bill does not provide for the testing to be done in Canada, that is the next major step the government must take.

We believe it is a very legitimate role for government to be testing dangerous chemicals, pesticides and herbicides. This is an area where the government should act quickly, and I hope it will.

Canadians should clearly understand the whole area of crop production and pest control. There is one undeniable fact in Canada, the United States and the world in general. Without pesticides and herbicides, Canada, the United States and indeed the world would not be self-sufficient in food production. Without pesticides we in Canada would be much less sufficient in food.

At present Canada is a major importer of the basic foods we consider essential for our table each day. That should not be the case because we have the agricultural skills in our farm people and a lot of land which could be put into agricultural production. Without pesticides we cannot feed the people of the world today. The spotless apple, Mr. Speaker, is a product of chemicals and of good farm management. The healthy beef, dairy animals, sheep and hogs are all the result of excellent farm management, good veterinarians and the case of chemicals. There is no doubt that in the past there have been major abuses. Many of those abuses have been committed by those of us who have been on the land. I can remember within my own life experience when chemicals were first starting to come into major use, during the late 1940s and 1950s, and how we as farmers were really very careless with them because we just did not know of their effects. The accumulated experience of danger had not yet built up. That experience is now built up and we find that, as a matter of fact, the farming community is much more careful in its handling and use of these chemicals.

• (1520)

There used to be a philosophy that a little was good, a lot was a whole lot better. That does not apply in the case of chemicals. It is often true that if the instructions say two ounces per acre, that is sufficient and it does an excellent job, whereas five or six ounces would build up a residue in the soil that can destroy future crops and can affect that very intricate microcosm of bacteria, fungi and single cell organisms that work in our soil. The improvement has come largely as a result of excellent research being done at our research stations and through our provincial associations and agrologists being imparted to the farms.

It is clear that in the future we will need more biological control of pests and of weeds other than the use of chemicals. We need to develop more resistant strains of crops and more specific chemicals that can be brought in under unique circumstances and used. The only way we can get to that point is by more research and development. If one needs evidence to find out that a dollar spent on research returns itself many times over, I will read from a report by the Agricultural Institute of Canada. On page 2 of that report it states as follows:

> The benefits accruing from agricultural research have been well documented. The safeguarding of wheat from the ravages of rust provided a benefit to cost ratio of 482:1; research leading to the reduction of fallow acreage in Manitoba provided a benefit to cost rates of 278:1 but the benefit should continue to accrue for decades ahead: a benefit to cost rates of 260:1 was estimated for R & D on chicken broilers; in Ontario input cost of $32 million for the improvement of corn provided additional returns of $2.6 billion or an investment return of 80:1.

One can see that for every dollar that is invested, the economy has $482 returned to it on rust research alone. Clearly we need to do more of that. I believe the government can be quite properly criticized for its lack of emphasis on agricultural research and development.

In 1970 the statistics showed that 3.7 per cent of the over-all federal budget was spent on agriculture. By 1979 that had dropped to 1.9 per cent spent on agriculture. Of the 1.9 per cent, only 11 per cent of that was for agricultural research and development. The result has been a deterioration of our agricultural research physical plant and the obsolescence of the equipment and the high technical equipment that is needed for proper research. We also find ourselves at the point where we have too few scientists.

I sat on a fiscal task force this past summer that was called "Fiscal Federalism in Canada". While we were in British Columbia, we heard evidence from Dr. Kenny who is the president of the University of Victoria. As to the need for researchers in Canada, the report states at Page 124:

> . . . It is clear that, if Canada is to achieve its goal of R & D expenditures . . . it will be necessary to increase substantially the . . . rate of production of highly qualified manpower . . . Canada needs an estimated additional 1,500 researchers by 1985 to meet the federal target of 1.5 per cent of GNP to be spent on R & D by the mid-1980s. Canada needs . . . 8,000 . . . foresters over the next decade, or twice the number now graduated in Canada. Canada needs . . . 740 Ph.D.s in agricultural science between 1980 and 1986, but . . . is only turning out 49 graduates per year . . . Canadian universities have about 300 openings for business professors and yet . . . 15 to 20 Ph.D.s will be graduated annually. This shortage . . . will prevent students from studying in Faculties of Commerce . . .

It is patently obvious, and everyone within the establishment of higher education is aware of it, that we have a crying need for our youth to be given the opportunity to become researchers. But they do not have that opportunity because we do not have the infrastructure *en place* in order to process them. The reason we do not have the infrastructure is that the government has chosen to put its research dollars in other types of programs, rather than in basic research, even when the rate of return is in the order of $480 for each dollar expended.

One of my colleagues has handed me a note stating that President Kenny is not the president of the University of Victoria but the president of the University of British Columbia. I make that correction in my comments.

From comments that the Minister of Agriculture (Mr. Whelan) has made, it is clear that he appreciates the great need for research and development in Canada in agriculture. Unfortunately he is one person out of 36 in the cabinet who appreciates that need. I am certainly asking members on the opposite side—we will certainly back them up in this, as will the university system—that they put pressure on each and

every cabinet minister to give high priority to dollars being used on research and development in this country. I hope that Canadians will put sustained pressure on all Members of Parliament to allocate money to research and development so that our youth can respond to the real challenge of choosing these research projects, thus bringing a tremendous economic return to our country.

Mr. Tom McMillan (Hillsborough): Mr. Speaker, my comments on Bill C-45 will be brief. I believe the points to be made have already been argued with some felicity by my colleagues on this side of the House.

We are debating an act to amend the Pest Control Products Act, Bill C-45. The explanatory note points out that the Pest Control Products Act is being amended so that regulations under it will be applicable to Her Majesty and any agencies of Her Majesty, thereby providing legal authority to control the use of pesticides by departments or agencies of the federal or provincial governments.

At present, Mr. Speaker, as other members have pointed out, the Pest Control Products Act is not legally binding on the federal government and on Crown corporations, nor is it legally binding on provincial governments and their agencies. In effect, what we are doing is broadening the force of the Pest Control Products Act such that it will apply to the provinces and to the federal government, not just to the private sector, I welcome the bill because I think that in many ways it will make the PCPA a more effective instrument of public policy.

● (1530)

I want to stress that we in Canada are blessed with a country that is rich in geography. We are unique in that we are bordered by three oceans. We have more geography in fact, than any other country, except one. While harsh, our climate is nevertheless able to provide us with a healthy quality of life. We derive from our land a standard of living which, because of mismanagement on the part of this government, is falling, but which is still high by practically any reasonable standard. From the beginning, the country has relied on its soil and on the richness of the land, and agriculture remains a major industry. In the Atlantic province, where I come from, it is the main industry.

As the hon. member for Bow River (Mr. Taylor) pointed out, it behooves us to exercise good stewardship over the land and to manage it so that we can pass it on to future generations in as good shape as we ourselves received it. But the land is now in peril, partly as the result of pesticides.

Some of my colleagues in the House will know that prior to 1940, pesticides were rare in Canada and in the rest of the world. The few that existed were largely ineffective. There were crop losses and declines in productivity due to our inability to control pests. Crop yields were much lower than they are today. The development of pesticides and related products has greatly improved yields since then.

The rapid rate of development of pesticides came around 1945, when progress in chemistry provided effective pest control products. This helped immensely to increase crop productivity and to give us access to a wider range of foods than had hitherto been possible.

Pesticides are not only useful in the production of fruit and vegetables; they also serve to protect livestock from biting flies and other parasites. Development in that area has had an important effect on the development of better animal health and on enhanced meat and milk production. There are now something like 500 different pesticides on the market, whereas in 1940 there were probably only a few dozen. Each of these pesticides plays a distinct role and many are essential to food production. Although pesticides have played a large role in the success of agriculture, they have also caused disasters. A few of the problems that result from the use of pesticides have been resolved but many remain to be dealt with.

Science has allowed us to develop more and more chemicals—pesticides and others—but this progress has outstripped our capacity to manage those chemicals effectively in order to protect the environment against their adverse effects.

If we can do nothing else in this country except restore some of that imbalance, we will have gone a long way toward proper husbandry of our natural resources.

A major point that needs to be stressed is that we cannot continue to go on as we have done, relying on other countries for research and development in the pesticide area. A certain report has been in the public domain for a few years now, authored by Dr. T. H. B. Symons of Trent University. It is the Report of the Commission on Canadian Studies. In great detail the report shows the extent to which our country has indigenous and distinctive research needs which must be responded to by government, the universities and other bodies. In the past we have relied too much on the qualified personnel and scientific enterprise of other countries. We cannot continue to rely on foreign research, Mr. Speaker. Our needs are distinctive and in the context of pesticides, it must be acknowledged that many of our crops are distinctively Canadian. It seems to me that it is in our own environment that we must determine the safety of pesticides for the sake of man and his physical surroundings.

The extent to which we have fallen into the trap of over-reliance on foreign data has been well documented by speakers who preceded me. I shall not go into detail on that subject except to say that the United States Environmental Protection Agency and the Food and Drug Administration combined to audit something like 82 laboratories which were conducting research on pesticides in that country from 1977 to 1980. Of those 82, about 25 were found to have serious deficiencies in their work. Minor problems were found in the work done by all but two of the remaining laboratories. There is a report on the performance levels of the different laboratories and the problems found in each.

I will not quote from the report at any length other than to give one fairly typical example. It concerns the Harris Laboratory of Lincoln, Nebraska. The Environmental Protection Agency found that the record keeping there was poor and that scientific reports were missing. It found that rats used for

experimental purposes that had been listed as dead were also listed in the same set of records as having been mated at the identical time. Rats were also listed as having died twice and tumours and other adverse effects appeared to have been under-reported, the EPA said.

I could give other similar examples but I will not except to make the point that we cannot continue to rely on such undependable data from other countries. We do not have control over it and so cannot be sure that it is reliable by scientific standards or that it is sufficiently relevant to our own circumstances to be useful.

● (1540)

The government has recently admitted that hundreds of scientific studies done outside Canada and upon which the government itself has relied have been found to be useless because of fraudulent and careless laboratory work. I think the point has been made: we must have a scientific research and development strategy on pesticides which is our own and which is tailored-made to our distinctive conditions, problems, and goals. That is not to say that we should shut our windows or our doors to the rest of the world. Science is international. We belong to an international community. We should draw on the expertise, resources and data resulting from the accomplishments of scientists throughout the world. However, while doing that, we should also exercise a healthy degree of skepticism, which is the hallmark of the scientific mind, to ensure that our own scientific house is in order.

In my concluding remarks I would like to suggest such a strategy, a scientific approach to pesticides and pesticide control which will meet the problems I have identified. The strategy will ensure that we in Canada are sufficiently on top of the subject to protect our own environment and the health of our people. The first recommendation is that we greatly strengthen the research capability of the country, especially in the university sector. We need more research of both a basic kind and a mission-oriented kind. We need to expand our base line of knowledge relating to pesticides.

Second, by research done outside government itself should be more carefully monitored. Again, we must not rely exclusively on government research, but should also draw on research outside government. Still, we must ensure that research beyond the direct control of the government is done by people using the highest scientific standards.

Third, I think we must rely less than we now do on scientific study done outside the country, as I have suggested. To buttress our own resources and capability in this area, we should look very carefully at providing tax incentives and write-offs for industrial research and development.

Fourth, I think we should substantially strengthen our capacity to list pesticides which are already in use and to test these pesticides which are being proposed for entry into the market. Testing should be done prior to their entry, and not afterwards. Pesticides later identified to be troublesome, dangerous or environmentally harmful should be immediately pulled from use. We should not wait, as this government has done too often, until long after other countries have already abolished pesticides before we do as well. We should identify those pesticides which are harmful and immediately ban them from the marketplace.

Fifth, we should step up our public information capacity. We should get more information out to the users of pesticides, particularly in the farm community. They need to know an awful lot more than they now do about what particular pesticides they should use and should not use, and how pesticides can be used safely. The object should be to minimize inherent dangers in the use of pesticides. Pesticides will never be 100 per cent safe, but we should ensure, through public information and other avenues, that we maximize the benefits of pesticides and minimize their disadvantages.

May I conclude by lending my own support and, I think, the support of the Progressive Conservative Party for Bill C-45. I speak in favour of the bill in my capacity as the environment spokesman for the party. I am not quite sure why it was brought up to the top of the agenda at this time. Nevertheless, I welcome the fact that the government has given it that degree of priority. My hope is that the government will increase its consultations with the provinces to ensure that they are at one with Ottawa on the provisions of the bill. My party welcomes the fact that the legislation is being debated today. For my part, I urge all hon. members to give it speedy passage.

Mr. Deputy Speaker: Is the House ready for the question?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, I believe there has been an agreement outside of the House that this bill should be dealt with in all stages today. Accordingly, we should go into Committee of the Whole, rather than sending the bill to the standing committee. Therefore, I so move.

Mr. Deputy Speaker: Mr. Fox on behalf of Mr. Whelan, seconded by Mr. Joyal, moved:

That Bill C-45, an act to amend the Pest Control Products Act be now read the second time and, by unanimous consent, referred to Committee of the Whole.

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

Some hon. Members: Agreed.

Motion agreed to, bill read the second time and the House went into committee thereon, Mr. Francis in the chair.

Mr. Deans: I have a point of order, Mr. Chairman. I wonder if Your Honour might identify exactly who will answer on behalf of the minister in Committee of the Whole.

Mr. Nielsen: Good question!

The Chairman: The motion was moved by Mr. Fox, on behalf of Mr. Whelan, seconded by Mr. Joyal.

Mr. Kempling: It can't work.

Mr. Munro (Esquimalt-Saanich): Further to that inquiry, I am just wondering whether we can proceed as agreed in the absence of the Minister of the Environment (Mr. Roberts),

because, after all, it was he who introduced the bill. He is not here. There is not anyone who can reply.

Mr. Nielsen: Good point.

The Chairman: By unanimous consent, we are now in committee of the whole.

An hon. Member: There's the minister!

Some hon. Members: Hear, hear!

Mr. Nielsen: There is the biggest pest of all!

Mr. Munro (Esquimalt-Saanich): No control over that pest!

Mr. Kempling: The original boll weevil!

The Chairman: Shall Clause 1 carry?

On Clause 1—*Act binding on Her Majesty*

Mr. de Jong: Mr. Chairman, I would like to place a few questions before the minister concerning the amendment we are considering today. My first question concerns the testing of new pesticides and herbicides. Is the minister aware that the testing procedures not only of the IBT labs, but also those of other labs, are questionable? Is his department looking into any products which have been registered, based on the results of these other labs? Is his department looking into those results as well?

I also question the necessity of this amendment. What are the incidents in which Crown corporations and other agencies of provincial government have used chemicals which have not been registered in Canada? Could he tell us when these incidents took place? Can he identify the Crown corporations or provincial authorities which have used chemicals which were not properly registered in Canada? I think it would be useful for the House to know where and when these products were used and the types of product used.

In the minister's speech introducing the bill he mentioned the good work of his department in trying to develop other forms of biological pest and weed control. I wonder as well if he could enumerate these projects and perhaps give us an indication of the dollar amounts involved when he stands up to answer. My understanding is that roughly only $500,000 is expended for testing non-chemical forms of weed and pest control.

I would also like to ask the minister a question concerning correspondence between his department and the Department of National Health and Welfare, particularly concerning a letter which was sent to his department on July 16, 1980, by the Deputy Minister of National Health and Welfare. The deputy minister made the request that the Department of National Health and Welfare be specifically mentioned in the Pest Control Products Act, and that if the Department of Agriculture were to introduce any new amendments, serious consideration should be given to specifically mentioning the Department of National Health and Welfare. Her request is as follows:

• (1550)

That is, groups outside the Federal government do not see an active role within the present act for the Department of National Health and Welfare. Perhaps such a misunderstanding could be eliminated if this department was named in the act at some time in the future, when Agriculture Canada presents to cabinet proposed changes to the Pest Control Products Act. Such an action would place more emphasis on the health aspects of pesticides—

What was the response of his department to that request from the Deputy Minister of National Health and Welfare? Why was the Department of National Health and Welfare not listed as one of the responsible departments under the Pest Control Products Act? I made a suggestion in my speech to the minister, a suggestion that I have made to him in committee and on the floor of the House, that he seriously consider supporting the motion of a parliamentary inquiry into the whole chemical area so that all members of the House can take an in depth look at what is occurring and what possible alternatives there could be, such questions as the contamination of the environment, conceivable health defects to both users and consumers of agricultural products. I would like to hear the minister respond to the motion of a parliamentary inquiry being set up to look into all of the implications and questions concerning chemical uses in agriculture.

Mr. Whelan: Mr. Chairman, I do not have the time to go over all the questions which the hon. member asked. I do not have all of the information with me. As I outlined when we presented the bill, it was a very simple one, and not that detailed. I outlined why the amendments were needed. I can get evidence for the hon. member if he wants it, and submit it to him as to why we wanted one body on which the provinces could depend; also, if I am aware of other groups that carried out testing that was not legitimate. Even with the control of expenditures in our department that is why spent several million dollars on new equipment of our own. We feel we can do a legitimate job of testing, but it is going to take some time. If we can find the people, and I do know there are some, we can farm out some of this work to them and that is what we will be doing. However, we think that every chemical should be constantly brought up to standard by double checking to make sure that the proper ingredients are there.

The hon. member talks about biological control. I do not know whether the hon. member has visited the station that is situated in the city of Regina, but it is doing some amazing work. When you talk to people there and hear what they are projecting for the next two to five years, you find they feel they are well on their way to controlling many pests on which he used pesticides. They are even making sure that some of the insects chewing up the bad weeds do not get out of control and are safe. All those tests have to be gone through.

Maybe we are not spending as much money, but we are signing agreements with other countries and having an exchange of scientists who do that kind of work. The most recent is with the U.S.S.R. Some people may scoff at that. When we were there we visited their orchards. We know they are doing good work. If we can find out one new way from them or vice versa and perhaps put them together, it could mean a tremendous saving for both our countries in terms of

the environment etc. We will all benefit and it will be a less costly way to produce products. I am optimistic about what we are doing. We have sent one of the scientists from the Regina station to Australia for a year to learn new methods from them.

Concerning health and welfare being named in the legislation, all I can say on that is that the Minister for National Health and Welfare (Miss Bégin) and myself are both members of the cabinet committee which goes over the legislation before it is put before cabinet and presented to the House. We both agreed that it was not necessary in this legislation at this time.

To support the hon. member's suggestions on an independent committee, I am sure the hon. member is aware that we have an independent committee now headed by Dr. McGugan, who picked his own members to study Captan. We made suggestions to him about who should serve on the committee, but he would not take the chairmanship of the committee under those terms, so I allowed him to choose his own members, people he thought were qualified to bring in an independent report. If that report is as he says it will be, an independent, thorough report, then we hope to be able to give him more work of that kind, if he will do it for us. There are other people in a similar capacity to Dr. McGugan who can do that sort of thing for us. We will abide by their findings. As far as I am concerned, they are highly qualified people. They come from universities and from the sector that is best qualified. I believe that is all I can say, Mr. Chairman.

Mr. Taylor: Mr. Chairman, I have two questions for the minister. The bill binds provincial governments. Have all provincial governments agreed on that or are the provinces being bound unilaterally?

Second, we have the Minister of the Environment (Mr. Roberts). He is trained to deal with the environment. His responsibility is to make sure that we leave a good environment for our children. Why does this bill not involve the Minister of the Environment?

The Chairman: I see hon. members rising, and the Chair has an eye on the clock. Perhaps other hon. members may be recognized and then the Minister of Agriculture can speak.

Mr. McMillan: Mr. Chairman, my question very closely parallels that of the hon. member for Bow River. I am puzzled that the Minister of the Environment is not here. In his absence, one could be forgiven for wondering whether the Minister of the Environment has been consulted about this bill. Has he had any input? Does he agree with it? Why is he not here?

Mr. Munro (Esquimalt-Saanich): Mr. Chairman, my question relates to the fumigation of the golden nematode. I am sure the minister is aware that fumigation has taken place and that it has not been effective. Could the minister, perhaps not today but by correspondence, give me some indication of what plans there are to make sure that those golden nematodes, which are causing such damage in the Saanich peninsula, can be eliminated?

Mr. Nickerson: Mr. Chairman, I have one question. Would I be correct in assuming that, if this bill is passed into law, the Pest Control Products Act would then be binding upon the Department of National Defence with respect to defoliants used for military use? If that is indeed the case, what consultation has taken place on this matter between the Department of Agriculture and the Department of National Defence?

Mr. Whelan: Mr. Chairman, I will make this as short as possible. The bill, I understand, is by agreement with the provinces. They want the over-all kind of legislation for all producers. I understand that has been taken care of. As far as the questions concerning the Minister of the Environment is concerned, I want to say that he has certainly been very much involved. We had a very close working relationship with his department and with the Department of National Health and Welfare.

Concerning the question of the golden nemathodes, I can give the hon. member that kind of information. What we have tried to do has been very costly. In essence, what we are going to do is to ban the growing of potatoes there and work out some kind of a compensation program for the farmers in that area.

Mr. Nielsen: Mr. Chairman, perhaps hon. members might find a disposition not to see the clock until third reading has been completed.

Mr. Taylor: Mr. Chairman, did the minister answer the part about the provinces and the provincial governments?

Mr. Whelan: Yes, Mr. Chairman. We have an understanding with the provinces. The hon. member asked about the military. We still work very closely with them in recommending any of the products. In case of war though I do not know whether we would have any authority for them at all.

The Chairman: Is the House ready for the question?

Some hon. Members: Question.

The Chairman: Shall Clause 1 carry?

Some hon. Members: Carried.

Clause 1 agreed to.

The Chairman: Shall the title carry?

Some hon. Members: Carried.

Title agreed to.

The Chairman: Shall the bill carry?

Some hon. Members: Agreed.

The Chairman: Shall I rise and report the bill?

Some hon. Members: Agreed.

Bill reported.

• (1600)

Mr. Deputy Speaker: When shall the bill be read the third time; by unanimous consent now?

Some hon. Members: Agreed.

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

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

ROUTINE PROCEEDINGS

[*English*]

Mr. Deputy Speaker: Pursuant to the order made earlier this day, the House will now revert to statements by ministers.

THE BUDGET

MODIFICATIONS TO MEASURES

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Mr. Speaker, in the budget on November 12 I addressed the main obstacles to sustained economic growth, which are inflation and high interest rates. Through a strategy of deficit reduction, the budget combats inflation and reduces upward pressure on interest rates. It is a strategy for creating permanent jobs and growth, not just for this month and next month, but for next year and the years after that. I am convinced it is the right strategy and the one we must continue to follow.

Some hon. Members: Hear, hear!

Mr. MacEachen: Within the framework of that strategy the question was not whether to raise additional tax revenues, but how. Should I raise tax rates, or should I focus on broadening the tax base? Should I increase the load on those already carrying it, or should I spread the burden more evenly? I chose to spread the burden more evenly. I designed a tax package which reduced tax expenditures. These benefits in the tax system reduced taxes for some, but they inevitably had to be financed by taxes on those who did not or could not benefit from such incentives. At the same time I proposed a reduction in tax rates for many Canadians. This meant that I was able to carry on the fight against inflation without increasing taxes for the vast majority of Canadians.

In my view it is the tax package that will improve the basic fairness of the tax system and ensure that tax preferences are more carefully targeted to economic objectives. Those are the fundamental principles of the tax measures and I have no intention of altering those principles; not today or at any time during the consideration of the necessary legislation.

Yet, Mr. Speaker—

Some hon. Members: Oh, oh!

Mr. MacEachen: —tax changes are rarely popular when new revenue must be raised. The groups and individuals who experience tax increases naturally seek relief. That is part of the inevitable dynamics of the post-budget period. The government then must continue to ensure that the common interest of all Canadians is preserved while legitimate particular interests are taken into account.

Over the past few weeks I have received many representations.

Some hon. Members: Oh, oh!

Mr. MacEachen: That, Mr. Speaker, is probably the understatement of 1981.

Some hon. Members: Hear, hear!

Mr. MacEachen: I have listened carefully, and I must say I am grateful to those who have made responsible submissions. The dialogue I have conducted with many delegations and with many citizens has given me an opportunity to explain the budget and to remove many misunderstandings. Even the most concerned groups have found that the budget is far more beneficial to them than the rhetoric of some spokesmen has indicated. I believe, for example, that the impact of the tax measures on investment is becoming better understood. Many of the tax preferences—

Some hon. Members: Oh, oh!

An hon. Member: That is why we are here today.

Mr. MacEachen: Mr. Speaker, many of the tax preferences which the budget eliminated were inducing people to invest in relatively safe shelters at the expense of investments in shares of Canadian corporations and other risk ventures. I also believe that investors are becoming more aware of the very positive impact on investment of the cuts in tax rates and the strategy of reducing inflation and interest rates.

The other positive consequence of the intensive dialogue over the past few weeks is that I have received several useful suggestions for improvements within the main framework. I must say that I am particularly thankful for the advice and support I have received from my friends in the Liberal caucus—

Some hon. Members: Oh, oh!

Mr. MacEachen: —and from supporters of the government throughout the country.

Some hon. Members: Oh, oh!

An hon. Member: All two of them.

Mr. MacEachen: As you have noticed, Mr. Speaker, there have been no defections from this caucus.

Some hon. Members: Hear, hear!

Mr. MacEachen: After a careful analysis of the representations, I have come to several conclusions.

First, there are a number of cases where taxpayers had completed or nearly completed financial undertakings before the budget and should be allowed to receive the tax treatment which existed before the budget.

Second, there are some areas where a transitional period is justified to allow individuals and businesses to adapt their affairs to the new tax rules.

Third, there are a number of measures which can be redesigned to bring them more closely in line with the over-all objectives of the tax package.

I am tabling today a document which describes the tax treatment which is to be accorded to arrangements completed or nearly completed before November 13. These changes affect, for example, the calculation of capital cost allowance, purchases of income-averaging annuity contracts, interest on non-resident loans, soft costs on real estate investments and reserves for property disposition. The document also lists measures for which there will be a transitional period. In particular, the provisions relating to professional work in progress and interest-free housing loans will be phased in over a three-year period.

● (1610)

Mr. Speaker, I am rather surprised at the reaction of the opposition who have been asking for adjustments for more than four weeks—

An hon. Member: You finally woke up.

Mr. MacEachen: —for changes to the measures that were tabled. Today they seem to find those adjustments objectionable.

Some hon. Members: Oh, oh!

Mr. MacEachen: I am proposing a one-year delay in measures relating to corporate organizations to allow for a thorough discussion prior to their implementation. Individuals who are members of an employee pension plan will be permitted to transfer retiring allowances to an RRSP of up to $2,000 for each year of service. That will help low and middle-income Canadians who are members of pension plans and who receive severance pay in order to supplement their pension income. The reserve provision in the budget is being redesigned to accommodate genuine business circumstances while still limiting unwarranted deferrals of tax. An extended reserve period of ten years will be permitted in the case of inter-generation transfers of farm property and small business assets.

Mr. Clark: The budget is gutted.

Mr. MacEachen: To further assist farmers and small businesses, the 6 per cent threshold for small business bonds will be removed. This will permit a 3 per cent reduction in interest charges on such bonds.

Some hon. Members: Hear, hear!

Mr. Nielsen: Resign.

Mr. MacEachen: Finally, Mr. Speaker, I am redesigning the restriction on the deductibility of interest expense in order to increase the incentive for Canadians to acquire shares of Canadian corporations. They will now be able to offset against non-investment income up to $10,000 of interest expense on loans to purchase shares of Canadian corporations. Interest expense incurred by significant shareholders of private corporations to acquire shares of such corporations will be excluded from the definition of the restricted interest expense.

Some hon. Members: Resign.

Mr. MacEachen: The same treatment will apply to interest expense incurred by employees of such corporations up to the limit of their remuneration from the corporation.

There will also be a transitional provision so that taxpayers will be able to offset the restricted interest expense against up to two thirds of their total income in 1982 and one third in 1983.

Mr. Epp: Why don't you resign?

An hon. Member: You should be fired for fraud.

Mr. MacEachen: In addition to what I have said, Mr. Speaker, given appropriate parliamentary arrangements, I am prepared to consider referring several matters to a parliamentary committee.

Some hon. Members: Oh, oh!

Mr. Andre: What were you saying about Jerusalem?

Mr. MacEachen: Mr. Speaker, I have not been saying anything—

Some hon. Members: Oh, oh!

Mr. Clark: You don't dare say anything.

Mr. MacEachen: I have not said anything about Jerusalem, but I have not decided yet to move the budget to Jerusalem.

Some hon. Members: Oh, oh!

An hon. Member: It is nothing you could stand behind anyway.

Mr. Nielsen: Just move it out.

An hon. Member: You have moved everything else.

Mr. MacEachen: These matters include rules relating to corporate reorganization, taxation of whole life insurance—

Some hon. Members: Two.

Mr. MacEachen: —charitable foundations—

Some hon. Members: Three.

Mr. MacEachen: —retirement allowances—

Some hon. Members: Four.

Mr. MacEachen: —and work-in-progress.

Some hon. Members: Five.

Mr. MacEachen: Mr. Speaker, these decisions are the result of what I consider to be a valuable process of consultation.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

An hon. Member: Try another one, Allan.

Mr. MacEachen: They respond as well to legitimate concerns that have been raised by many citizens and delegations—

Mr. Epp: Thousands.

Mr. MacEachen: —who have visited me since November 13.

Mr. Clark: If they could find you. If they were in Scotland.

Mr. MacEachen: There will be ample opportunity for Parliament to examine all budget measures when legislation is under consideration. Finally, I believe, Mr. Speaker, that as Canadians focus more on the main thrust of the tax measures, the benefits of a fairer tax system and more effective incentives will be clear. I am also confident that the strategy of reducing inflation and interest rates will prove to be the surest and most direct route to create more permanent jobs and stronger growth in the Canadian economy.

Some hon. Members: Hear, hear!

An hon. Member: You are going to be shuffled.

An hon. Member: So long.

Hon. Michael Wilson (Etobicoke Centre): Mr. Speaker, Christmas is coming close and I think we have seen for the first time ever that a minister of finance will be eating crow at Christmas instead of turkey.

Some hon. Members: Hear, hear!

Mr. Wilson: The minister has chosen today to make this announcement. It is the last hour of the last day of this session, just before Christmas, when the galleries are empty—fortunately, there is a few of the media here—but he has chosen today in order to hide his own embarrassment.

Let us not be too speedy about this. This is another MacEachen trick, another trick by the Minister of Finance (Mr. MacEachen) similar to what I referred to on the night of November 12. It is another step, a giant step, toward the complete and total abandonment of this budget.

If this minister were honest, he could end all the speculation about what other changes will be made and admit that this amounts to a total withdrawal of his November 12 budget.

Some hon. Members: Hear, hear!

Mr. Wilson: Anyone who pretends that these are minor or technical changes, would argue that the budget is a major shift in the direction that the country is going, and that this has not done enough to change that direction.

The minister has abandoned his own budget. This should be the end of the budget and the end of the minister. Today the minister should offer his resignation.

Some hon. Members: Hear, hear!

Mr. Wilson: I suggest to you, Mr. Speaker, that the performance this afternoon has done great things for Edgar Benson and Walter Gordon.

Some hon. Members: Oh, oh!

Mr. Wilson: We are not looking at a few inconsequential changes in this budget. We have already had changes in the MURBs prior to today and we have had changes in the merger provisions. We now have 17 changes in a document that is longer than the minister's budget speech itself.

It is not just an embarrassment for the minister, it is not just an embarrassment for the Prime Minister (Mr. Trudeau) or the government or the Liberal Party, it is a major blunder and, if I may say so, it is a major setback to the minister's own ambitions toward switching one seat over.

Some hon. Members: Oh, oh!

Mr. Wilson: Let us study this budget in the context of last year's budget as well. There were many warnings at the time of last year's budget about the impact it would have on the oil and gas industry and the energy future of this country. That was borne out by the fact of so many rigs leaving the country, the impact on employment in the very valuable oil service industry sector of the province of Alberta. That was followed by major changes last summer. These changes did not set the matter straight, but did do something toward changing the disaster which had been visited upon that industry.

The blame then was shared with the Minister of Energy, Mines and Resources (Mr. Lalonde) but let us not forget that it was the budget of this minister. This year, the budget is all his responsibility. We have had the same result, same disruption and same drop in confidence. This year, the impact is much broader.

● (1620)

The minister himself referred to the mammoth amount of criticism which has come into his office. It has also come into my office. I receive copies of many letters, and I am just astounded by the amount of mail which has come in over this past month as a result of the budget. The minister did not have the common sense to test the effect of his budget on many factors, many people and the many companies which would be affected. The transitional impact has been devastating. The impact on transactions which were already in place was devastating. The minister has had to step back from many of the

proposed changes, and he has done this in many of the changes proposed here today. He was too lazy to consider the impact of certain parts of the budget on people and companies in the country. Just to underline that point let me refer to a letter given to me by the hon. member for Calgary West (Mr. Hawkes). The letter says that on November 27 the minister promised a study dealing with indirect taxes and their impact on senior citizens. Just today he responded to the hon. member for Calgary West saying that still no study has been done on the impact on those people in our country. I see the Prime Minister is leaving. I suppose this is too much for him. The embarrassment is too much for the Prime Minister.

The budget itself displayed an incredible lack of understanding of the tax system of the country, the budget's impact on business and its effect on capital formation. The minister should resign because of incompetence and incompetence alone.

Some hon. Members: Hear, hear!

Mr. Wilson: Mr. Speaker, let me refer you to Standing Order 35, which says:

No member may reflect upon any vote of the House, except for the purpose of moving that such vote be rescinded.

I believe that the extent of these changes is sufficient to draw into question the vote taken in the House on the budget. I noted that the minister did not move that that vote be rescinded, and I ask Your Honour to put that question to the minister, because 17 items have been changed by this statement today. More than 17 resolutions are affected. These have all been voted upon in the House. They are now subject to change. Major revisions to the budget are necessary. In addition, in the statement he has just read, the minister has said he is considering referring several other matters to committee. Some of these matters are corporate organizations, charitable foundations, taxation of life insurance and work in progress. I contend that this constitutes a major substantive revision to the budget and is thereby a reflection on a vote already taken in the House on the budget. Therefore, it falls squarely within the purview of Standing Order 35. I say to you, Mr. Speaker, that the minister should move that that vote be rescinded.

The minister should also resign because he has departed from a very sound principle of introducing tax changes of this magnitude not by way of a white paper but through the budget. This was a major fault of the budget. It is something which should have been done differently. It should have been done in the way it has been done in the past, which is the fair and democratic way of doing it.

This budget introduces fundamental changes to the incentives system, to the investment system and to the nature of capital formation. As a result, there are significant changes in the way people will conduct their business activities, and the minister has the audacity to call those incentives he has changed loopholes and to make those people who took advantage of those incentives offered to them by previous governments to feel dirty. That is the deceit of that budget of November 12, and that has not changed as a result of the statement today. The minister should have used a white paper. I think he knows it. I think he understands that now because of the fact that he is proposing to introduce five items of the budget to a parliamentary committee, but I suggest to him that he should withdraw those completely from the budget, present them in a white paper and then let us have a look at them in committee.

The budget was not just to hit the rich. It affects three quarters of Canadians through dental care and health care programs and through employee benefit programs. If affects farmers, small businessmen, high technology companies and small oil, gas, and mining companies. These are not big companies. These are small and medium-sized companies. The big companies are not affected by this budget. It hardly touches them at all. Smaller companies, Canadian-owned companies and individuals are directly affected by this budget. That is why the minister's approach is wrong. This backtracking today is not good enough. It is not good enough to bring this in at four o'clock on the last day of sitting before Christmas.

Let us look at the substantive nature of these changes. There are some improvements; I have to agree with the minister when he says that. He has taken a step in the right direction. He has listened, but how could he help but listen? Some of the major deficiencies in this budget remain, and we will be attacking them further when we get back to the Committee of the Whole on the ways and means motions. We will also be hearing representations from Canadians from across the country on the nature of the impact of the budget through a Progressive Conservative special committee on the budget which will be sitting during the Christmas recess.

Some hon. Members: Hear, hear!

Mr. Wilson: What we have here today is a series of 17 changes. On the question of reserves, the minister recognizes that, in his words, there is hardship and disruption as a result of the changes. Pre-budget there was unlimited provision for reserves. Under the proposal set out today, they are limited to three years. That is insufficient for farmers and other businessmen who are selling assets they have nurtured all their lives and assets which are to be their pension funds and their source of income during their retirement.

With respect to capital cost allowances, the minister again has noted the impact of the budget as being disruptive and needing an orderly transition, but there is no change which will affect transactions entered into after November 12. For those transactions which are short term in nature, there will be no relief as a result of today's statement, and for the minister to compound the problems he created on November 12 when he cut the capital cost allowance in half when he knows that now the recession is deeper than it was and deeper than he knew on November 12, I say is criminal.

Mr. Deputy Speaker: Order, please. The Chair has a problem at this point in connection with Standing Order 15(3), which provides:

On Statements by Ministers . . . a Minister of the Crown may make a short factual announcement or statement of government policy. A spokesman for each of the parties in opposition to the government may comment briefly thereon—

The original statement lasted 13 minutes.

Mr. Nielsen: Eighteen.

Mr. Deputy Speaker: The original statement by the minister lasted 13 minutes.

Mr. Nielsen: Eighteen.

Mr. Deputy Speaker: I am going by the record handed to me by the Clerks at the Table, and I invite the hon. member for Etobicoke Centre (Mr. Wilson) to make note of this. The Chair is in the hands of the House, but the usual practice is that the length of statements by leaders of the opposition should not exceed the length of the original statement.

Mr. Nielsen: Mr. Speaker, I rise on the point of order raised by the Chair. Never in my time here have we ever embarked upon such an unusual procedure as a minister of finance swallowing himself to the extent this one has. The hon. member for Etobicoke Centre (Mr. Wilson) has spoken only eight minutes.

• (1630)

Mr. Deputy Speaker: The Chair is guided by the rules of the House. Is there unanimous consent for the hon. member for Etobicoke Centre to continue?

Mr. Nielsen: On the point of order raised by the Chair to which I have the right to speak—

Mr. Deputy Speaker: Certainly.

Mr. Nielsen: There can be no question that what we are embarked on here is a highly unusual procedure which I have never seen in my experience here. We need to have adequate time to respond, as does the spokesman for the New Democratic Party. If there is any question about that at all, I will move a motion now just to see what the attitude of the government is going to be to hearing out members on this side with regard to the highly unusual statement by a minister who has swallowed himself so completely that he should resign. Therefore, pursuant to the provisions of Standing Order 6(5)(a), I move, seconded by the hon. member for Nepean-Carleton (Mr. Baker):

That this House shall continue its sitting this day until it has finished the procedure on the statement on motions by the Minister of Finance.

I do that to provide adequate opportunity for our spokesman, adequate opportunity for the spokesman for the New Democratic Party and adequate opportunity for all members who wish to question the minister.

Some hon. Members: Hear, hear!

Mr. Deputy Speaker: The hon. member has moved a motion according to the provisions of Standing Order 6(5)(a). According to the Standing Orders, this motion is not subject to debate or amendment. I shall now ask those who object to the motion to rise in their places.

And more than ten members having risen:

Mr. Deputy Speaker: According to the provisions of Standing Order 6(5)(b), "If ten or more members then rise, the motion shall be deemed to have been withdrawn."

Motion withdrawn.

Some hon. Members: Oh, oh!

Mr. Deputy Speaker: I draw to the attention of the hon. member for Etobicoke Centre the problem of the expiration of his time.

Mr. Deans: Mr. Speaker, on a point of order. I do not think we wanted to engage in a discussion of allocation of time. I hope the hon. member for Etobicoke Centre (Mr. Wilson) will recognize that the hon. member for Broadview-Greenwood (Mr. Rae) would like to make his comments.

Mr. Wilson: I only require another two or three minutes to complete my remarks, if I could have the indulgence of the House.

Mr. Deputy Speaker: Is there unanimous consent that the hon. member for Etobicoke Centre be given an additional three minutes to complete his remarks?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Wilson: Thank you, Mr. Speaker. I thank hon. members for their courtesy. I was just discussing some of the substantive changes that are referred to in the statement by the minister.

The next one I would like to refer to is the change in soft costs. We have already seen the disruption in MURBs. That was brought to the attention of the House by my colleague from Vancouver Centre (Miss Carney). I should point out to the House that the changes that are referred to in this statement are only transitional in nature. The loss of the reserves plus the changes in the capital cost allowance, plus the change in the capital gains reserves are sufficient to result in a significant decline in the housing activity in this country, and this, at a time when we are having a housing crisis, is totally wrong.

The minister referred to the changes in interest deductibility. The minister must realize that $10,000 exemption will not be sufficient for many small businesses to finance themselves at a time when we have 20 per cent interest rates. That represents a loan of about $50,000. The minister is saying that that interest deductibility change was not to affect the small businessman, but I draw to his attention the fact that many individuals finance small businesses with loans on their own credit. They are reinvested in small business.

The Small Business Development Bond still remains the small business bail-out bond. The removal of the 6 per cent

threshold is sensible, but it is not a development bond. It is a bail-out bond. The money is still not available for companies to expand and grow to develop this country. It is still a bail-out bond.

The changes under the heading of reorganization which extend these terms until 1983 still do not address the problem of the reorganization changes to small businesses, to high technology companies, oil and gas companies and so on. It does not do anything to the big companies. The big companies will not be affected, just the smaller companies.

Let me just wind up. The minister referred to five items that will be referred to a standing committee of this House. That is another indication of a total withdrawal of the budget. This budget is a disaster. It is a failure by the Minister of Finance to address the problems of the country, concerns that were stated by many Canadians this past month. It is a continued attack on the free enterprise system in this country, on the average Canadian and on the small business community. It still reflects a lack of understanding by this minister and his officials on the impact of the budget on many Canadians. It should be withdrawn and the new budget that we see in the House should be brought in by a new minister of finance.

Some hon. Members: Hear, hear!

Mr. Bob Rae (Broadview-Greenwood): Mr. Speaker, if one thing is clear in all the discussion of conversions on the road to Damascus and the fact that the minister is not moving anything to Jerusalem, this is one budget that is certainly not engraved in tablets of stone. In fact, the minister should have had it written on a blackboard with pieces of chalk so he could make the kinds of changes he has made.

Unlike the hon. member for Etobicoke Centre (Mr. Wilson), I do not intend to focus on the extent to which the minister has retreated. The minister has responded to many of the criticisms that have been made in the country. The principle of being able to respond to changes and to demonstrate some flexibility is not something to which I object or to which those in this party object. Let me make it clear. We had a task force led by my colleague, the hon. member for Kamloops-Shuswap (Mr. Riis). We made representations to the government.

I want to make it clear to the minister that he operates on the principle of reacting to public demonstrations such as the one of over 100,000 Canadians which took place on Parliament Hill in response to the government's over-all policy and the fact that the minister has made a statement. I do not care when he makes it. He could make it here in the House of Commons at two o'clock in the morning, and we would be here to congratulate the minister on the fact he has responded. What is a problem, however, is the fact that the minister responded to those with the loudest voices. He has not responded with one particular exception. The question of transition is an arrangement that has to be made for those people to meet various business arrangements. If you overlook the question of what has been referred to committee, and there are some major items such as corporate reorganization, when you come right down to it, there have been five changes of any importance. Only one change can be really said to benefit the average worker or, in this case, the average retiring, fired or laid-off Canadian. That has to do with the changes which the minister announced for retirement allowances.

● (1640)

I want to indicate to the minister, as he will know since we have made representations in this particular regard from the beginning of the budget, that we welcome the fact that the minister has moved on retirement allowances. I think it is a tribute to those many Canadians who have written to the minister and to the many trade unions that have made representations. I pay tribute to that.

Some hon. Members: Hear, hear!

Mr. Rae: When one looks at what else the minister has done and one asks what are the major problems facing the Canadian economy, who has the minister responded to? He has responded to those interests, to those people who can make the most powerful claim, but he has not responded to those who are not in the position to make the same kind of technical and powerful claim on the minister's conscience.

The basic problem facing the Canadian economy at the present time is that we are in a recession and that we had a budget on November 12 which was designed to cool out a boom. The minister, his advisers and the Bank of Canada are bringing in policies which have been rejected even by the Economic Council of Canada itself.

I just want to give one example to the minister to demonstrate the hypocrisy, the uneven standard that the minister has applied. If he looks on page 15 of his statement which deals with the problem of employer housing loans which were deemed to be a taxable benefit and to which an imputed rate of interest would be applied, we are now told it will be phased in over two years. Let me make it clear, Mr. Speaker, that I do not particularly object to the principle of the phase-in. I want just to read to the minister one sentence which I think indicates the standard which the government applies in some cases but not in others. It says, "It is proposed that this change be phased in for existing housing loans to allow employers time to work out remuneration arrangements for their employees who are affected by this measure." Mr. Speaker, what about the medical and dental plans? Is the minister seriously arguing that they do not affect the remuneration arrangements of literally hundreds of thousands of employees in this country?

Some hon. Members: Hear, hear!

Mr. Rae: Is the minister arguing that they are somehow less important than those people who are the employees of banks and other large corporations, managerial employees who are receiving those benefits? There is one difference between people who are receiving employer housing loans and people who are receiving medical and dental plans under collective agreements. One group are managers and the other group are workers. That is the only difference.

Some hon. Members: Hear, hear!

Mr. Rae: If we ever needed an indication from this government that it is a government that responds to managers—

Mr. Munro (Esquimalt-Saanich): You put them in.

Mr. Rae: I say to the member for Esquimalt-Saanich (Mr. Munro) that the people of Canada voted them in and the people of Canada voted the Tories out. Do not forget that either.

Some hon. Members: Hear, hear!

Mr. Rae: I hear the minister in the House every day talking about the importance of providing equity, the importance of seeing that employees are treated equally. Where is the equity? Even in the retreat there is a double standard and even in the retreat there is something special worked out for people who are managerial employees. No similar arrangements are worked out for people who are living with collective agreements that cannot be changed, collective agreements that cannot be affected, because the minister has said that the only kind of changes that he is responding to, in effect, are the changes requested by people with the loudest voices, those who work for the banks and others who will benefit, and no one else.

When the budget came out, I said that the minister proved himself to be a very poor fisherman, that he has cast his net upon the waters, that he has managed to avoid fishing through the Grand Banks, taking the benefits that could be gained by going after those who are really powerful and by casting a net which has the miraculous ability of only catching the small fish.

I wish I could say, Mr. Speaker, that in the changes the minister has announced today he has improved in his qualities as a fisherman, that he had improved in dealing with the real problems facing the Canadian economy. The basic difficulty of the budget was that it did not deal with the fact that we are in a recession, that it provided no stimulus, that the fairness in it was not real and there was no basic stimulus to investment, growth and to jobs in the Canadian economy. I am sorry to say that in the transitional and other announcements that have been made today by the minister, embarrassing as they are personally to him as much as they show a general lack of understanding and a real sense of ineptitude and uncertainty in decision-making in government, they do not get to the core of the economic difficulties facing the country.

Unlike those who would object to the fact that the minister is forced to make a retreat, we do not object to the retreat. We are glad, in fact happy, to be part of a process which has forced the minister to make a retreat. Our sadness is that in making the retreat the government has, once again, demonstrated that it is truly incapable of understanding the human impact of unemployment, high interest rates and inflation. It has instead chosen to make a series of technical changes which, while they will be beneficial in some respects to certain groups—and we certainly do not begrudge those changes, Mr. Speaker—will not get at the basic and real problem facing the economy, that is to say the fact that we live in an economy in a state of crisis and we live with an economic policy which is one of tremendous unfairness.

I want to put the minister on notice that we will continue to fight the budget, not on technical or narrow grounds, but on the grounds that it fails to address the fundamental problems facing the people of Canada. We will continue to oppose that budget precisely for that reason.

Mr. Donald W. Munro (Esquimalt-Saanich): I have one question for the minister. Will the minister tell the House and the country, or give us an idea in dollar terms, millions or billions—whatever it might be—of the loss in the 1982-1983 revenue consequent on the 17 amendments in the five referrals to committee that he has just made in his retreat from the chilly winds of popular opinion, from the budget proposals he tabled on November 12, as well as, in percentage terms, the percentage that this amount represents of the total revenue he was hoping to collect under those earlier proposals, from which he has now so desperately retreated?

Mr. Deputy Speaker: The Chair calls the attention of hon. members to the fact that they need to keep questions short.

Mr. MacEachen: Mr. Speaker, the question raised by the hon. member is quite relevant because citizens and others will be wondering whether the changes that have been made will damage or derange the fiscal framework. I will tell him that over the five-year period, for which I made my projections, the preliminary estimate I have is that the loss of revenue on the average would be about $150 million per year, as against the objective of the new taxes which was to raise $1.2 billion on average per year.

Mr. Doug Lewis (Simcoe North): Mr. Speaker, my question is directed to the Minister of Finance (Mr. MacEachen). Despite the rhetoric from the member for Broadview-Greenwood (Mr. Rae), the minister will know that it was the Progressive Conservative Party that questioned him on the taxation of medical and dental plans. Is the minister still planning to tax union and non-union workers for medical and dental plans, or does he have plans to change too?

● (1650)

Mr. MacEachen: No, Mr. Speaker.

Mr. Deputy Speaker: The hon. member for Broadview-Greenwood (Mr. Rae) may have the floor, briefly. It is not normal for the same member to speak again for the party, but in view of the fact that he is keeping it short—

Mr. Rae: Mr. Speaker, do you recognize me to ask a question?

Mr. Deputy Speaker: Yes.

Mr. Rae: My question for the minister concerns IAACs. I know that the only change the minister has introduced was of a transitional nature rather than a fundamental nature, this

morning and later, in answer to a question put by the hon. member for Yorkton-Melville (Mr. Nystrom) about forward averaging. Could the minister tell us if he is prepared to table for the benefit of the House the figures which will show the comparative effects of IAACs and forward averaging? It would be useful if the House could have the benefit of the information which the minister seems to have given to a number of groups so that we can realize in money terms what the comparative advantages and disadvantages are. Our impressions, from talking with a number of farm organizations, are very much the opposite—

Mr. Deputy Speaker: Order, please. The hon. member has made a comment. At this stage he can ask a short question. The Minister of Finance (Mr. MacEachen).

Mr. MacEachen: Mr. Speaker, I think the question asked by the hon. member is very relevant. Not until one looks at the comparative figures is it possible to draw a conclusion about the advantages or disadvantages of one system over another. Based upon that analysis, it is my view that in general the forward-averaging system is likely to provide more flexibility to farmers and others. As I stated earlier, Canadian cattlemen reached that conclusion after discussions with us in Oshawa.

With respect to the detailed analysis, I am sending comparative statistics on the impact of both systems upon farmers and others to members' offices. I am quite concerned that the new system should not disadvantage the farming population which in certain circumstances have come accustomed to the use of income-averaging annuity contracts.

Mr. Jim Hawkes (Calgary West): I am concerned about the social impact of this budget and the things that are not changed. There is no change in the relation to increased health care costs, the hidden taxes that still effect the poor and lower-income Canadians in a devastating way, and there is on the income tax side and on the capital gains side an attack on the institution of marriage or a reward for the dissolution of marriage. I am also interested in the issue of charitable donations when it costs rich people half as much to donate to their church or charitable organization as it does poor people. The rich get $100 back on a $200 donation but poor people get nothing or maybe $12 back.

Mr. Deputy Speaker: The hon. member is not permitted to make a statement at this point but he may ask a question.

Mr. Hawkes: I wonder if the issue is closed or if members of the House can further petition the Minister of Finance (Mr. MacEachen) to bring some social equity for poorer and lower-income Canadians back to the budget. Is that a foregone conclusion—we cannot do it or will we have the opportunity—

Mr. Deputy Speaker: The hon. member should ask his question.

Mr. MacEachen: Mr. Speaker, of course, I disagree with the conclusions of the hon. member. It is my belief that the additional tax burden that has undoubtedly been placed upon citizens of Canada as the result of this budget, rests mainly upon the shoulders of those in higher-income groups and that in general, lower and middle-income Canadians are better off as the result of the budget. That is my belief and it is demonstrated in the tax tables that have been made available to hon. members.

With respect to the hon. member's reference to charitable organizations, it is true that certain proposals have been made in the budget with the objective of facilitating the disbursement of funds which are intended to be used for charitable purposes. Questions have been raised and I have agreed, if the House can make the arrangements, to have that question as well as a number of other issues studied by a standing committee. If hon. members have a better view, then I will be glad to consider it.

I find it rather strange that hon. members now have protested so violently against adjustments and proposals which I have made in response to citizens' representations, in response to representations from the Liberal caucus and in response to representations from the other side. What is democracy all about?

Mr. Blaine A. Thacker (Lethbridge-Foothills): Mr. Speaker, my question relates to fiscal relations in the country. He will know that his budget provided for a cut of $5.7 billion in transfers to the provinces. As a result of closing what he called loopholes or investment credits, the provinces would have increased revenue of some $3.6 billion over the five-year period for a net loss of $3.1 billion. He has obviously reopened the investment credits and that will reduce provincial income tax. Is he going to take that into consideration when he is negotiating with the provinces?

Mr. MacEachen: Mr. Speaker, if the provinces begin to acknowledge the benefits that flow to them from the tax changes, then of course it will be an encouragement for me to consider that question. Even though I made a determined effort in the budget to flow additional benefits to the provinces through tax changes, up to the present time they have not been ready to acknowledge that as an important factor in the over-all benefits to the provinces. I think I must get the acknowledgement before I begin to readjust the payments.

Mr. Rod Murphy (Churchill): Mr. Speaker, I have a question for the Minister of Finance. Unlike the Conservative Party, we have already finished our economic tour of the country, and have heard from employers and employees. Workers who work in northern areas have traditionally received some subidy for the higher cost of living and for food in these northern areas. I wonder if the minister is still going to tax those benefits despite the fact that the Canadian Petroleum Association, the International Woodworkers Association, the Council of Forest Industries and others are concerned about the development of the north, with those benefits which are strictly work related being taxed.

Mr. MacEachen: Mr. Speaker, I am glad that the hon. member asked that question because it gives me the opportu-

nity once again to draw the attention of the House to the fact that the remission order that has been extended has exempted such benefits from taxation. That remission order has been extended within the designated area to which northern benefits apply. I must add that in addition, the so-called housing loan provision was also exempted within that designated area north of 60 and isolated posts. That has been the definition we have used. There has been absolutely no change in the pre-existing situation with respect to northern allowances.

Mr. Nielsen: Mr. Speaker, the release that the minister tabled in the House tonight lists 18 changes to the budget. Previously there were another three, so that is 20 plus changes. Any other self-respecting minister of finance operating in a western parliamentary democracy would resign.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

An hon. Member: Question.

Mr. Nielsen: My question is, for the good of the country, will the Minister of Finance submit his resignation in recognition of his incompetence?

Some hon. Members: Hear, hear!

An hon. Member: Have a merry Christmas!

Mr. Fraser: Mr. Speaker, if hon. members on the backbenches of the Liberal Party would calm down, I have a question. I know this is very agitating for them.

• (1700)

Mr. Clark: I have a question. No, my colleague—that is my colleague.

Mr. Deputy Speaker: The Chair is in the hands of the House. However, if the Right Hon. Leader of the Opposition wishes to be recognized, the Chair will recognize him at this point.

Some hon. Members: Agreed.

Mr. Clark: Mr. Speaker, I would welcome being recognized after my colleague, the hon. member for Vancouver South (Mr. Fraser), has completed his question.

Mr. Nielsen: No more time! Muzzling us again!

Mr. Deputy Speaker: It being five o'clock, p.m., pursuant to an order made Thursday, December 10, 1981, this House does adjourn.

Mr. Clark: Mr. Speaker, I have a point of order.

Mr. Nielsen: Point of order!

Mr. Clark: Mr. Speaker, I rise on a point of order to see if the hon. members opposite will not reconsider their refusal earlier this day to gag the House of Commons and to stop us from examining what is, in effect, the presentation of a new budget. I am consequently asking for the unanimous consent of the House—

Some hon. Members: Hear, hear!

Mr. Clark: —to continue our questioning of the Minister of Finance (Mr. MacEachen). Mr. Speaker, may I have that unanimous consent?

Some hon. Members: No, no!

Some hon. Members: Agreed!

Mr. Nielsen: Parliament is a nuisance to the Liberals!

Mr. Deputy Speaker: It being 5.02 o'clock p.m., pursuant to an order made Thursday, December 10, 1981, this House stands adjourned until Monday, January 25, 1982, at two o'clock p.m., pursuant to Standing Order 2(1).

At 5.02 p.m. the House adjourned until Monday, January 25, 1982, at 2 p.m.

HOUSE OF COMMONS

Monday, January 25, 1982

The House met at 2 p.m.

• (1405)

[*English*]

THE LATE BRUCE LONSDALE

TRIBUTES TO FORMER MEMBER FOR TIMISKAMING

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, it is my painful duty to invite all hon. members to join with me today in paying tribute to the memory of a young man whose death on Friday was profoundly shocking to us. Bruce Lonsdale was one of the most able, most dedicated, and most promising of the younger members of the House of Commons.

Most of us knew him only for a few years, since his election as Member of Parliament for Timiskaming in 1980. In that time we came to understand and share the respect and admiration which led the people of the northern Ontario community of Cobalt to entrust him with great responsibility while he was still in his early twenties. It was because he served so well as town councillor and mayor of Cobalt, especially in the aftermath of the devastating fire which destroyed so much of that community in 1977, that the people of the vast riding of Timiskaming chose him to represent them in Parliament. He repaid their trust by becoming one of the hardest working and most effective Members of Parliament we knew.

His last official act, the announcement in Sturgeon Falls on Friday that the government would open a Statistics Canada office in that community, was typical of the quality of his service. He sought constantly to bring the government closer to the people he represented, and to help create for them new opportunities for employment and fulfilment.

[*Translation*]

By the strange irony of fate, Bruce Lonsdale was on his way home after carrying out those official duties when he was killed in a highway accident. I am sure that the members of this House will want to join me in wishing a prompt and complete recovery to the other two who were hurt in this accident. To Mrs. Lonsdale, her children and all Bruce Lonsdale's close relatives, we can only express our sorrow and our sympathy. I would ask you, Madam Speaker, to send them our heartfelt condolences. In Bruce Lonsdale we have lost a friend and a dedicated colleague who was dear to us all and who still had so much to offer Canada and the Canadian people. Although we have witnessed only a short period of his full life, he shall live on in our memory.

[*English*]

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, on behalf of the official opposition I want to associate us with the words just spoken by the Right Hon. Prime Minister (Mr. Trudeau), and to express my personal sadness and that of my colleagues on this side of the House at the untimely death last Friday of the hon. member for Timiskaming (Mr. Lonsdale).

Many of my colleagues here had the opportunity during Bruce Lonsdale's short period of service in the House of Commons to work very closely with him and he had won, in an uncommonly short time, respect among members on all sides of the House and all parties in this House. As the Prime Minister has said, he was a member here for a very short period of time, but he proved himself during that time to be an able and effective and most energetic representative of all his constituents. He approached his job as Member of Parliament with that same drive and determination that he had exhibited during the period of his service as mayor of Cobalt when he led the citizens of that community in overcoming a great disaster, and he co-ordinated the reconstitution of the town following the fire to which the Prime Minister has referred.

Bruce Lonsdale will be profoundly missed in this House as a member whose standard of service was a model to us all and one who was a very good and personal friend to many of us. We join with all members of the House of Commons in expressing our sympathy to his wife and family.

Mr. Edward Broadbent (Oshawa): Madam Speaker, on behalf of the members of the New Democratic Party I would like to join with the Prime Minister (Mr. Trudeau) and the Leader of the Opposition (Mr. Clark) in expressing our deep sympathy to Mr. Lonsdale's wife and children following his tragic death prior to the weekend.

As has been indicated by the Prime Minister, Bruce Lonsdale was a young man, only 32, who had already served the people in his region, first as a mayor and then very diligently here in the House of Commons as a Member of Parliament. It is deeply regretted that any person should lose his or her life in such an accident. It is doubly so for this to happen to one so young who has devoted his energies and talents to the good of his country. It is a sad occasion for us here in the House of Commons. It is a sad event for the people he represented so ably.

• (1410)

Madam Speaker: Of course it was with great sadness that we heard of the sudden death of one of our colleagues. I will transmit to the family of Mr. Lonsdale the sentiments

expressed in the House, and I ask the House to rise and observe a minute of silence in his memory.

[*Editor's Note: The House rose and observed a one minute silence.*]

ROUTINE PROCEEDINGS

[*English*]

CHINESE NEW YEAR

EXPRESSION OF GOOD WISHES—MOTION UNDER S.O. 43

Miss Pat Carney (Vancouver Centre): Madam Speaker, I rise under the provisions of Standing Order 43. As we mark the beginning of a new year in Parliament I would like to remind the House that this is also a special day for all Canadians of Chinese descent. Today we celebrate the advent of the Chinese New Year, year 4680, the Year of the Dog. It is said that those born in the coming year will be imbued with the qualities of honesty, loyalty, chivalry, devotion and leadership. As one with close ties with the Chinese-Canadian community I therefore move, seconded by the hon. member for Don Valley West (Mr. Bosley):

That this House join all Canadians of Chinese descent in a wish for joy and harmony in the coming year.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Madam Speaker: Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Motion agreed to.

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EXTERNAL AFFAIRS

POLAND—COMMENTS MADE BY PRIME MINISTER ON IMPOSITION OF MARTIAL LAW—MOTION UNDER S.O. 43

Mr. John Bosley (Don Valley West): Madam Speaker, I move, seconded by the hon. member for Brampton-Georgetown (Mr. McDermid):

That this House express its profound regret at the Prime Minister's insensate comments regarding the imposition of martial law in Poland, remarks that have been widely used by the Communist regime to support its position, and that this House indicate to the people of Poland and to its government that Canada supports greater freedom in Poland, not less, that Canada supports the legitimate aspirations expressed by millions of Poles, through Solidarity, for greater democracy and a government responsible to Poles themselves, and that Canada opposes and will oppose in all possible ways the suppression of the Polish people by a government imposed by Moscow.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ADMINISTRATION OF JUSTICE

CALL FOR PUBLIC INQUIRY INTO OPERATION OF SYSTEM—MOTION UNDER S.O. 43

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, Clifford Olson's criminal career spans over more than 20 years. During that time the RCMP have repeatedly arrested him, only to see him released almost immediately, or serve only a short term. In view of this most obvious failure of the justice system, I move, seconded by the hon. member for Edmonton-Strathcona (Mr. Kilgour):

That the Solicitor General establish a full, open public inquiry into the operation of the justice system so that it will bring full justice to the criminal and security to the public.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

AGRICULTURE

CALL FOR INTRODUCTION OF LEGISLATION TO ASSIST FARMERS—MOTION UNDER S.O. 43

Mr. Vic Althouse (Humboldt-Lake Centre): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Whereas interest rates are 3 per cent or 4 per cent higher this year than they were a year ago—and rising again—whereas Agriculture Canada predicts that 1982 net farm incomes will drop 15 per cent this year to a level below that earned in 1974, despite the fact that farm output has more than doubled since that time, and whereas a sound basis for a healthy agricultural economy exists but assistance is needed to help it reach its full potential, I move, seconded by the hon. member for The Battlefords-Meadow Lake (Mr. Anguish):

● (1415)

That this house calls on the government to introduce legislation to expand the ability of the Farm Credit Corporation to offer low cost credit to farmers, to introduce legislation to amend the Agricultural Stabilization Act to offer stabilization based on the real cost of production, and to encourage the establishment of new marketing agencies to provide a defence against low prices.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE BUDGET

SUGGESTED WITHDRAWAL—MOTION UNDER S.O. 43

Mr. Albert Cooper (Peace River): Madam Speaker, the Peace River country has long been known as a land of golden opportunity with its vast energy and agricultural potential, and whereas the recent 11.7 per cent unemployment rate reflects the shattering of this potential by the government's disastrous economic policies, I move, seconded by the hon. member for Lethbridge-Foothills (Mr. Thacker):

That the government immediately withdraw its budget and assume a positive role of co-operation and incentive so that employment opportunities will be reopened for people in all sectors.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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THE ECONOMY

CALL FOR INTRODUCTION OF NEW BUDGET—MOTION UNDER S.O. 43

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, I rise under the provisions of Standing Order 43. Statistics Canada recently revealed figures showing that almost one million Canadians are unemployed. That number is rising each week. When you include what are known as the hidden unemployed, those people who consider their employment situation so bleak that they have simply stopped looking, the number of unemployed could easily total a million and a half, which is an estimated 12 per cent of the Canadian labour force.

In light of the fact that the recently tabled federal budget was totally regressive in nature and contained absolutely nothing, either to prevent the escalating losses of existing jobs or to provide for the immediate creation of new ones, I move, seconded by the hon. member for Prince Edward-Hastings (Mr. Ellis):

That the November budget of the Minister of Finance, which has been universally condemned by Canadians everywhere, be immediately withdrawn and replaced by a new budget which would realistically address the urgent problems of this nation.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

THE BUDGET

DEMAND FOR RESIGNATION OF PRIME MINISTER—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, whereas every Liberal MP in this House voted in favour of the November 12 budget which increases unemployment: by driving capital, equipment and expertise out of the country, by reducing capital cost allowances and increasing capital gains taxes, by killing initiative, by continuing high interest rates, etc., etc., I move, seconded by the hon. member for Lethbridge-Foothills (Mr. Thacker):

That this House demands that the Prime Minister do immediately tender his resignation to the Governor General on the grounds that he and his party have betrayed the people of Canada.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE ECONOMY

CALL FOR ACTION TO BE TAKEN INDEPENDENTLY OF UNITED STATES—MOTION UNDER S.O. 43

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, I rise under the provisions of Standing Order 43. In the spirit of the Chinese Year of the Dog, if the government's budget and its monetarist policy were hung on a fire hydrant, it is clear what Canadians, like dogs, would like to do on them. Therefore I move, seconded by the hon. member for Spadina (Mr. Heap):

That the government refrain from its dog-eat-dog and dog's-breakfast approach to interest rates and its rabid and its rather mongrel approach to budgeting, and instead take serious action to stimulate our ailing economy to bring it back to life, and follow Japan and a number of western European countries which have taken action independent from the United States to stimulate their own economies.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

DISASTERS

FIRE AT SPANISH, ONT.—MOTION UNDER S.O. 43

Mr. Maurice Foster (Algoma): Madam Speaker, I rise under the provisions of Standing Order 43. In view of the tragic fire which took place in the small northern Ontario town of Spanish early yesterday morning, which claimed the lives of seven children and two adults and left several other families

homeless, I move, seconded by the hon. member for Sudbury (Mr. Frith):

That this House express its sorrow to the community of Spanish, Ontario, for the tragic fire that occurred there yesterday morning, claiming the lives of seven children and two adults, and extend its profound sympathy to the families of those who died.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Madam Speaker: The House has heard the terms of the motion. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

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● (1420)

THE ECONOMY

POSSIBLE INTRODUCTION OF WAGE AND PRICE CONTROLS—MOTION UNDER S.O. 43

Mr. Vince Dantzer (Okanagan North): Madam Speaker, since it appears that the government and its bureaucratic masters are again displaying their inability to solve Canada's economic problems and may resort to wage and price controls, I move seconded by the hon. member for Peace River (Mr. Cooper):

That this House urge the government to stop deceiving and misleading the Canadian public and immediately advise this country whether it intends once again to expose Canadians to the hazardous experience of wage and price controls.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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THE BUDGET

SUGGESTED TREATMENT AS LEGISLATIVE PRIORITY—MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Madam Speaker, I rise to record a protest on behalf of all Canadians over the lackadaisical, senseless, cavalier manner with which the government is addressing the nation's business. Therefore I move, seconded by the hon. member for Cambridge (Mr. Speyer):

That the government House leader suspend discussion of all other business and give priority to the budget and its fate, for the government must give this item priority and put the economy and individual Canadians first.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

THE ECONOMY

REQUEST THAT BATTLE AGAINST UNEMPLOYMENT BE TREATED AS PRIORITY—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43.

Whereas Quebec has lost 60,000 jobs since the end of last summer and the unemployment rate in Quebec has now reached a record high of 12 per cent, I move, seconded by the hon. member for Brant (Mr. Blackburn):

That the House hold the Federal Government responsible for this economic situation which is demoralizing more and more workers, and that it urge the government to launch an economic recovery program whose priority will be to fight unemployment.

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

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

THE BUDGET

REQUEST FOR WITHDRAWAL

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is directed to the Prime Minister. I must say, I am sure, on behalf of all members on this side of the House and most Canadians that I am absolutely shocked at the absence of the Minister of Finance from the House on the first opportunity to question him.

Some hon. Members: Hear, hear!

Mr. Clark: The Prime Minister will know that Members of Parliament from all parties over the last five weeks have heard from Canadians in all walks of life—pensioners, farmers, students, all Canadians—about the deep damage which is being done to them individually by the budget. In light of that, and in light of the need for Parliament to put the interests of ordinary Canadians first, may I ask the Prime Minister a very simple question. Will he indicate to the House now that his

government intends to withdraw its budget and introduce a new budget?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, on behalf of the Minister of Finance I want to apologize for his absence. Last August he accepted an invitation to speak to the Canadian Club of Toronto for this day, at a time when no one could foresee that this would be the date of the reconvening of the House.

Mr. Crosbie: Come on!

Mr. Trudeau: I hear the former minister of finance saying "Come on". He will know that it has been a long-standing practice of ministers of finance to speak yearly to the Canadian Club of Toronto. I hope he discharged his duties in that regard, as our minister is doing today.

Mr. Waddell: He is afraid to come into the House.

Mr. Trudeau: The minister will be here tomorrow and on other days. I assure the hon. member opposite who talks about fear that I will wait to see what frightening questions he would be prepared to ask the minister, but I assure the hon. member that there are other members of the ministry in the House who would be prepared to deal with the economy.

Mr. Clark: Would you answer the question?

Mr. Trudeau: The Leader of the Opposition asked if we were going to withdraw the budget. The answer is no, Madam Speaker. The budget measures will be brought before the House for discussion as soon as possible.

TAXATION OF EMPLOYEE BENEFITS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I should like to speak for a moment of the responsibility of the Minister of Finance. The Canadian Club meets every week.

Some hon. Members: Order, order!

Mr. Clark: If the Minister of Finance were someone who could have been found to speak for his responsibilities prior to the House reconvening, he could have arranged to be before the Canadian Club and also in his place to stand the heat of questioning in the House of Commons on a budget which does great damage to Canadians.

Some hon. Members: Hear, hear!

Mr. Clark: The government seems determined to go ahead with the budget. The Prime Minister will know that one effect of taxing employee benefits such as Blue Cross will be to bump thousands of Canadians into a new tax bracket without giving them any new income. These new taxes on dental care and on extended medical care will, for example, cause 60,000 Canadian mothers to lose all or part of their child tax credit. Does the Prime Minister call that equity, or is it part of the restraint program of the Government of Canada to take away and to cut back on the child tax credit program?

• (1425)

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Right Hon. Leader of the Opposition knows that in the usual way the budget measures will be brought before the House. They will be discussed in the Committee of the Whole, and such allegations that the Right Hon. Leader of the Opposition makes now, if he can substantiate them, I am sure will be interesting for the House when those measures are looked at and before they are passed.

Mr. Dick: You didn't go home for the holidays.

Mr. Trudeau: I encourage hon. members opposite to have all their questions ready because the measures will be discussed in the House and voted upon. Of course, the Minister of Finance and the rest of the ministry will be happy to look at any statistics to see if they are founded, such as those alleged by the Leader of the Opposition.

Mr. Clark: Madam Speaker, I am amazed that the Prime Minister, who has indicated that the government intends to push through with this budget, does not know about the elemental impact it will have on ordinary Canadians across the country. I am sure that if he listened a little to his backbenchers they would tell him about some of the pressure that they have been receiving from their constituents across the country. I tell the Prime Minister that there will be debate in this House of Commons, and indeed there will be votes in this House of Commons, and if the Prime Minister thinks he is going to get this budget through quickly, then he is deeply mistaken.

Some hon. Members: Hear, hear!

Mr. Crosbie: Right on.

* * *

FINANCE

EFFECT OF BUDGET ON SOCIAL BENEFITS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, let me turn now to the Minister of National Revenue and ask him a question, if I can get his attention for a moment. The Minister of National Revenue made some sweeping statements about the application of the budget and he has been backing away from them. But the minister must surely have some idea, even if his Prime Minister does not, of the impact that some of these measures will have upon ordinary individual Canadians. Despite the changes which the minister was forced to make last week, he will know the result of the rules regarding certain employee benefits is that millions of Canadians have at least $500 a year added to their taxable income, and many will be bumped up into different tax brackets.

I assume the Minister of National Revenue now knows the details of the impact of these measures that his government has been proposing for two months now. Would the minister agree to table in the House of Commons a precise estimate of how many Canadians will be losing social benefits, such as the child tax credit and veterans pensions, as a result of the artificial increases in income that are one consequence of the application of these new rules regarding employee benefits?

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, I said before Christmas in the House of Commons that the policy of the department was not to go after the nickels or dimes, or the small amounts which are administratively not feasible and are unfair, but to go after those measures that were substantial.

I issued a release on Friday which lays out the approach of my department to the taxation of benefits that are not contained specifically in the Income Tax Act. I think the release shows that it is indeed the policy not to go after the nickels and dimes and the small amounts, but to treat individual Canadians fairly.

With regard to the provision of information, as the Prime Minister has said, that obviously will come out in the course of debate as measures are introduced into the House of Commons.

EFFECT ON MOTHERS AND VETERANS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, this House is now back in session. We want some information. We want to know how many Canadian mothers will be denied their child tax credit as a result of this proposal, and how many Canadian veterans will have their eligibility for veterans pensions affected. The minister must know these particular facts. Will he tell the House of Commons now, in respect to those two particular groups of Canadians, mothers affected by the child tax credit, and our Canadian veterans, how many thousands of them will be affected adversely by this Liberal budget proposal?

• (1430)

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, I do not have the specific figures to answer the specific questions that the right hon. gentleman has posed, but those figures are readily available. However, I can tell the hon. member that in my own province there are at least 250,000 people whose incomes will be improved as a result of this budget. Most of the people in my province and in my constituency will benefit from this budget, rather than the other way around.

Some hon. Members: Hear, hear!

QUERY RESPECTING GOVERNMENT PLANS

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, many Canadians told our Progressive Conservative budget committee that the budget will result in more lay-offs and higher interest rates as this year goes ahead. We heard from manufacturers who said there would be 100,000 fewer manufacturing jobs. We heard of small-business men, farmers and fishermen who left they were going to lose their businesses because interest rates were going higher. We heard of young couples—

Some hon. Members: Order!

Madam Speaker: Order, please. I have been rather lenient with the first questioner, but I think the hon. member should get to his question right away. Otherwise I will have to recognize the other section of the House.

Mr. Wilson: I felt that it would be helpful for the Prime Minister to learn more about what is going on in the country.

My question is directed to the Prime Minister. Since Canadians are so frightened and so angry at what is going on as a result of the budget of this government, will the government, and the Prime Minister on behalf of the government, tell these Canadians what the government is preparing to do to avoid these lay-offs, to avoid these high interest rates, and to avoid these dreams being shattered during the course of this year? The budget does not answer those questions.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member will understand that one of the first objectives of the budget is to keep inflation under control. That is a necessary pre-condition to the creation of jobs and to the lowering of interest rates.

The hon. member was in the process of telling us the many things he heard. The hon. member knows the macroeconomic policy of the government. The hon. member seems to belong to a party which does not know its own macroeconomic policy. We are not sure, because one questioner suggests greater expenditures while the other suggests restraint. This government believes that the main objective of the budget must be to keep inflation under control. That is why we are exercising restraint in the economy.

Some hon. Members: Hear, hear!

REQUEST FOR RESIGNATION OF MINISTER OF FINANCE

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, what we heard in this committee were not the broad, macro problems; we heard what was happening to individual Canadians. I would suggest that the Prime Minister listen to their problems.

Some hon. Members: Hear, hear!

Mr. Wilson: This budget has destroyed the faith that Canadians had in their country. It has destroyed the faith that they had in the competence of the people who are proposing to lead this country. Therefore, I would like to ask the Prime Minister what is more important to him, the interests of all Canadians, those of the Liberal Party of Canada, or those of

his Minister of Finance? Would he, himself, answer that question for all Canadians by asking for the resignation of his Minister of Finance, and get on with the question of economic renewal with a new minister of finance?

Mr. Crosbie: Right on!

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, it is not a suggestion I can take very seriously because the hon. member—

Mr. Crosbie: You should!

Mr. Trudeau: —like this government, is more interested in the welfare of all Canadians. The welfare of all Canadians, in spite of the hon. member's statement in preface to his question, is a macroeconomic question. We must ensure that the economy is sound if we want the individual areas of the economy to profit from that over-all economy.

Some hon. Members: Hear, hear!

* * *

THE ECONOMY

SPEECH MADE BY MINISTER OF FINANCE TO CANADIAN CLUB IN TORONTO

Mr. Edward Broadbent (Oshawa): Madam Speaker, my question is directed to the Prime Minister. We are now in the midst of the deepest depression since the war, having lost 235,000 jobs since August, with lay-offs in the province of Ontario alone, during last month, occurring at the rate of 3,000 per working day.

In his speech today to the Canadian Club in Toronto the Minister of Finance said, "This situation is going to get even worse." In the same speech he said that the government plans to wait for our trading partners, essentially, to bail us out.

My question to the Prime Minister is to ask simply why he thinks Canadians will wait for others to bail us out. In particular, why does he expect that more than one million unemployed Canadians will sit back while this government does nothing about their plight?

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I cannot accept the interpretation of the speech given by the minister today in Toronto to mean that we will wait for our partners to bail us out. I would like to know why the hon. Leader of the New Democratic Party invents such interpretations.

There is a budget before the House. It presents a macroeconomic approach. It will be discussed in the House, but it serves nothing to invent interpretations of the statement of the Minister of Finance. He has made his position concerning the budget quite clear in the House. He will be back to continue to defend his budget.

There is nothing contained in his policy which suggests that we will wait for others to bail us out. His policy, rather than to say that things will get worse, is to ensure that the Canadian economy is well managed, and is based on the assumption that the depression which is hitting many of the industrialized societies will come to an ebb, will bottom-out by the summer and that we will all be embarking on recovery together.

Some hon. Members: Hear, hear!

REQUEST THAT GOVERNMENT ACT INDEPENDENTLY OF UNITED STATES

Mr. Edward Broadbent (Oshawa): Madam Speaker, finance ministers representing France, West Germany, Great Britain, Japan, and some other European countries met last week and reached a decision which was completely contrary to that of the Government of Canada on two important points; specifically, that they would take action, first, to reduce interest rates as a matter of government policy in their countries, and, second, to take action independently of the United States to stimulate their economies. Why can the Government of Canada not do the same thing here for Canadians?

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the economic circumstances of different countries are the responsibilities of the governments of those countries. In the case of Canada—

Mr. Broadbent: And they are exercising it.

Mr. Trudeau: In the case of Canada, the hon. Leader of the New Democratic Party is suggesting stimulus. I would put to him the simple fact that the Canadian budget is now in a deficit position of over $10 billion. Does the hon. member not consider this to be a form of stimulus?

POLICIES FOLLOWED BY OTHER COUNTRIES

Mr. Edward Broadbent (Oshawa): Madam Speaker, the Prime Minister knows, or should know, that the percentage of GNP going to government spending in most of the countries I have just listed is higher than that of the Government of Canada, and they are taking independent action.

I want to ask the Prime Minister, if the governments in western Europe and in Japan recognize that the United States is pursuing a disastrous economic policy in world terms, why is it that they have the political courage to take independent action for their people which this government simply does not possess?

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I must repeat that the budgetary situations of differ-

ent countries vary from country to country. In the case of France, for instance, its over-all budget deficit and, hence, its policy of stimulating the economy, was considerably less than that of Canada. Therefore, it is natural that they take a more stimulative position now because it is catching up to what Canada has been doing for some years.

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HOUSE OF COMMONS

PRESENCE IN THE GALLERY OF AMBASSADOR WILLIAM BROCK, SPECIAL U.S. TRADE REPRESENTATIVE

Madam Speaker: Order, please. I should like to draw the attention of members of the House to the presence in our gallery of Ambassador William Brock, the United States Special Trade Representative.

Some hon. Members: Hear, hear!

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ADMINISTRATION OF JUSTICE

PAYMENT MADE TO CONVICTED MURDERER, CLIFFORD OLSON

Hon. Allan Lawrence (Durham-Northumberland): Madam Speaker, my question to the Solicitor General concerns one of several serious contradictions respecting government policy with regard to the purpose of the RCMP payment to the convicted killer, Olson. The Prime Minister has stated that a conviction was obtained because the payment was made, while the Solicitor General has been very definite in saying that the RCMP had a sustainable case and that the payment was not to obtain a conviction but, rather to give peace of mind to the victims' parents. Which one of these contradictory statements is the truth, and which one indicates the federal government's purpose in not stopping this terribly wrong payment?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, the hon. member knows that there was no trial in this matter, but that there was a plea of guilty which ended it. Therefore, we will never know—

Mr. Nielsen: That's a trial.

Mr. Kaplan:— what the weight of the evidence would have been at any point or what particular aspect of evidence would have borne more weight than other evidence in the opinion the judge who would have heard the case.

● (1440)

What is important to remember is that on August 25, when the deal was struck under the full direction and responsibility of the attorney general of the province, the serious charge of murder had already been laid against Mr. Olson, and that when the RCMP lay a charge of murder against an individual they do so because they have substantial evidence against him.

There is absolutely no doubt that the evidence which was obtained as a result of this agreement was evidence which reinforced the charge against him, and would have borne heavily in the consideration of the court against him. However, the fact is that a very important and significant step was taken when the charge was laid by the RCMP, and it was done with very substantial evidence available to sustain a conviction.

REQUEST FOR DETAILS OF PAYMENT AGREEMENT

Hon. Allan Lawrence (Durham-Northumberland): Madam Speaker, the Solicitor General is not only contradicting his Prime Minister, he is contradicting Staff Superintendent Lyman Henschel as well. There was a trial which is now over. A conviction has been registered. Federal public funds were used in the payment. The Canada-B.C. Policing Agreement states in part, this is quite short, and I quote:

> The internal management of provincial police services and the administration and application of proper police procedures are under the control of Canada.

Because the approval of the payment was required here in Ottawa, will the Solicitor General summarize the important parts of the agreement between the RCMP and Olson, and immediately table that agreement?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, I would be happy to table the agreement. The hon. member quoted a part of the agreement, but failed to quote the part of the agreement which repeats the provisions of the BNA Act, namely, that the administration of justice in the province is and continues to be the responsibility of the attorney general in the province, that the RCMP provincial contingent serves him in the administration of justice in the province, and that the attorney general of British Columbia has indicated quite forthrightly that this decision was made under his responsibility and with his approval. As I have indicated, I was not informed and no federal minister was informed before this agreement was consummated.

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EXTERNAL AFFAIRS

POLAND—GOVERNMENT POLICY ON IMPOSITION OF MARTIAL LAW

Hon. John C. Crosbie (St. John's West): Madam Speaker, my question is to the Prime Minister. The Prime Minister in his statement about the imposition of martial law in Poland has never condemned that imposition, nor has he recognized any Soviet responsibility for that intervention. The Polish paper *Trybuna Ludu*, and the U.S.S.R. and Polish media have quoted the Prime Minister for his approval of the repressive actions of the Polish government.

Does the Prime Minister agree with the statement of the Secretary of State for External Affairs yesterday that the Soviet Union was involved in the military clampdown and has intervened in Polish affairs? If he agrees with him, what changes will now be made in our policy, which to date has

supported the Polish and Russian actions in Poland against the Polish people?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I must tell the hon. member that I disagree with his interpretation of our policy, particularly the facts that he set forward. When he says that there was never any condemnation of martial law in Poland, I must point out to him that the very first time I was asked about the imposition of martial law, I believe it was at a press conference on December 19, I regretted the imposition of martial law. I went on to indicate that, since it was a fact, we would hope that the military authorities in Poland would permit monitoring by Canada or other people to ensure that the rigours of martial law would be eased as soon as possible. My statement at the year-end went even further along that line.

As to the role of the Soviet Union, I must say that at the time I spoke we had no evidence of any direct intervention by the Soviet Union in Polish affairs. When I say direct, I mean of course beyond the fact that Poland is and has been a satellite of the Soviet Union, as are many other countries in eastern Europe. However, in so far as any direct military intervention is concerned, we had no evidence of that. I understand that some countries claimed to have such evidence. The Secretary of State for External Affairs is in the process of examining and assessing that evidence.

COMMENTS MADE BY PRIME MINISTER

Hon. John C. Crosbie (St. John's West): Madam Speaker, the Prime Minister has been the reluctant debutante in condemning what happened in Poland and what has gone on there for the last month. On December 18 the Prime Minister stated that martial law was the best alternative in Poland, and I quote:

> Hopefully the military regime will be able to keep Solidarity from excessive demands.

Since the Prime Minister has agreed to appear on a television show arranged by the U.S. International Communications Agency, to be shown around the world on January 30 in support of the Polish people, will he now repudiate and withdraw his comments supporting martial law in Poland and apologize for them, to counteract the view of the Poles that, and I quote:

> Your Trudeau—he really did us in.

Or will he go ahead without repentance as 1982's greatest example of hypocrisy in action?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member's question is more laden with invective than with fact. When he says that I support martial law, I must ask him to refer to the text of my statement.

Mr. Andre: December 18.

Mr. Trudeau: Yes, it was on December 18. It was stated in these terms: if martial law is a way to avoid civil war and Soviet intervention, then I cannot say it is all bad. That, I suppose, is still a question for the history books to decide. In the case of this government, and I believe most of our allies, we have always expressed the hope and stated the policy to the effect that the Soviet Union must not intervene militarily in Polish affairs and that the solution to the Polish crisis should be found by the Poles themselves. My statements will stand.

I do not believe that in advance we can or should condemn the use of troops by any of our friends, if it is to avoid a worse result. The worse result in this case would have been intervention by the Soviet Union. When I say by our friends, of course everybody in this House has examples in mind where democratic or other forms of government have used the military. Britain is using them in Northern Ireland now. Turkey is using them. They are our friends in NATO. We have used them under the War Measures Act in 1970. These cases are all different in scope, but once again we must ask ourselves if there was a better scenario. Perhaps there was. I do not know. However, I say that if the invocation of martial law was a way to keep the Soviet troops out, then I cannot condemn it *a priori*. I will have to see in what way that martial law proceeds, and I will—

Some hon. Members: Oh, oh!

Mr. Trudeau: If hon. members opposite want to engage in debate, we will be happy to have a debate on one of their opposition days, if that is what they want. However, I think the position of the government warrants listening to by members opposite.

Some hon. Members: Hear, hear!

* * *

● (1450)

UNEMPLOYMENT INSURANCE

DELAY IN PAYMENTS TO RECIPIENTS IN BRITISH COLUMBIA

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, my question is for the Minister of Employment and Immigration. It pertains to the fact that last year the delivery of unemployment insurance in the province of British Columbia collapsed three times, with the result that thousands of workers were forced to turn to the provincial welfare system when they should have been qualified for unemployment insurance. It is taking the minister's department something in the order of two to three months to provide unemployment insurance to those people who are suffering enormous hardship.

What I would like to hear from the minister is if he can tell us today exactly what provisions he intends to make to rectify this situation so as to clear up the problem now, and can he guarantee it will not happen for a fourth time within the next few months? Also can he tell us whether he intends to reimburse the province of British Columbia for the millions of dollars that it is paying out for unemployment insurance funding because of the incompetence of his department?

Some hon. Members: Hear, hear!

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I would apologize to the hon. member for any inconvenience his constituents might have faced but, as the hon. member knows, there is a fair degree of demand upon some of our unemployment insurance offices these days.

Some hon. Members: Oh, oh!

An hon. Member: That is your fault.

Mr. Axworthy: Madam Speaker, that is what the system is for. When the hon. members opposite ask what we are doing, the fact of the matter is that this government is supporting perhaps the most extensive and broadscale unemployment insurance program to provide support for workers in times of need.

The system is working the way it is supposed to work by providing support for people. What we are doing in British Columbia, as the hon. member knows, is trying to shift and allocate our resources where the demand is greatest. I could provide for the hon. member's interest a letter I received from one of his British Columbia colleagues thanking us for the special efforts we have made in his area.

If he has particular problems, I would be glad to deal with them personally and directly to see what particular assistance we might provide in that constituency.

Mr. Skelly: The minister does not appreciate the serious and explosive nature of this problem. When people start talking about trying to take the problem in hand with a 30-30 in those offices, then it is serious. If you ask any member of this caucus about the kinds of problems their people in their constituencies are suffering, it is not individual.

REQUEST THAT PROPOSED CHANGES TO SYSTEM BE WITHDRAWN

Mr. Ray Skelly (Comox-Powell River): The minister proposes a new repressive system of unemployment insurance that would see more people thrown off the rolls. Would the minister give us his assurance that he will not bring forward the proposed changes in the unemployment insurance system that would see more people thrown off our first line of defence and more people thrown into provincial welfare? Would he assure this House that he is not going to bring forward those repressive measures?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, to begin with I would like to say to the hon. member that he does not help the case of either his constituents or anyone across the country by engaging in the sort of irresponsible statements which he has just made in the previous question.

Some hon. Members: Hear, hear!

Mr. Axworthy: I would simply say to him that the interest of the members of this House is to look at the entire unemployment insurance program, to improve that program and to provide a broader, more liberal and reform position, and that we are interested in reforming the Unemployment Insurance Act and will do so after we finish consultation with all those who have asked us to provide for better improvements in the present program.

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HOUSING

QUERY RESPECTING TECHNOLOGY INCENTIVE PROGRAM

Mr. Douglas Fisher (Mississauga North): Madam Speaker, my question is for the minister responsible for Canada Mortgage and Housing Corporation. It deals with the housing technology incentive program. Would the minister tell the House how many Canadian companies have benefited from grants under this program, how much money was allocated to it—

Some hon. Members: Order paper.

Mr. Fisher: —and, most important, what he is doing to ensure that these innovations are being made known to the public and to the industry?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, I am pleased to have the opportunity to report that the provisions of the budget which will give some increase in the budget for housing, particularly in the area of improving housing conditions, will continue the program of last year.

Some hon. Members: Oh, oh!

Mr. Cosgrove: There is a budget commitment of this government of $375,000 to individual programs of housing technology incentives. Last year the program served 44 different applications of approximately $10,000. It serves the disabled, and three quarters of the program applications were in connection with energy improvement technology incentives in the area of housing.

* * *

[*Translation*]

INDUSTRY

UNEMPLOYMENT CAUSED BY SHUTDOWN OF PLANTS—INQUIRY WHETHER MINISTER HAS EMERGENCY PLAN

Hon. Roch La Salle (Joliette): Madam Speaker, my question is directed to the Minister of Industry, Trade and Commerce. Recently, the Canadian Manufacturers' Association called to the attention of the government, and thus the minister, that 200,000 jobs had been lost in the manufacturing sector, and now the association expects that a further 100,000 jobs will be lost within the next two months. In the circum-

stances, I should like first to ask the minister—I realize that he has a list of the plants that have already closed—whether he has looked into the situation of the plants that are expected to shut down, with the attendant loss of another 100,000 jobs, and if so, does the minister have a contingency plan to prevent the loss of 100,000 jobs, a loss Canada cannot afford at the present time?

Hon. Herb Gray (Minister of Industry, Trade and Commerce): Madam Speaker, we feel that the present unemployment rate is a very serious matter, and that is why, before Christmas, the Minister of Employment and Immigration announced a new program that would provide greater support for direct job creation, and that is why, this morning, I announced a new program with a budget of $93 million, to further stimulate production and job-creation by applying new electronic production systems. I believe this will result in the creation of many new jobs, while at the same time, Madam Speaker, the new Department of Industrial Regional Expansion will also be producing new job-creation programs. We consider the present situation to be a serious one, and we are working hard to provide the necessary solutions.

Mr. La Salle: I have a supplementary question, Madam Speaker.

Obviously, the minister's reply has little to offer in the way of hope for Canadians. The minister has mentioned medium- and long-term programs. Of course, we cannot judge the value of those programs today, but the minister knows perfectly well that 100,000 jobs are going to be lost within the next two months, and he has offered no solution to that problem. The Minister of Finance, who is in Toronto today, has confirmed that things are going to get worse.

Does the Minister of Industry, Trade and Commerce consider that the situation is serious enough for him to come up with an emergency plan or a special strategy to prevent the closing of these plants, especially since he is well aware, as we all are on both sides of the House, that we cannot afford to lose 100,000 jobs at this time?

Mr. Gray: Mr. Speaker, we are going to work very hard in order to prevent the closing of plants across Canada, and in creating new departments we intend to set up programs to respond to the present situation and future developments, as part of our policy to pave the way for industrial and economic renewal by reducing inflation and unemployment. Therefore, I feel that we are working very seriously on providing solutions to problems that are well known to all of us.

[*English*]

FINANCE

TAXATION OF REMOTE WORK SITE EMPLOYEE BENEFITS

Miss Pat Carney (Vancouver Centre): Madam Speaker, in the absence of the Minister of Justice who has left his seat before question period is finished, and in the absence of the Minister of Finance who is not here at all, I would direct my question to the Prime Minister.

Some hon. Members: Here he is.

Miss Carney: If the Minister of Justice would return to his seat I can finish my question. In December the Minister of Justice told Mr. Jack Munro, president of the International Woodworkers' of America, that the government is determined to tax room, board and transportation allowances for workers at remote work sites. The British Columbia Federation of Labour calculates that the extra taxes paid by loggers could be as high as $18 per day. I want to ask the minister why his government is determined to impose this punitive tax on an industry where one out of every five workers is either unemployed or laid off?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): I do not know what the hon. member is referring to, Madam Speaker. I think she is referring to the budget, and the Minister of Finance will be in the House tomorrow to reply. I do not know what Mr. Munro said, but I would like to see what he said. He has not mentioned such a thing to me. He referred to the past practices when I was minister of finance, but we did not discuss what was in the budget.

Miss Carney: Madam Speaker, I would like the record to show that the Minister of Justice spoke to the president of the IWA on December 21 or 22, which he has now denied.

Mr. Chrétien: I am sorry; I did not—

Some hon. Members: Sit down.

EFFECT OF BUDGET ON COLLECTIVE AGREEMENTS

Miss Pat Carney (Vancouver Centre): My supplementary question is for the Minister of Labour. A number of unions and labour organizations have told our Conservative committee on the budget that many collective agreements contain a clause that allows negotiations to be reopened in the event that tax changes affect the terms of the contract. Considering the potential labour unrest that will be created by the proposed taxes on a range of social benefits, including dental plans and extended health benefits, is the government prepared to withdraw these unfair measures to avoid the prospect of labour unrest?

• (1500)

Hon. Chas. L. Caccia (Minister of Labour): Madam Speaker, collective agreements have been respected by labour and

management in the past, and I hope this fine tradition will be respected in relation to this and other measures in the future. Of course, if in an agreement there are clauses which would permit the reconsideration of certain aspects of the agreement, that would be part of that particular agreement, but by and large the Canadian labour scene has a fine tradition of respecting collective agreements from the beginning to the end.

* * *

ADMINISTRATION OF JUSTICE

REQUEST FOR INQUIRY INTO PAYMENT MADE TO CONVICTED MURDERER, CLIFFORD OLSON

Mr. Svend J. Robinson (Burnaby): Madam Speaker, my question is for the Solicitor General and it concerns the payment of $90,000 in blood money to convicted child murderer Clifford Olson. Since the announcement of this unprecedented and reprehensible payment, the Solicitor General has come up with a series of blatantly contradictory statements. One day he said he knew of the payment two days after it was authorized. Later we found out that in fact it was more than two weeks after the payment was authorized. One day he said that the police had a convictable case. Later we learned that in fact they may not have had a convictable case. One day he said there was no federal money. Later—

Madam Speaker: Order, please. Would the hon. member ask a question, please.

Mr. Robinson (Burnaby): Madam Speaker, my question is this: in view of this series of contradictions, and in view of other important questions about the nature of this investigation, is the Solicitor General prepared to order a full public independent inquiry, so that all Canadians can decide for themselves on the wisdom, or lack thereof, of this very serious and unprecedented payment?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, on the question of contradictions I think the hon. member should know better than to believe every single thing he reads.

Mr. Waddell: Especially your statements.

Mr. Kaplan: There were some conflicting statements in the media, and I think all of them have been resolved, or can easily be resolved by some further discussion and further reporting about them.

On the question of conducting an inquiry, this was a matter which was conducted under the provincial policing contract. I have been in touch with the attorney general of the province, to whom the B.C. contingent of the RCMP reports under the provincial policing contract, to ask him if he is satisfied with the way in which the police conducted themselves in that matter. I have been assured that he is. I expect to hear from the Commissioner of the RCMP in the same vein within the next few days, because I have asked him as well to satisfy himself that the policing was properly done in the matter.

If an inquiry is to be conducted into a provincial policing aspect, I do not think the Parliament of Canada should usurp the authority to conduct such an inquiry. It is true that the RCMP is a federal agency, but it is a national police force, and if the Parliament of Canada cannot accept the role it plays in the provinces and cannot allow it to play that role properly so far as the administration of justice is concerned under the attorney general concerned, then we are going to lose the opportunity to use this very important national institution in that way.

Mr. Robinson (Burnaby): Madam Speaker, the Solicitor General should know very well that not 75 per cent but every penny of the $100,000 paid to Clifford Olson came out of federal coffers, and that alone warrants a federal public independent inquiry.

SUGGESTED RECOVERY OF FUNDS

Mr. Svend J. Robinson (Burnaby): Madam Speaker, in view of the fact that this payment could establish a very dangerous legal precedent in Canada, and in view of the fact that it is the understanding of federal and provincial authorities that never before has such a payment been made, will the Solicitor General at least give this House the assurance that never again will a payment of such blood money be made under such circumstances and that he will attempt to recover all funds which have been paid so far?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, in so far as the consideration of where the money came from is concerned, it is true that the federal government is the paymaster of the RCMP, and whether it is for long distance telephone calls, lunches, or gasoline, under the provincial contract the money comes initially from federal coffers. However, I have just negotiated a contract—and I thought the hon. member knew the details of that contract—under which every quarter the federal government claims repayment from the provinces for these outlays on the basis of the federal-provincial cost-sharing agreement, which will change every year over the next ten years in the direction of the federal government contributing a smaller and smaller proportion of that total. I do not think anything turns on the fact that the initial payments are federal, and I think this is simply a red herring being put forward by the hon. member.

In so far as an assurance that such an agreement will never be made again is concerned, I am prepared to assure—as was the case in this case—where an unprecedented type of arrangement is contemplated and demanded by a criminal, that that decision will be raised to the highest level in the province by the RCMP—as was done in this case—that legal advice will be obtained about it, that those politically responsible for the decision will be consulted—as was the case in this case—and that if the decision reached is lawful and if it is consistent with the professional code of the RCMP, it will be their responsibility to make it.

EXTERNAL AFFAIRS

POLAND—REQUEST THAT GOVERNMENT ASK FOR WITHDRAWAL OF MARTIAL LAW

Mr. Jesse P. Flis (Parkdale-High Park): Madam Speaker, my question is directed to the Secretary of State for External Affairs. In light of the fact that the presidents of the Canadian Polish Congress, the Polish Alliance of Canada, the Polish National Union of Canada, and the Polish Combatants Association are in the gallery, and in view of the fact that the Secretary of State for External Affairs has received new and additional information from his counterpart in the United States, Mr. Haig, and from other sources, is he prepared to recommend to the cabinet that his government ask the Polish government to withdraw martial law in Poland as soon as possible and to re-enter negotiations with the church and Solidarity as soon as possible?

Some hon. Members: Hear, hear!

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, I am very pleased to repeat again our urging, our request, and even our demand to the Polish government that it withdraw the martial law which now pertains in that country, free prisoners, and return to political dialogue.

I might say, for the information of the House, that the statement which General Jaruzelski delivered earlier today in that respect is rather disappointing. It forecast a date for the removal of some elements of martial law but far from met what we would hope would be the case in that great country.

* * *

ADMINISTRATION OF JUSTICE

GUIDELINES COVERING PAYMENTS FOR EVIDENCE

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, my question is for the Prime Minister, and it relates to the payment of $100,000 to the family of Clifford Olson. The Prime Minister said in a CBC interview broadcast on January 23 that he saw nothing illegal or immoral in police paying accused for information. In light of the fact that the RCMP is a federal responsibility, would the Prime Minister please advise the House how decisions will be made in the future as to whether accused persons will be paid for their evidence? Are guidelines being prepared for the RCMP and, if so, what are those guidelines?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, in his answer to the last question the Solicitor General indicated what those guidelines are and what they will be in the future. I hope the hon. member will take the trouble to read *Hansard* rather than repeat questions.

RESPONSIBILITY FOR POLICE FORCE

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, the Solicitor General did not in fact answer the question. He simply tried to remove himself from responsibility and put it onto the attorney general of a province. The fact is this is a federal police force. I want to know whether the Prime Minister considers that if when ten young people go missing that is an appropriate time for the RCMP to be paying money out. Should it be five young persons or one young person, or if there is an undue amount of time spent on an investigation and there is a public clamour for payment? Are any of those circumstances going to be used as circumstances under which money should be paid by the federal police force? When will we have some guidelines, and when will the Prime Minister stand and take responsibility for the federal police force?

Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Solicitor General not only dealt with the guidelines and spelled them out quite specifically but he also anticipated the last part of the question relating to our responsibility for the federal police force. When it is acting under the jurisdiction of a province in its task to administer justice and apply the Criminal Code as stated in our Criminal Code, the police are under the authority of that province, and if they have done nothing illegal, as seems to be the case in this particular instance, the question remains whether it is good policy or not, and whether it is moral, and in these matters I think it is wise to let the police make the judgment in the particular cases, provided the over-all guidelines are laid out, as the Solicitor General has just done.

• (1510)

Madam Speaker: I will allow one question from the hon. member for Edmonton North.

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EXTERNAL AFFAIRS

POLAND—STATEMENT MADE BY GENERAL JARUZELSKI

Hon. Steven E. Paproski (Edmonton North): Madam Speaker, I have one supplementary question. In view of the fact that the Secretary of State for External affairs has just mentioned that he was not happy with what General Jaruzelski said in his speech today, would he please tell this House what he plans to do about it?

Some hon. Members: Hear, hear!

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, we are giving full consideration to the problem.

Some hon. Members: Oh, oh!

Mr. MacGuigan: I would remind the House that Canada has supplied more food to Poland per capita than any other country, has made more loans to Poland than any other

country, and has accepted more Polish refugees per capita than any other country.

Some hon. Members: Hear, hear!

Mr. MacGuigan: It seems to me that this is the best indication of the seriousness with which the Canadian people and the Canadian government regard this issue. We do not regard it as an issue with which to play politics.

Some hon. Members: Hear, hear!

* * *

PETITIONS

MR. HAWKES—CULTURAL AFFAIRS—GAME OF CHESS

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table the one hundred and sixty-ninth report of the Clerk of Petitions stating that he has examined the petition presented by the hon. member for Calgary West (Mr. Hawkes) on Friday, December 18, 1981, and finds that it meets the requirements of the Standing Orders as to form.

* * *

BUSINESS OF THE HOUSE

Madam Speaker: I have notice of a question of privilege from the hon. member for Hamilton Mountain (Mr. Deans).

Mr. Deans: Thank you, Madam Speaker. Before coming to my question of privilege I had intended to ask a question or two of the government House leader, but perhaps I will deal with the question of privilege first if that is your desire.

Madam Speaker: I think it might be helpful if the hon. member dealt with his question concerning the business of the House first.

Mr. Deans: Madam Speaker, I wonder if I could put some questions to the government House leader with regard to House business, this being the first day of our return.

From the time we rose prior to Christmas until today, a number of changes have been made to the budget proposals that were put before us. Is the government House leader able to tell us whether the legislation which the government intended to place before the House prior to Christmas that deals directly with the budgetary measures put before the House by the Minister of Finance will go forward? Will the measures be consistent with the budget as it was first introduced, or will they take into account a number of changes that have been indicated both by the Minister of Finance and by the Minister of National Revenue over the course of the last two or three weeks?

Specifically, can the government House leader indicate whether legislation is to come before the House that will deal with interest rates on mortgages for home owners and mortgages for farmers? The Minister of Agriculture suggested one week ago that this might be forthcoming.

Can the government House leader also indicate whether a new economic statement will be issued which will show the current thinking of the Minister of Finance before we deal with the legislative proposals of the government?

Mr. Pinard: Madam Speaker, there is no change in the business plans that were in front of the House when we adjourned before Christmas. Today we will be dealing with the Canagrex bill and tomorrow is an allotted day. Today we will give notice of a couple of bills that are a direct result of the budget and which deal with farm credit and with housing. Those bills should be ready for introduction later this week or, at the latest, at the beginning of next week. It is the intention of the government to deal with bills and matters related to the economy in the weeks and months to come.

Mr. Deans: Madam Speaker, I have a further question. I am sure the government House leader listened carefully to statements made by the Minister of Finance and the Minister of National Revenue during the Christmas and New Year break. Both those hon. ministers indicated there would be changes to the proposals that had been placed before the House of Commons in the budget statement of the Minister of Finance.

When will the House of Commons be given the benefit of direct knowledge of the changes that those two ministers intend to bring forward, and when will the House of Commons receive the proposals that the Minister of Agriculture suggested were forthcoming with regard to aid for farmers in the near future?

Mr. Pinard: Madam Speaker, I have just indicated that today we will give notice about the bill related to farm credit. That will include a reduction of interest rates in favour of some farmers. This was included in the budget, so if the bill is introduced later this week as I have indicated, then later this week the hon. member will know what is in the bill.

The same goes for the amendments to the National Housing Act. Notice is to be given later today of the introduction of such a bill which will reflect the policies included in the last budget. These are very good measures for home owners and for farmers in this country. The bills will be made public later this week or at the beginning of next week. As a matter of fact, dealing with housing, the draft bill was introduced before Christmas so the hon. member should know most of the content of that bill already.

Finally, dealing with the other measures related to the budget, I suggest that the hon. member should look at the ways and means motions that will be tabled later in the course of the session. That is the proper time to examine them. He will then see if there are any further changes or adjustments and exactly what measures the government is proposing. I can say to the hon. member that it is the intention of the government to propose measures that will reflect statements made by

the Minister of Finance and the Minister of National Revenue so far.

Mr. Nielsen: Madam Speaker, as a matter of practice for many years, the customary House business question has been asked on a Thursday. Since the government House leader indicated before we rose on December 18 that we would be dealing with the Canagrex legislation today and would have an allotted day tomorrow, and since Wednesday normally arises before Thursday—

Some hon. Members: Oh, oh!

An hon. Member: You are learning!

Mr. Nielsen: —I wonder if I could make the assumption, although making any assumption with this government is always dangerous, that should Canagrex not go through today, we will deal with it again on Wednesday?

Mr. Pinard: Madam Speaker, I listened to some comments made by my hon. colleague and some of his colleagues during the Christmas break. I welcome him back to reality; in fact, Wednesday is before Thursday!

On Wednesday we will deal again with Canagrex if we do not complete it tonight, but I hope we will get Canagrex to committee tonight. On Wednesday we might go on with Bill C-10 which we started to debate just prior to Christmas.

Madam Speaker: Is the hon. Solicitor General rising on government business?

Mr. Kaplan: Madam Speaker, on a question of privilege.

Madam Speaker: Could I ask the minister to remain seated until we finish with government business, please.

Is the hon. member for Brant rising on government business?

Mr. Blackburn: Yes, Madam Speaker. I should like to put a couple of questions to the government House leader with respect to government business. I can find nothing on the Order Paper that specifically addresses the massive problem of widespread unemployment, particularly in the manufacturing sector in Ontario and Quebec. There was nothing in the budget to indicate that the government seriously intends to cope with the 235,000 people who have been laid off in manufacturing and the projected or forecasted 100,000 more who are going to be laid off in the next month.

In view of the fact that 50 per cent of those workers who have been laid off have lost their jobs permanently, I should like to ask the government House leader when we can expect the government to bring in legislation that will directly and effectively deal with this most serious problem in Canada, the problem of massive unemployment. I ask the government House leader to tell this House or to show me on the Order Paper where there is one piece of legislation proposed by the government to help solve the problem of unemployment here and now, this winter. That is my question.

• (1520)

Mr. Nielsen: Madam Speaker will recall that a few weeks before the Christmas recess I intervened on a question similar to the one which has just been raised to say that it is not in keeping with the practice of the House for individual members, represented as they are by House leaders, to raise consecutively, member after member, for purely political yardage reasons, questions such as the one which the Chair has just heard.

I have asked the co-operation of hon. members in this party to allow me the freedom to deal with questions of House business, and they have given me that co-operation 100 per cent. Madam Speaker will not find individual members of this party smuggling in political questions such as the one just referred to—

Some hon. Members: Oh, oh!

Mr. Nielsen: —under the guise of a question of House business.

If the Chair allows this kind of practice, I can give no guarantee that my own members will not follow suit. If the Chair recognizes that kind of political question smuggled into routine questions on House business, which should not be arising before Thursday in any event, I can give no guarantee that my own members will not follow suit and will be perfectly justified in doing so.

Some hon. Members: Hear, hear!

Madam Speaker: I remind the hon. member that all members are, of course, allowed to ask questions on government business, but through an arrangement which I think is very wise that responsibility is delegated to the leaders of the parties in the House. I do not think there has been abuse by individual members coming forward and asking questions about government business; usually that has been left to House leaders. I remind hon. members that it is a very good practice, one which should be encouraged, to leave these matters to be questioned by House leaders.

However, if an hon. member wants to be recognized to ask a question about government business, I have to allow him his question. But I ask the co-operation of hon. members not to debate when they are asking such questions; then I think the hon. member for Yukon would be justified in saying that this is smuggling in questions on government business for political reasons. I do not think we have had too much trouble with that particular aspect of our business in the House.

Mr. Riis: Madam Speaker, I have a question on government House business regarding small business. Prior to our rising on December 18, it was mentioned a number of times by ministers opposite that indeed legislation would be brought in when we returned on January 25 which would provide encouragement for small business to expand. What we have seen prior to that, what we have seen after five weeks of opportunity to draft legislation, and the fact that we now understand that in

excess of 8,000 small businesses have experienced bankruptcy—

Madam Speaker: Order, please. If the hon. member has a question to ask about a piece of legislation, he should do so in a straightforward manner and not elaborate on it.

Mr. Riis: Madam Speaker, I apologize for going on at some length. My question to the government House leader would be: can we expect shortly some indication of legislation which will encourage small businesses in Canada to expand their operations and provide jobs, as opposed to the present situation where there seems to be an accent on unemployment in terms of government legislation?

[*Translation*]

Mr. Pinard: Madam Speaker, our fight against inflation should produce results.

[*English*]

Mrs. Mitchell: Madam Speaker, I should also like to ask the House leader a question concerning legislation relating to Canada's very extreme housing problems. We are aware that there are draft amendments to the National Housing Act, but they are restricted to minor changes relating to what we consider to be very inadequate coverage in the budget for deferred mortgage interest rates, etc. The party to my right is aware from its hearings that there has been a major slump in the construction industry over the last three years—

Some hon. Members: Order, order!

Mrs. Mitchell: —not to mention people with inadequate housing and very serious housing problems. Will legislation be introduced to deal with mortgage interest rates per se, preferably through the Bank Act, to reduce mortgage interest rates and to outline a long-term mortgage interest rates policy which, in our opinion, is the only way of solving the problem? Canadians have the right to know whether this kind of legislation will come before the House.

[*Translation*]

Mr. Pinard: Madam Speaker, this time I must say that I agree with the House leader of the Progressive Conservative Party. A few minutes ago he very aptly pointed out that abuse of this type of question could very easily occur, after the oral question period, if members ask questions ostensibly to inquire about the order of business in the House during the coming days or weeks, and in fact turn them into an opportunity for making political mileage, without the government having a chance to defend itself. I have no secrets about the order of business in the House. The House leaders of the parties meet regularly, and I inform them about the order of business in the House. Questions like those we heard just now may be justified, and basically they are, but they are not appropriate when members put them in this way and at this time of the day, especially when the time of the House is precious.

Now that the economy is going through a very difficult period, and we recognize this, I feel that it is even more important that members on both sides of the House should act responsibly and attend to the business at hand, so that the government can have a debate on the measures it is proposing with a view to fighting inflation and improving social and economic conditions in this country.

In the circumstances, Madam Speaker, I have no intention of letting the time of the House of Commons be wasted in this way. Like the other ministers during question period, I am under no obligation to answer all questions put to me in my capacity of minister.

I shall observe the common courtesy of providing my colleagues with the information they need to plan for the debates in the House. I intend to continue to provide regular information to my fellow House leaders with whom I am on excellent terms. However, should the Progressive Conservative Party decide tomorrow that it is going to follow this example and members from all parts of the country, at least ten, are deployed to ask questions about the business of the House in order to get political points across, I do not think we will ever get around to consideration of individual bills until four o'clock or 4.30 in the afternoon, and I do think Canadians expect more of us than that. The Canadian people are not interested in organized obstruction by the opposition parties and they expect a minimum of co-operation so that we can get on with our work. In the circumstances, I do not intend to provide a specific answer to this question and I would refer the hon. member to his House leader, with whom I shall be glad to discuss the matter.

[*English*]

Madam Speaker: In view of the remarks I have just made, I think I can go as far as to give an example of the manner in which this particular question could have been asked. It could have simply been: Can we expect some legislation concerning the reduction of mortgage interest rates? It could be as simple as that. This is the kind of question which is admissible at this time under government business. I should like hon. members to restrain themselves and to ask questions in a precise and concise manner, so that we do not enter into debate at this particular time. I think we would all benefit if the House disciplines itself and follows the rules, and especially the customs, because we are dealing with customs here.

Mr. Nielsen: Madam Speaker, it will be readily apparent that hon. members in this party have put their questions with respect to House business, not themselves but through me. If the system—

Some hon. Members: Oh, oh!

Mr. Rae: Get off your knees.

Mr. Shields: You are the guys who put the Liberals in power.

Madam Speaker: Order, order!

• (1530)

Mr. Nielsen: Madam Speaker, if the system is to work at all—

Mr. Rae: You shut it down for weeks.

Mr. Nielsen: I would urge those yappy people in the socialist party to yap through their House leader instead of interrupting me as they are doing now.

If the Chair permits this practice, the system will break down. I can assure you, Madam Speaker, that it is the simplest thing in the world—

An hon. Member: Thank you, Erik.

Some hon. Members: Oh, oh!

Mr. Nielsen: Perhaps they could stop howling. Everyone can speak except them; that is their idea of free speech in this House.

Some hon. Members: Oh, oh!

Mr. Nielsen: If they would stop yapping so that you could hear me, Madam Speaker—

Some hon. Members: Oh, oh!

Madam Speaker: Order, please. The hon. member for Yukon has the floor.

Mr. Nielsen: I would like to suggest to you that the Chair recognize the House leaders of the three parties for the purpose of dealing with House business, except in very rare circumstances.

It is very simple for us to do what has been done by the little red rump—

Some hon. Members: Oh, oh!

Mr. Nielsen: —and organize a series of questions just like the series we have been treated to now. Indeed, if the Chair allows this procedure, and I do not say this in any way at all threateningly, Madam Speaker—

Some hon. Members: Oh, oh!

Mr. Nielsen: —but if this practice is going to be allowed those on my left, I can assure you that we will do it also. I will not keep my members down.

Some hon. Members: Oh, oh!

Mr. Nielsen: I will invite them to participate freely in asking those questions which concern them as individuals as well. I suggest to the Chair that we adopt a policy of working these questions through the House leaders except in very rare circumstances; otherwise there will be chaos.

Madam Speaker: The suggestion that the House leaders discuss this matter I think is a very good one. I just want to remind hon. members that I cannot keep members sitting down; when they rise to ask for the floor, I must give them the floor. Members are allowed to ask questions on government business. Members should be concise and their questions should be to the point. They should not make speeches. I will see to it that speeches do not evolve from their questions. However, I do ask hon. members to co-operate with their House leaders. That is indeed the best way to run the affairs of the House.

Mr. Hnatyshyn: This would not have happened had Stanley Knowles been here.

Mr. Waddell: Madam Speaker, I have a quick question.

Mr. Shields: Ask it then.

Mr. Waddell: Many of us spent the holidays—

An hon. Member: Ask the question.

Some hon. Members: Oh, oh!

Mr. Waddell: If hon. members will let me ask the question, I will ask the question.

Some hon. Members: Oh, oh!

Mr. Waddell: Many of us spent the holidays in our riding offices. People came in day in and day out to complain about the government's economic policy.

Some hon. Members: Order.

Madam Speaker: Order, please. We do not need a preamble. If the hon. member has a question about government business, he can go right to the question. For example, he can say: "Does the government intend to introduce legislation about . . . ," and so on.

Mr. Waddell: Madam Speaker, does the government intend to introduce legislation that would alleviate the problems of the older people in the country, specifically by increasing the old age pension this term so that they will not continue to suffer? They have been telling us day in and day out that they have been suffering, with current interest rates and the general state of inflation in the economy.

Mr. Pinard: Madam Speaker, this government is eager to proceed with a major bill, namely Bill C-85. It deals with the promotion of agricultural food and products from Canada. We are ready to work. Because of the attitude of the NDP, we cannot do so. It is a shame.

Mr. Korchinski: Madam Speaker, because there was a realignment of responsibility in DREE, we do not know to whom we should direct our questions. Can the government House leader tell us whether there will be legislation which will authorize someone to speak on behalf of DREE? Do we ask the former minister or the Minister of Regional Economic

Expansion, or whatever he is called today? To whom do we ask questions relating to this particular department?

Mr. Pinard: Madam Speaker, we will introduce legislation some time later. In the meantime, I will keep the hon. member for Yukon aware of the question.

Mr. Nielsen: That is what you think.

Mr. Pinard: And the hon. member for Yukon will be in the position to give the right answers to the hon. member.

An hon. Member: For the first time.

Some hon. Members: Oh, oh!

Madam Speaker: Could I ask that only members who want to discuss government business rise before I go to questions of privilege?

Mr. Lawrence: Madam Speaker, I think you have already been presented by the Clerk of the House with a copy of Beauchesne. Page 25, Section 81(1), indicates that in all cases questions of privilege must take priority. I view this as very important. Questions of privilege take priority over government business, in fact over everything, especially when a matter arises as a result of what occurred in question period.

Two members at least have been attempting to rise on a question of privilege on matters arising from question period, namely, the Solicitor General and myself. The Solicitor General gave me notice first that he intended to raise a certain matter and I have been attempting to defer my question of privilege to his, which I suspect is along the same lines. May I mercifully point out to you, in the most polite and submissive way that I can, that Section 81(1) states that a question of privilege takes priority over everything.

Madam Speaker: The hon. member is quite right. A question of privilege is defined precisely by the fact that it has to be dealt with in an urgent manner. There is an arrangement in this House whereby government business on Thursday is dealt with immediately after question period. That is an arrangement between the House leaders which I follow.

Today questions about government business have come up. I have taken them in the order in which they are usually taken because that helps other members who have other duties to attend to, especially the House leaders. They can, therefore, leave the House if they are not concerned with what is to follow. The hon. member is right but I have no choice but to follow the arrangements which are transmitted to me by the House leaders.

Mr. Skelly: Madam Speaker, I have a question for the government House leader concerning future business. There were commitments made about a proposal to create a department of marine transportation, on which the Prime Minister commented, as well as the implementation of a marine industrial strategy, a policy for acquiring marine equipment in Canada and the bringing of foreign-registered ships into Canada.

Does the government have any intention of developing any of those marine industrial programs so that Canadian marine workers will have jobs, instead of—

Madam Speaker: Order, please. This seems to me to be a question that could be asked during question period. It does not deal with government business.

Mr. Rae: Madam Speaker, the last time we met on December 18, before the House adjourned for the Christmas recess, the Minister of Finance made a statement to the House. I have a question for the government House leader which relates directly to what the minister said. On page 14237 of *Hansard*, the minister is reported as having said:

> In addition to what I said, Mr. Speaker, given appropriate parliamentary arrangements, I am prepared to consider referring several matters to a parliamentary committee.

Further down the page we find the following:

> These matters include rules relating to corporate reorganization, taxation of whole life insurance—

The minister included charitable foundations, retirement allowances and work in progress. Specifically, would the government House leader give us an interpretation of what the minister means when he said "prepared to consider referring several matters to a parliamentary committee"? Can he tell us when these matters will be referred to a parliamentary committee and in what form they will be referred? Can he also give us the assurance that those sections of the ways and means motion which relate to those matters will be withdrawn until such time as they have been considered by that parliamentary committee?

● (1540)

Those are my three very specific questions. I wonder if the government House leader could deal with them since they very directly relate to remarks made in the last sitting by the Minister of Finance.

Mr. Pinard: Yes, Madam Speaker, I will inquire of the Minister of Finance and will gladly report to the hon. member through his House leader.

Mr. Keeper: Madam Speaker, I have a question for the government House leader. I would like to know when or if the government will introduce legislation into this House to provide for a program of employment through municipalities across this country, particularly given the fact that the government recently cut back on funding to municipalities and therefore added to the unprecedented high level of unemployment in this country. When will the government introduce an employment program applied through the municipalities to create some employment in this country to get the economy moving again?

Mr. Pinard: Madam Speaker, I will inquire of the minister responsible for such policy, and if it is the intention of the government to introduce any legislation, I will be glad to let the hon. member know through his House leader.

Mr. Kristiansen: Madam Speaker, I have a question as well for the government House leader on a matter of House business. It arises from commitments given to a number of members of all three parties shortly before the Christmas break. It relates to a request that the Minister of the Environment discuss with the government House leader the setting up of a special committee or a special task force on forestry across Canada. That commitment was given in the standing committee, and it may be that either the minister or, perhaps, the chairman of the Standing Committee on Fisheries and Forestry has now discussed it with the government House leader. If so, would the government House leader advise us whether those consultations have taken place, and advise us of the decision, if any? If there has been a decision, when will we be likely to see him bring forward a government House order in the House so that we can get on with that task force study which has been requested by the IWA, the Canadian Forestry Association and both opposition parties over the last number of months?

Mr. Pinard: The hon. member must understand that it will be necessary for me to inquire of the minister what he said in committee. If anything must be done on this subject, I will be glad to report to the hon. member through his House leader.

Mr. Robinson (Burnaby): Madam Speaker, I have a question of privilege concerning which I gave Your Honour notice. Therefore, I am deferring to my colleagues who, I believe, still have important questions on House business.

Madam Speaker: The hon. member for Vancouver-Kingsway on government business?

Mr. Waddell: Yes, Madam Speaker. I have an important question on House business with regard to the energy security act. I am in receipt of a copy of a letter from the Minister of Energy, Mines and Resources to the Conservative critic on energy, the hon. member for Calgary Centre, in which the minister rejects splitting up the energy security act.

My question is, when does the government expect that that act will be tabled in a revised form? Will there be revisions to the act to include an energy tax grant, an energy grant to the old people of this country and to the other poor people who are forced to pay very high prices for energy and are getting no relief from the government? Does he expect that kind of an amendment when the bill comes in, and when will it come in?

Mr. Pinard: Madam Speaker, that is a very good question for the Minister of Energy, Mines and Resources. I will be glad to talk to him and report to the hon. member through his House leader.

Mr. Skelly: Madam Speaker, I have a second question for the House leader concerning the introduction of combines legislation. Could the House leader indicate when we might expect the amendments to the Combines Investigation Act? Will we be forced to wait until after the Restrictive Trade Practices Commission has reported and the provisions for the Kent commission have been established in the House?

Mr. Pinard: I am sure that the hon. member is very serious in his question. Therefore, if after consultation with the appropriate minister I am in the position to give him a very serious answer, I will do that through his House leader.

Madam Speaker: The hon. member for Victoria-Haliburton on House business?

Mr. Scott (Victoria-Haliburton): Yes, Madam Speaker. My question is directed to the government House leader. In view of the fact that well over one million Canadians are unemployed, has the government—

Some hon. Members: Hear, hear!

Mr. Scott (Victoria-Haliburton): I want to ask the House leader, considering the fact that Unemployment Insurance Commission offices are taxed to the point of overload and people cannot get their benefits or even register complaints, what plans have been made by the government to streamline the Unemployment Insurance Commission—

Madam Speaker: That is not government business. That could be asked during the course of the question period.

The hon. member for Mission-Port Moody on government business?

Mr. Rose: Madam Speaker, the questions we are asking relate to unemployment. We would like to know what legislation might be forthcoming to deal with that very serious and tragic problem in Canada. Nearly a year ago a task force of this House presented a report—

Madam Speaker: Order, order. No speeches. Simply ask a question concerning whatever legislation the hon. member seeks information.

Mr. Rose: It is certainly not my intention at all to abuse the privileges of the House or the Speaker. However, I would like to ask the government House leader a question. Both the Department of the Minister of Energy, Mines and Resources and the Science Council of Canada believe that conservation initiatives and alternative energy measures are far more labour intensive than megaprojects and Candu reactors, things which are currently preoccupying our energy department. Is the minister aware of any legislation about to come before this House which would be a positive government response to alternative energy, the report and the nature of that—

Madam Speaker: Order. The hon. member is obviously arguing the question.

Mr. Rose: I wonder if I could just restate—

Madam Speaker: No, order!

Mr. Rose: Well, on a point of order—

Madam Speaker: Order! The hon. member is arguing the question. He had a precise question. Once he had asked that

question, that was sufficient. If the hon. minister has a reply, he may now reply to that question.

Mr. Pinard: Madam Speaker, there are many ways to deal with this situation. We have a budget. We will have many bills flowing from that budget which will be debated the minute the NDP will allow this Parliament to work. We are ready to work with very good legislation to help farmers in this country. We have a bill today, Bill C-85, Canagrex, with which we are not able to proceed because many questions which could be put later on or through House leaders are being posed by the hon. members of the NDP. Therefore, from now on, out of respect for the farmers of this country, I will take note of all questions on House business and report to the House leaders at the next meeting.

Madam Speaker: The hon. member for Northumberland-Miramichi on House business?

Mr. Dionne (Northumberland-Miramichi): Yes, Madam Speaker. In view of the serious problems to be discussed in this Parliament, I wonder when hon. members opposite will let us get on with House business and stop trying to score cheap political points.

Some hon. Members: Oh, oh!

Mr. Murphy: Madam Speaker, I have a question for the President of the Privy Council in his capacity as House leader for the government. In view of the lay-offs which have occurred in the mining communities of Leaf Rapids and Lynn Lake in my riding, I was wondering whether the government will introduce legislation to ensure that it knows ahead of time when massive lay-offs will take place, that government officials will meet with company and union officials to decide whether such lay-offs are indeed necessary, or whether there might be ways of getting around lay-offs, such as on-the-job training programs and government funds to provide for communities such as Leaf Rapids and Lynn Lake. Does the government have any plans to introduce such legislation, or to see if they are necessary, to make sure that the—

Madam Speaker: Order. The hon. member for Comox-Powell River.

Mr. Skelly: Madam Speaker, I have another question for the House leader since he is so forthcoming on matters of legislation. Could the House leader tell us if there will be amendments to the Indian Act this session of Parliament? Does the government intend to allow companion legislation to accompany changes in the Indian Act so that independent bands would be allowed to develop as their status would require?

• (1550)

Mr. Murphy: Madam Speaker, I have a further question for the government House leader. Considering the amount of unemployment in the lumber and construction industries in this country, does the government have any plans to increase housing for native people to help boost employment in the woods, in the lumber and construction industries, and also provide needed housing for native people in this country?

Mr. Hnatyshyn: You're dragging, boys; pick it up. Show more enthusiasm.

Mr. Riis: Madam Speaker, my question is directed to the President of the Privy Council and government House leader. It refers to cow-calf operations in western Canada. Will the minister indicate whether the government is going to bring forward concrete and precise legislation which will indicate once and for all the government's intention regarding beef marketing boards, in view of the uncertainty and confusion existing particularly in cow-calf operations in western Canada?

[*Translation*]

Mr. Nystrom: Madam Speaker, I have a short question for the government House leader. The hon. member for Brant put the following question to the government House leader: Is there a special program, a special policy or a special bill aimed at fighting unemployment in Canada? He also pointed out that a number of people had been laid off in Ontario and Quebec and that there were many problems in southern Ontario, more specifically in the riding of Brant. I would appreciate it if the minister would say whether a special program exists at this time for the purpose of fighting unemployment in Canada. This is a very short question and I do want an answer.

[*English*]

Mr. Parker: Madam Speaker, my question is also for the government House leader. It is with regard to the heavy lay-offs in the lumber industry in British Columbia. Hundreds of people are being laid off. The railways are being affected by this. Is the minister prepared to bring in legislation to deal with those kinds of lay-offs, which are manifesting over and over—

Madam Speaker: Order, please. These are all questions which would be better answered during the course of the question period. I remind hon. members that government business does not, in the terms we consider it at this period, have the scope to cover all government activities for all time. Government business has to do with what is being proposed in terms of legislation to be put before this House. It is legislation that has been announced by ministers. Hon. members know it will come forward at some time. I think members are abusing this particular time for questioning the President of the Privy Council on government business.

Mr. Nielsen: Not all members.

Madam Speaker: It cannot address the whole scope of government activities and government business.

Mrs. Mitchell: Madam Speaker, I would really appreciate an answer from the government House leader on this impor-

tant matter which affects Canada's children. Inasmuch as last spring and for a number of months the health and welfare committee—

Some hon. Members: Order.

Mr. Baker (Nepean-Carleton): Madam Speaker, just rule that out of order.

Madam Speaker: Order. I cannot allow that as government business. I really cannot.

Mr. Waddell: Madam Speaker, I have a question that I would ask the minister to answer. The Canadian people are really angry, even if the Tories are not. They want some answers from the government. My question is this.

Madam Speaker: Order. Members should be reminded that there is a time for debating and a time for asking questions about government business. Government business does not deal with debate. I cannot allow debate to take place at this time. Hon. members will understand that if I do, what will happen will be a prolongation of the question period without any proportion of questions allocated to the different parties in this House. I cannot allow that. If members have questions relating to government business that has been announced, they can ask them. Otherwise I will have to rule them out of order.

Mr. Waddell: Madam Speaker, my question did relate to that. I will try to phrase it slowly. With regard to the reshuffle of the cabinet, the DREE minister and the minister for external affairs, can we expect legislation dealing with that reshuffle? Second, since DREE is affected, when will there be special legislation with respect to unemployment in the maritime provinces where we are told people are really suffering? Can I get an answer to that question? It is a reasonable question.

Madam Speaker: The hon. member will recall the minister said that from now on he will take notice of all questions. He may answer them if he wishes. That is the reason I am not recognizing him after each question. He said he would take notice of them and report globally.

Mr. Murphy: Madam Speaker, I have a question for the government House leader. The last minister of DREE promised the hon. member for Joliette and myself that we would have a new RDIA act in the fall of 1981 or the spring of 1982. Does the government intend to keep that commitment? I have no minister to whom I can direct that question.

Mr. Nielsen: You have no question.

Mr. Keeper: Madam Speaker, I have a question for the President of the Privy Council and government House leader. I would like to know if and when the government will be introducing legislation in this House to provide a framework for democratic economic planning so that the problem of unemployment in this country can be attacked in a just and participatory fashion rather than ignored.

Mr. Riis: Madam Speaker, my question is directed to the government House leader and President of the Privy Council. Prior to rising for Christmas, the minister responsible for DREE indicated to us that he was prepared to reconsider legislation that refers to DREE boundaries in order to bring parts of Canada under DREE agreements where they presently do not exist. My question to the minister is, can we expect this legislation shortly or do we have to wait at least another year for any action?

Mr. Miller: Madam Speaker, my question to the government House leader is with regard to Bill C-8, the coastal protection bill. Many fishermen in Atlantic Canada are concerned about that bill. They are already hard hit by lay-offs in the industry. There is considerable concern that any increase in pollution in the area will further decrease the income of fishermen. Can we be assured that Bill C-8 will be put before the House very soon?

Mrs. Mitchell: Madam Speaker, will the House leader be presenting legislation following up the report on Canada's children which was studied and presented last spring by the health and welfare committee, dealing particularly with poverty, which is really soul-destroying for many of Canada's children and their parents?

Mr. Skelly: Madam Speaker, I would ask the House leader if it is the government's intention to bring forward legislation on the air accident investigation tribunal as recommended by the Dubin commission. Will the government committee that has been struck report to the House of Commons with its recommendations before the government drafts that legislation?

• (1600)

Mr. Benjamin: Madam Speaker, the Minister of Transport indicated that legislation would be incorporated establishing a VIA Rail act. It still has not reached the Order Paper. Can the minister tell us if the bill is ready and when it will be called for first reading? When will it be called for debate?

Mr. Miller: Madam Speaker, my question to the House leader relates to the task force of the British Columbia fishing industry which has had a mandate to discuss licensing of fishermen. It is a very serious problem. In view of the fact that the Royal Bank of Canada is now consolidating its position on ownership of licences, could the House leader indicate if the Minister of Fisheries and Oceans is anticipating any early action to curtail the ownership of licences in the hands of the Royal Bank of Canada?

Miss Jewett: Madam Speaker, I too would like to address a question on House business to the House leader. It concerns a commitment made by the Minister of National Health and Welfare a few months ago to address urgently the matter of senior citizens living in poverty.

In light of the report of the National Council of Welfare today that 41.5 per cent of families headed by females are living below the poverty line, can the House leader tell the

House how soon his colleague, the Minister of National Health and Welfare, will be addressing, through legislation, the incredible and shockingly serious situation?

Mr. Riis: Madam Speaker, my question is to the President of the Privy Council and government House leader. It refers to the Small Business Development Bond which was to be the leverage for providing funding to small businesses of an unincorporated nature and farmers. As we know, that bill has been gutted. Will the minister indicate to this House whether the government will fulfil its promise to expand the small business development bond with an emphasis on development? Will he indicate when that measure will come in and if, in fact, it will be available to firms and farmers other than those in dire straits or who are going into bankruptcy?

Mr. Keeper: Madam Speaker, I have a question for the government House leader and President of the Privy Council. I hope that he not only takes notice of this question but will take some action on it. Previous federal budgets have promised investment in the area of urban transit, an action that would provide significant employment at a time when there is a high level of unemployment. When will the minister be bringing forth legislation in this House that will provide for a comprehensive plan of investment in urban transit across this country?

Mr. Waddell: Madam Speaker, my question concerns the freedom of information act which the government is stalling in committee. Could the minister tell the House when the government proposes to bring that measure out of committee and into the House for final reading so we in the opposition can obtain some information as to why there is no industrial strategy, or why the industrial strategy has been rejected in Canada to solve Canada's very serious unemployment problem? Will the minister tell us when he expects that freedom of information act to come back to the House so that we may get that required information on the government's failure to act on unemployment?

Mr. Rose: I have a question relating to unemployment insurance and how farm workers are treated by that legislation. Section 16 requires them to work for the same employer for 25 days in order to qualify. This does not apply to plumbers or carpenters. Will the government House leader ask the Minister of Employment and Immigration when he intends to amend Section 16—

Madam Speaker: Order. That is not government business.

Mr. Sargeant: Madam Speaker, I would like to ask the government House leader if he can tell the House when the government will bring before the House the long promised revisions to UIC regulations? In particular, I am concerned about the unfairness of the regulations as they apply to freshwater fishermen who often reach their quotas before they have the particular number of days necessary to qualify for unemployment insurance. Would the government House leader tell us when legislation concerning this will be brought before the House?

* * *

ROYAL CANADIAN MOUNTED POLICE

POLICING AGREEMENT WITH GOVERNMENT OF BRITISH COLUMBIA

Hon. Bob Kaplan (Solicitor General): Madam Speaker, during the question period I was asked to produce and table an agreement and I agreed to do so. I understood that the agreement to which the hon. member who asked the question was referring, was the policing contract between the province of British Columbia and the federal government. He subsequently sent me a note indicating that in fact he was referring to an agreement between Olson and the "E" Division of the RCMP.

I am prepared to table the policing contract between the government of British Columbia and the federal government. In fact, I think that that document may already have been tabled. However, I am not prepared to table the agreement which the hon. member asked for in his note. I have not seen the blues and I am not certain whether he made it clear.

Mr. Clark: Abundantly.

Mr. Kaplan: If he was referring to the agreement between Olson and "E" Division of the RCMP, my position on that is simply that that agreement is part of the provincial policing service and control over it is in the hands of the British Columbia government, and in particular in the hands of the attorney general of that province.

Although I have a copy of that agreement, if I took any other position and made it public, I believe I would be undermining the administration of justice in that province.

Hon. Allan Lawrence (Durham-Northumberland): Madam Speaker, in relation especially to the quality and the relevance of the Solicitor General's (Mr. Kaplan) answers in the House over the last couple of years, I always had the impression that he was often in dreamland during question period and he certainly proved that today.

My question specifically related to the Olson RCMP agreement. As a matter of fact, I referred to certain clauses of the policing agreement to point out that it was under the strict supervision and control of the Government of Canada in relation to internal police services, especially the management of provincial police services and the administration and application of police procedures in British Columbia.

As a matter of fact, I was very careful with my wording and I emphasized it a couple of times. The very last section of my question to the Solicitor General was: "Would the Solicitor General summarize the important parts of the agreement the RCMP made with Olson and immediately table that agreement?" That was the end of my question. The Solicitor General then stood up and indicated, I thought within the

hearing of everybody—certainly it went out over the airwaves and I think is already on the wire service emanating from Ottawa—that the Solicitor General was going to do exactly that.

If that had not been his answer, I suggest to you, Madam Speaker, that the members of this House have been put in the very unfair position of being under the assumption that the agreement would be tabled. He now says again—another contradiction, one of many in this whole fiasco—that he misunderstood the question. I do not think that that is good enough. I think that the hon. minister has misled the House. It may not have been intentional, but nevertheless it is part of the whole sorry facade that we have been listening to in regard to this matter and I must object most strenuously to it.

Before I take my seat, may I point out that I have another question of privilege arising from the procedure witnessed in the House this afternoon.

Madam Speaker: I want to make sure that hon. members understand that this was a point of order and that both members have made their point. However, I am grateful to the hon. member for Durham-Northumberland (Mr. Lawrence) for making his remarks brief. I can see that he does not accept the point made by the hon. Solicitor General (Mr. Kaplan) and that is his privilege, but he has made his remarks brief and I think that should be an example to all members.

* * *

PRIVILEGE

MR. LAWRENCE—PRIORITY OF QUESTIONS OF PRIVILEGE

Hon. Allan Lawrence (Durham-Northumberland): Madam Speaker, I rise on a completely separate question of privilege. It is on the matter of raising a question of privilege. I think it has been one of the guardians of parliamentary democracy that when the Chair or Table receives notice of a question of privilege, that question of privilege cuts like a hot knife through all other procedures of the House and all other business before the House. I am not talking about the phony facade of a public relations effort such as we have heard this afternoon.

Mr. Waddell: Oh, come on.

Mr. Lawrence: I am talking about a question of privilege taking priority over everything else. Madam Speaker, it is enshrined as one of the basic fundamentals of the procedures of the House. It is indicated very, very clearly in the rules and in every precedent and antecedent in connection with every Speaker in this House—and, as far as I know, every other House which has the British parliamentary system—that privilege takes priority over everything else.

• (1610)

You have mentioned, Madam Speaker, that on Thursday, through an arrangement with the House leaders, the tradition is that we do not delay the House leaders; they are permitted to raise questions, not of government business but of House business. I suggest to Your Honour that even though this is 1982 and the year of metric reforms, as far as I know this is still Monday. As far as I know there was no prior arrangement made with Your Honour or with the members of this House relating to the business of this House. Therefore, I submit that unless Your Honour has some better alibi or excuse than we have heard so far—

Some hon. Members: Oh, oh!

Mr. Lawrence: —we should get back to the rules and precedents of this House and stick to rule 81(1) as indicated on page 25 of Beauchesne.

Madam Speaker: Yes, I do have explanations to make to the hon. member which are completely in accordance with the rules of the House and the practices which have been accepted traditionally in this House.

Questions concerning government business are usually taken up on Thursdays, and they take precedence over questions of privilege through an arrangement made among the House leaders.

Mr. Lawrence: We had better change the rules.

Madam Speaker: Questions relating to government business do occur on other days of the week as well and are accepted immediately after the question period. That has been the practice ever since I have been here. Therefore, I have not derogated from that practice.

Prior to an arrangement made some time ago—I do not remember the date, but it was made during the time my predecessor was Speaker of the House—questions of privilege were sometimes raised during question period. Although the hon. member is right in saying that questions of privilege should cut through any debate taking place in the House of Commons like a hot knife, through an arrangement among all the House leaders questions of privilege, which previously were usually accepted during question period, were delayed until after the question period; and since there is an arrangement concerning government business, questions of privilege are taken after government business. That is what I intend to do.

MR. DEANS—APPOINTMENT OF SENATOR TO CABINET—LACK OF PARLIAMENTARY SECRETARY

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I appreciate this opportunity to raise a matter which I consider to be a question of privilege and to put it before Your Honour for your consideration.

At the outset I want to say that when Your Honour recognized me some time ago on this matter of privilege, I asked permission to raise a question with the House leader, and that permission was given by the Chair with the concurrence of the House; so therefore I assumed there was unanimous consent to do that.

In any event, according to Beauchesne:

> The distinctive mark of a privilege is its ancillary character. The privileges of Parliament are rights which are "absolutely necessary for the due execution of its powers". They are enjoyed by individual Members—

I want to put to Your Honour that a practice has grown up which has eroded my privileges as a member. There is in the land at the moment considerable concern about the economy. It is necessary for me as a member to be able to place before the House of Commons a number of questions directly related to economic matters. It is important that those questions be put in the House of Commons to someone who is held responsible for the administration of matters economic, and at the moment the minister who is primarily responsible for economic matters sits in the other place. There is no parliamentary secretary sitting in the House of Commons who answers directly for the senator who has the primary responsibility for matters of economic direction by the Government of Canada as it relates to industrial development.

I therefore put it to Your Honour that under the interpretations both of Erskine May and of Beauchesne—the interpretation which I just recently placed before you—it is of vital importance that there be an opportunity for members to be able to exercise the privilege which enables them to execute their powers, which I am being denied. Not only I, but also every other member of the House of Commons, is being denied a privilege which heretofore we had.

I therefore ask, Madam Speaker, that you consider whether it is appropriate for a member of the Senate to be given a senior portfolio in the cabinet of the government without there sitting in the House of Commons a member who is designated to answer all questions which might otherwise be asked of that minister who has the power to exercise jurisdiction.

Madam Speaker: I must interrupt the hon. member because I feel that the question he has raised as a question of privilege is not a question of privilege. It has been a practice of this government and of several governments before to appoint ministers who sit in the other House and to designate a minister or ministers who may answer questions members of this House might have concerning the responsibilities of a particular ministry. At any rate, they can be asked of the Prime Minister (Mr. Trudeau), should no minister have been designated. The fact that senators sitting in the other House are appointed ministers is a well established practice and, of course, cannot be questioned. Perhaps this is a question concerning the administration of the government, but it cannot be raised as a question of privilege. So I am afraid that the question of privilege raised by the hon. member for Hamilton Mountain (Mr Deans) is not founded.

ROUTINE PROCEEDINGS

[*English*]

GOVERNMENT OF CANADA

TABLING OF LIST OF CABINET COMMITTEES

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, pursuant to Standing Order 41(2) I am tabling a list of cabinet committees and their members. As a convenience to the House I suggest this list be printed as an appendix to today's *Hansard*.

Madam Speaker: Is that agreed?

Some hon. Members: Agreed.

[*Editor's Note: For list referred to above, see Appendix.*]

MOTIONS TO ADJOURN UNDER S.O. 26

[*English*]

Madam Speaker: I have received two written statements requesting emergency debates under Standing Order 26, one from the hon. member for Oshawa (Mr. Broadbent) and one from the Right Hon. Leader of the Opposition (Mr. Clark). Since the first application I received was the one from the hon. member for Oshawa, I will hear his statement now.

* * *

THE ECONOMY

ALLEGED CRISIS REQUIRING NATIONAL RECOVERY PROGRAM

Mr. Edward Broadbent (Oshawa): Madam Speaker, I ask leave, seconded by the hon. member for Hamilton Mountain (Mr. Deans), to move the adjournment of the House under Standing Order 26 for the purpose of discussing a specific and important matter requiring urgent consideration, namely, the fact that Canada now faces its most severe economic crisis since the Great Depression of the 1930s, with unemployment at a post-war record of 8.6 per cent—in real numbers well over a million Canadians—and inflation at 12.5 per cent, both constituting a national emergency requiring, therefore, an immediate program for national economic recovery with job creation as its highest priority.

Madam Speaker: While the Chair recognizes the importance and the seriousness of this matter, the House will agree that the state of the economy has unfortunately been a recurring subject for debate since the beginning of this session and that a change in the figures relating to unemployment and inflation does not necessarily mean that the business of the House should be set aside in order to have an emergency debate.

It must also be understood that the Speaker's only duty in this instance—and I hope this is well understood—is to determine whether the request for an immediate debate meets the requirements of Standing Order 26. One such requirement can be found in Subsection (5) of Standing Order 26, where it is stated that the Speaker " . . . shall have regard to the probability of the matter being brought before the House within reasonable time by other means".

● (1620)

Let me also quote Citation 287 of Beauchesne's fifth edition:

"Urgency" within this rule does not apply to the matter itself, but means "urgency of debate", when the ordinary opportunities provided by the rules of the House do not permit the subject to be brought on early enough and public interest demands that discussion take place immediately.

The Chair cannot ignore the fact that there will be other opportunities to debate this matter during the current supply period.

Therefore, although the subject matter of this application is of the greatest importance and of concern to all members of the House, because of the continuing nature of the problem and because of the fact that other opportunities will arise to deal with this matter, I cannot accept the hon. member's application for an emergency debate.

* * *

EXTERNAL AFFAIRS

POLAND—IMPOSITION OF MARTIAL LAW

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, as you have indicated, I am rising pursuant to Standing Order 26 regarding a matter that is of the utmost urgency. The situation in Poland continues to be critical. It is not clear if military rule will end within the foreseeable future. Meanwhile, food continues to be in extremely short supply. Large numbers of citizens are imprisoned under inhuman conditions. Despite martial law, the economic crisis is deepening and the possibility of default on loans from western banks, including Canadian banks, continues. Many Polish citizens, particularly sailors, have chosen Canada as a place of refuge. Several western governments have begun to apply sanctions against the Soviet Union and Poland and the Secretary of State for External Affairs (Mr. MacGuigan) has indicated that Canada is also considering the possibility of sanctions.

Because Canada's attitude to the imposition of military rule has become significant in Poland itself and within the NATO alliance, because sanctions will have an impact on Canada's economy as well as Poland's and because trade and immigration considerations have given Canada an interest in the course of the crisis, I believe the House of Commons should have the opportunity to register its feelings with the government and the people of Poland on behalf of Canada and to urge the Government of Canada to make it clear that Canadians do not approve of the imposition or the course of martial law in Poland.

If Your Honour finds that the Polish crisis raises important issues in Canada's foreign policy on which the House should be heard, I would move at the appropriate time that the House do now adjourn.

Madam Speaker: In this particular case the Standing Order states that the matter must be specific and important, requiring urgent consideration, and indeed the subject of the right hon. member's application meets some of these criteria. Hon. members will recall that the House dealt with this subject last December when two motions were proposed and debated and another motion was adopted by the House.

There is no doubt that the right hon. member raises a very important subject, but I cannot ignore the provisions of Standing Order 26(5) which require me to have regard to the extent to which the matter concerns the administrative responsibility of the government or could come within the scope of ministerial action.

The right hon. member has not made that relationship sufficiently clear for me to conclude that there are grounds for allowing debate under the Standing Order, where a debate might demonstrate that some urgent domestic component would resolve or help resolve the particular crisis in Poland, or the impact that the suggestions made in the course of that debate would have inside Canada.

Undoubtedly there will be other avenues that can be pursued in achieving a debate upon this very important subject. As hon. members are aware, tomorrow has been designated as a supply day and the right hon. member may wish to consider this possibility.

Therefore, with regret, I must decline the right hon. member's application.

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HOUSE OF COMMONS

MOTION TO ADJOURN

Mr. Edward Broadbent (Oshawa): Madam Speaker, I move the adjournment of the House.

Madam Speaker: I need a motion in writing from the hon. member.

Mr. Broadbent: Madam Speaker, it is on its way.

Mr. Pinard: Madam Speaker, I rise on a point of order. The hon. member has just moved the adjournment of the House and his motion was not in writing, as is required by the Standing Orders. We on this side of the House are ready to work and Canadians expect this Parliament to work. The NDP wants Parliament to rest and not sit today. That is a shame, Madam Speaker.

Some hon. Members: Hear, hear!

Madam Speaker: I have the motion and it is my duty to put it to the House immeditately. It is moved by the hon. member

for Oshawa (Mr. Broadbent), seconded by the hon. member for Mission-Port Moody (Mr. Rose):

That the House do adjourn.

All those in favour of the motion please say yea.

Some hon. Members: Yea.

Madam Speaker: All those against the motion please say nay.

Some hon. Members: Nay.

Madam Speaker: In my opinion the nays have it.

And more than five members having risen:

Madam Speaker: Call in the members.

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

● (1630)

(*Division No. 141*)

YEAS

Messrs.

Althouse	Hovdebo	Murphy
Anguish	Ittinuar	Nystrom
Benjamin	Jewett (Miss)	Orlikow
Blackburn	Keeper	Parker
Blaikie	Kristiansen	Riis
Broadbent	Lewycky	Robinson (Burnaby)
Deans	Miller	Rose
de Jong	Mitchell (Mrs.)	Sargeant
Heap		Waddell—26.

NAYS

Messrs.

Andre	Clark (Yellowhead)	Ellis
Appolloni (Mrs.)	Clarke (Vancouver Quadra)	Elzinga
Axworthy	Collenette	Epp
Bachand	Cooper	Erola (Mrs.)
Baker (Nepean-Carleton)	Corbett	Ethier
Berger	Corbin	Evans
Blais	Cosgrove	Ferguson
Blaker	Côté (Mrs.)	Fisher
Bloomfield	Cousineau	Fleming
Bockstael	Crosbie (St. John's West)	Foster
Bosley	Cullen	Francis
Bossy	Cyr	Fretz
Bradley	Dantzer	Friesen
Bujold	Darling	Frith
Burghardt	Daudlin	Gamble
Bussières	de Corneille	Garant
Caccia	Deniger	Gauthier
Campbell (Miss) (South West Nova)	Desmarais	Gimaïel
Campbell (LaSalle)	Dingwall	Gingras
Campbell (Cardigan)	Dion	Gourd (Argenteuil-Papineau)
Cardiff	Dionne (Chicoutimi)	Gray
Carney (Miss)	Dionne (Northumberland-Miramichi)	Greenaway
Chénier	Domm	Guilbault
Chrétien	Dupont	Gurbin
		Halliday
		Hamilton (Qu'Appelle-Moose Mountain)
		Harquail
		Hawkes

Messrs.

Hees	Malone	Reid (St. Catharines)
Henderson	Maltais	Reid (Kenora-Rainy River)
Herbert	Mayer	Roberts
Hnatyshyn	Mazankowski	Roche
Hopkins	McCain	Rompkey
Howie	McCuish	Rossi
Irwin	McDermid	Roy
Isabelle	McGrath	Schellenberger
Jarvis	McKenzie	Scott (Hamilton-Wentworth)
Johnston	McKinnon	Scott (Victoria-Haliburton)
Joyal	McKnight	Shields
Kaplan	McRae	Simmons
Kelly	Munro (Esquimalt-Saanich)	Smith
Kempling	Munro (Hamilton East)	Speyer
Killens (Mrs.)	Neil	Stevens
King	Nicholson (Miss)	Taylor
Korchinski	Nickerson	Thacker
Kushner	Nielsen	Thomson
Lambert	Oberle	Tobin
Lamontagne	Olivier	Towers
Lang	Ouellet	Trudeau
Laniel	Paproski	Turner
Lapierre	Parent	Vankoughnet
Lapointe (Charlevoix)	Patterson	Watson
La Salle	Pelletier	Wenman
Lawrence	Penner	Whelan
LeBlanc	Pepin	Wilson
Lefebvre	Pinard	Wise
Lewis	Portelance	Wright
MacBain	Prud'homme	Yanakis
MacGuigan	Regan	Yurko—172.
Mackasey		
MacLaren		
MacLellan		

[*Translation*]

Madam Speaker: I declare the motion lost.

* * *

● (1740)

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 1,520, 2,131, 2,274, 2,497, 2,587, 2,645, 2,656, 2,772, 2,807, 2,987, 3,023, 3,024, 3,047, 3,050, 3,051, 3,054, 3,104, 3,140, 3,146, 3,149, 3,166, 3,170, 3,214, 3,261, 3,267, 3,272, 3,280, 3,295, 3,297, 3,318, 3,321, 3,322, 3,324, 3,332, 3,373, 3,379, 3,459, 3,486, 3,515, 3,550 and 3,552.

[*Text*]

QUEBEC PROVINCIAL FLAG

Question No. 1,520—**Mr. Herbert:**

On which buildings in the province of Quebec does the government fly the Quebec provincial flag in addition to the Canadian flag?

Hon. Yvon Pinard (President of the Privy Council): In so far as Public Works Canada is concerned, the government does not fly the Quebec provincial flag, in addition to the Canadian flag, on government buildings managed by the Department of Public Works.

In so far as Transport Canada is concerned, in addition to the Canadian flag, the Quebec provincial flag is flown on Canadian Air Transportation administration premises

throughout the province of Quebec when requested locally and when two flag staffs are available.

LIQUEFIED NATURAL GAS TERMINAL

Question No. 2,131—**Mr. Howie:**

1. Since January 1, 1980, were studies conducted by the Department of the Environment concerning the location of a site for a liquefied natural gas terminal and, if so, what site or sites were recommended?

2. (a) Was any site in New Brunswick considered (b) was a site recommended and was it rejected and, if so, for what reason?

Mr. Roger Simmons (Parliamentary Secretary to Minister of the Environment and Minister of State for Science and Technology): 1. No. See question No. 2,129 answered October 14, 1981.

2. (a) Not applicable.

(b) Not applicable.

EXPORT OF CANADIAN NEWSPRINT TO GUYANA

Question No. 2,274—**Mr. Blenkarn:**

1. Does Canada have an arrangement with the government of Guyana to subsidize the export of Canadian newsprint to Guyana and, if so (a) under what conditions (b) what was the amount of (i) subsidized newsprint exported (ii) subsidy paid on newsprint exported to Guyana in 1978, 1979 and 1980?

2. Does the government consider (a) there is a free press in Guyana (b) Guyana should receive financial assistance from Canada?

Hon. Mark MacGuigan (Secretary of State for External Affairs): In so far as the Canadian International Development Agency is concerned, the answer is as follows:

1. No. In 1978, Canada had provided Guyana with a line of credit to facilitate the purchase of Canadian newsprint but this arrangement has since been terminated.

(a) The terms of the line of credit approved by the Treasury Board in December, 1978, were no interest, ten years of grace, and 50 years to maturity.

(b) (i) Canada provided 2,100 metric tons net of newsprint under the line of credit:

(ii) Under the line of credit Guyana purchased Canadian newsprint in 1979 at a cost of $1.5 million.

In so far as the Secretary of State for External Affairs is concerned:

2. (a) It is not ordinary practice for a government to comment on the internal affairs of a friendly state. It might be noted, however, that, according to the information available to us, the principal newspapers in Guyana at present are *The Chronicle*, published by the governing People's National Congress Party, *The Mirror*, published by the opposition People's Progressive Party and the *Catholic Standard*.

(b) Yes. Canadian development assistance is provided to Guyana as a contribution toward the economic development of the country and the well-being of the Guyanese people. Assistance is not supplied to any political party and has never been given with a view to influencing the political process.

Order Paper Questions

MINISTERIAL PERMITS

Question No. 2,497—**Mr. Cossitt:**

With reference to the answer to question No. 1,724, which states in part that 31 persons with criminal records were admitted to Canada through the Canadian Consulate in Buffalo between April 20, 1978 and September 30, 1980, what was the nature of the criminal record in each case and what were the humanitarian grounds which "overrode" the criminal records to the point where entry into Canada was permitted?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Listed below are the 16 cases in which a total of 31 ministerial permits were issued between April 1, 1978, and September 30, 1980, by our Buffalo, New York office, showing in each case the nature of the criminal conviction and the grounds for issuing the permits:

Nature of Criminal Conviction	Grounds for Issuance of Permit
1. (a) Possession of barbituates – 1972 (b) Contributing to delinquency of a minor – 1974 Possession of marijuana – 1974 Possession of beer by a minor 1974	Allowed forward as a musician pending minister's approval of rehabilitation.
2. Possession of marijuana	Allowed forward as a musician pending the minister's approval of rehabilitation.
3. Possession of Indian hemp in 1978	Allowed forward as a musician to fill short engagement.
4. Possession of Indian hemp in 1969 and 1978	Allowed forward as a musician to fill short engagement.
5. (a) Grand larceny 1958 (b) Robbery in 3rd degree 1962	Allowed forward as truck driver from international carrier for periods of a half day from time to time.
6. (a) Impaired driving 1972 (b) Violation of probation 1974 (c) Burglary in 3rd degree 1978	Allowed forward in company of Canadian citizen spouse visiting relatives for short periods.
7. (a) Petty larceny 1947 (b) Possession of offensive weapon 1948	Holiday visitor considered to have fully rehabilitated himself.
8. Burglary in 3rd degree 1974 Larceny in 3rd degree 1974 Using motor vehicle without permission 1974	Allowed forward periodically to visit Canadian citizen spouse.
9. Possession of goods unlawfully imported into Canada 1975	Allowed forward from time to time to visit summer residence.
10. Possession and sale of dangerous drug 1973	Allowed forward as musician to fill engagements from time to time.
11. Petty larceny 1971	Allowed forward on short visits to purchase goods from Canadian suppliers.
12. Grand larceny in 2nd degree 1977	Allowed forward for short Christmas visit to Canadian spouse.
13. Conspiracy to promote prostitution by interstate transportation 1972	Allowed forward to visit terminally ill parent.
14. (a) Theft under $200, 1976 (b) Impaired driving 1977	Allowed forward from time to time to visit summer home.
15. (a) Misdeameanor 1973 (b) Misdeameanor 1978	Allowed forward as musician to fulfil series of engagements.
16. Possession of controlled drug 1975	Allowed forward to join Canadian citizen spouse.

Order Paper Questions

DREE—OUTSIDE CONSULTANTS

Question No. 2,587—**Mr. Howie:**

1. Were outside consultants employed by the Department of Regional Economic Expansion in the 1980-81 fiscal year and, if so, how many and what was the total amount paid?

2. Were any consultants paid more than $20,000 and, if so, in each case (a) what was his/her name (b) what was the amount (c) what services were provided?

Hon. Pierre De Bané (Minister of External Relations): The reply for the Department of Regional Economic Expansion is the following:

1. In fiscal year 1980-81, 146 consulting and professional services contracts of $2,000 and over were awarded for a total commitment of $1,926,393.

2. See following list.

Name of Consulting Firm	Services Provided	Amount Committed
André Raynauld et Associés Inc.	Study and assess the federal government's efforts to support economic development in Quebec and define the main lines of action the federal government should pursue in future to ensure the province's economic development.	$25,000
Atlantic Canada Plus Association	Do an indepth investigation of detail buying patterns in Atlantic Canada, including the extent of which goods imported from outside the region are being purchased when competitive Atlantic manufacturing goods are available.	$24,270
Bud Taylor Management Consultants Limited	Assist departmental officials to specify an over-all management framework in planning and co-ordination, within which improvements in the management practices and controls may be made.	$24,850
Bud Taylor Management Consultants Limited	Assist the department to design and implement a project reporting system and provide senior managers with required training.	$22,000
CEGIR	Study the market for microcomputers.	$35,000
Deleuw Canada Ltd.	Conduct a study on alignment options for Wheeler Blvd. between Mountain Road and Church Street in Moncton, N.B. and present a clear recommendation on the most acceptable option.	$38,300
Demers, Beaulne, Lachapelle & Associés	Visit several businesses and verify assets eligible for incentives under special area programs.	$25,000
Demers, Beaulne, Lachapelle & Associés	Visit several businesses and verify assets eligible for incentives under special area programs.	$25,000
DPA Consulting Ltd.	Assist the department in conducting a study of different approaches to regional development such as a fund concept.	$24,820
DPA Consulting Ltd.	Develop for the department a preliminary study or profile of the potential market for microelectronics applications in Canada with particular emphasis on the likelihood of regional application of any new growth in this sector.	$25,000
Dunwoody & Company	Assist in the evaluation of applications under provisions of RDIA.	$22,000
Econanalysis Inc.	Assist the department by consolidating and revising drafts of material in order to prepare a project assessment manual, in a form suitable for publication.	$25,000
F.H. Hayhurst Limited	Carry out a review of current communications activities and recommend a plan to improve the effectiveness of this function.	$48,055
G. Robert & Assocs Inc.	Assist department officials in designing up to camera-ready stage, an international industrial promotion kit in both official languages to stimulate foreign investment.	$20,623
H. Schreiber Consulting Service Inc.	Study industrial prospects in the Quebec plastics industry.	$21,250
Keith Consulting Ltd.	Provide engineering services during construction of watermains and sewage outfall line for the city of Estevan, Sask.	$24,600
Kurt Salmon Associates	Study the comparative production costs for broadcloth made from polyester filament yarn in Canada and the United States.	$40,000
Lamb, Guay Inc.	Study the feasibility of establishing a frozen food plant in the St. Maurice River region.	$39,406
Major et Martin Inc.	Study the market for variable-speed electric motors.	$22,635
Orlikow, Lionel	Prepare a series of program proposals that will have as their goal, the increase and enhancement of socio-economic opportunities for native people living in major urban Saskatchewan centres.	$24,900
Peat, Marwick and Partners	Provide the department with a report on the financial results of several publicly supported projects in the Sask. steel and related metal industries by completing financial appraisals of the projects.	$25,000
Plurimar Inc.	Conduct a market study to see how well known DREE is in Quebec and what impact the 1980 advertising campaign had.	$25,830
P.T. Dixon Management Consultants	Provide the services of a senior consultant to advise departmental officials on the development of a departmental policy for the audit of contribution payments.	$24,100
Reid, Crowther and Partners Ltd.	Provide consultative, advisory pre-design and design services with respect to water supply and sewage collection facilities for the city of Moose Jaw.	$47,000
Reid, Crowther & Partners Ltd.	Prepare detailed designs, drawings, specifications and cost estimates for the construction of an effluent forcemain for the city of Weyburn, Saskatchewan.	$35,000
R.S. Wallace and Assoc. Ltd.	Assist departmental officials in the calibration and application of the Socio-Economic Highways Analysis Systems.	$24,200
Sécor Inc.	Economic development study for metropolitan Sherbrooke.	$22,500
Sem-Eng Limited	Assist the department in providing professional and co-ordination services for the development of a DREE handbook on public affairs which can be used as a communications tool for both internal and external publics.	$23,975
SIAR Incorporated	Provide the department with expert assistance in the field of industry analysis in the conduct of the assessment of a proposal for a kraft pulp mill to be located in Manitoba.	$25,000
Stefanson, Matthes, Lee and Co.	Perform on-site inspections of facilities assisted under the Regional Development Incentives Act.	$20,800
The Caldwell Partners	Undertake an executive search to obtain a suitable executive to head the Cape Breton Coke Development office planned for Halifax.	$25,000
Underwood McLellan Limited	Provide engineering services' for design of treated water storage reservoir for the town of Tisdale, Saskatchewan.	$25,000
Université de Montréal	Make the necessary arrangements to hold a seminar.	$22,410

LEGAL COUNSEL FOR NHB

Question No. 2,645—**Mr. McCain:**

Did the National Harbours Board engage outside legal counsel to defend an action brought by Joseph Likely Ltd. concerning a matter involving the Port of Saint John, New Brunswick and, if so, what amount was paid to date for the services and to whom was it paid?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): The National Harbours Board advises as follows: Yes. The amount paid to date is $85,787.25. It was paid to Mr. Mockler from the legal firm of Hoyt, Mockler, Allen and Dixon.

EDUCATION TRANSFER PAYMENTS TO PROVINCES

Question No. 2,656—**Mr. Herbert:**

1. In each of the past five years, by province, what percentage of the total spending was the amount transferred unconditionally by the government to provincial treasuries for post-secondary education?

2. At what level of instruction does the government consider that post-secondary education starts?

Hon. Gerald Regan (Secretary of State): 1. The table below shows the amounts transferred unconditionally by the Government of Canada to provincial treasuries for post-secondary education in each of the past five years.

2. The legislation authorizing the aforementioned unconditional transfers does not define the level of instruction at which post-secondary education starts. Other programs such as the Canada Student Loans Program, have their own definitions, as does Statistics Canada for statistical purposes. The CSLP is limited to the post-secondary level., i.e. any student attending full time at an educational institution other than an elementary or secondary school.

Established Programs Financing 1977
Post-Secondary Education
($000's)

	1977-1978[1]			1978-1979[2]			1979-1980[3]		
	Cash	Tax	Total	Cash	Tax	Total	Cash	Tax	Total
Newfoundland	27,519	21,166	48,685	33,829	23,462	57,291	41,558	25,631	67,189
Prince Edward Island	5,474	4,511	9,985	7,043	4,057	12,100	8,910	5,457	14,367
Nova Scotia	43,532	31,336	74,868	51,598	34,400	85,998	61,406	37,878	99,284
New Brunswick	33,787	25,785	59,572	41,472	28,682	70,154	50,772	31,323	82,095
Québec	249,505	349,535	599,040	275,520	393,489	669,009	317,849	422,210	740,059
Ontario	418,543	348,633	767,176	494,128	385,115	879,243	578,433	417,629	996,062
Manitoba	55,959	38,620	94,579	64,658	41,642	106,300	74,757	45,920	120,677
Saskatchewan	47,926	35,163	83,089	57,591	38,983	96,574	69,469	42,485	111,954
Alberta	84,542	91,605	176,147	100,939	102,471	203,410	121,685	113,553	235,238
British Columbia	107,152	110,004	217,156	133,128	122,996	256,124	167,372	133,396	300,768
Yukon	918	1,151	2,069	1,105	1,236	2,341	1,270	1,352	2,622
Northwest Territories	2,319	1,691	4,010	2,645	1,899	4,544	3,012	2,140	5,152
Total	1,077,176	1,059,200	2,136,376	1,263,656	1,179,432	2,443,088	1,496,493	1,278,974	2,775,467

[1] Final calculation (29/9/80).
[2] Second interim adjustment (29/9/80).
[3] First interim adjustment (29/9/80).

	1980-1981[4]			1981-1982[5]		
	Cash	Tax	Total	Cash	Tax	Total
Newfoundland	45,884	28,658	74,542	50,644	32,267	82,911
Prince Edward Island	9,835	6,143	15,978	10,803	6,884	17,687
Nova Scotia	67,453	42,130	109,583	74,214	47,285	121,499
New Brunswick	55,948	34,945	90,893	61,612	39,255	100,867
Québec	349,525	460,732	810,257	378,732	517,430	896,162
Ontario	636,747	464,917	1,101,664	698,284	524,354	1,222,638
Manitoba	81,363	50,818	132,181	88,910	56,648	145,558
Saskatchewan	76,687	47,897	124,584	93,827	44,948	138,775
Alberta	133,983	133,848	267,831	155,034	150,668	305,702
British Columbia	186,318	152,585	338,903	211,361	172,098	383,459
Yukon	1,375	1,504	2,879	1,494	1,696	3,190
Northwest Territories	3,249	2,278	5,527	3,464	2,568	6,032
Total	1,648,367	1,426,455	3,074,822	1,828,379	1,596,101	3,424,480

[4] Second adjustment to advance (12/1/81).
[5] Advance calculation (12/1/81).

Order Paper Questions

REPAIRS TO NATIONAL ARTS CENTRE

Question No. 2,772—**Mr. Cossitt:**

1. Did Mr. Donald Marriott, director of restaurants and catering of the National Arts Centre, have repairs made to the draft beer system at the National Arts Centre and, if so, at what cost, including plumbing?

2. After the work was completed, did Mr. Marriott decide not to utilize the facility and order it removed and, if so, what was the total cost?

Mr. Jack Masters (Parliamentary Secretary to Minister of Communications): I am informed by the National Arts Centre as follows:

1. No repairs to the draft beer system at the National Arts Centre, beyond routine maintenance, were ordered or made. Minor modifications were made for the 1980 season by NAC staff but the costs cannot be isolated.

2. The system has not been used during the 1981 season but remains in place.

PROJECTS FOR REDUCING RACIAL TENSIONS

Question No. 2,807—**Mr. Flis:**

1. From 1976 to date, were money made available by departments to reduce racial tensions and, if so, which departments?

2. In each case, what was the amount and to whom was it given?

Hon. Gerald Regan (Secretary of State): 1. and 2. Grants and contribution records are not presently kept in such a way as to allow us to provide a complete list of grants and contributions given for the purpose of reducing of racial tensions.

However, following is a list of contracts entered into by the Department of the Secretary of State since 1976, which relate to projects aimed at addressing racial tensions:

Citizenship Branch: Program Services

March 1976, $13,250—Dennis Adair and Janet Rosenstock, to produce a written report and tapes of classroom discussion on racism and discrimination in consultation with voluntary groups working in the area of human rights in Ontario and with the ministry of education.

Citizenship Branch: Group understanding and human rights

April 1976, Consultant fees:

$1,150—Edward D. Parnell

$ 300—Noel Kinsella

$ 625—Thomas Symons

$ 325—Tom McMillan

$ 575—Errol Young

$ 680—John W. Kehoe

$ 275—Bruce Cook

$ 300—Seymour Tregeir

For consultation to explore new measures for implementation to forward the objectives of the Decade for Action, to combat racism and racial discrimination along the lines of the measures suggested in the United Nations Decade program itself.

May 1976, $4,090—Dr. John W. Kehoe. To conduct a two-day workshop in various schools located in the three western provinces. The purpose of the workshop was to provide specific attitude-change and values-education strategies designed to improve group understanding.

Citizenship Branch: Citizens' participation program

July 1977, $25,000—Dr. Frances Henry. To write a report on "The Dynamics of Racism in Toronto", published February, 1978.

September 1977

$400—Fred Dunbar

$400—Paul Robinson

$125—Fred E. Whitworth

For consultation on human rights and education.

WHEELCHAIR RAMP AT MINDEN, ONT.

Question No. 2,987—**Mr. Scott (Victoria-Haliburton):**

1. Was a wheelchair ramp constructed at the entrance to the Post Office building in Minden, Ontario and, if so, on what date was the work (a) begun (b) completed?

2. What was the total cost of the project?

3. What was the name of the contractor hired by the Department of Public Works?

4. Was the project put out to tender and, if so, was the tender awarded to the lowest bidder?

5. Were other alternatives to the project considered, such as modification to the existing ramp at the entrance to the building?

Hon. Paul J. Cosgrove (Minister of Public Works): 1. A wheelchair ramp was installed at the entrance to the Post Office building in Minden, Ontario. (a) Work order was issued 30 March, 1981; (b) completed 15 May, 1981.

2. $6,820.

3. Easton Brothers Builders Ltd., Bancroft, Ontario.

4. The project was the subject of an invited quotation request to six contractors. Easton Bros. Builders Ltd. was the only contractor who submitted a quotation.

5. There was no ramp at the entrance of the building prior to the installation of this ramp.

RENOVATIONS TO MERRICKVILLE POST OFFICE

Question No. 3,023—**Mr. Cossitt:**

1. Did the government recently carry out renovations to the Post Office in Merrickville in the Constituency of Leeds-Grenville and, if so (a) what is a description of the renovations (b) what was the total cost?

2. Were tenders called through public advertisement and (a) if so, what were the names of all those who tendered and what was the amount of each tender (b) if not, for what reason?

3. Was the work done by invited tenders and, if so (a) from whom were tenders invited (b) what was the amount of each tender (c) who made the decision as to who was invited to tender?

4. Was consideration given to the employment of local people and the purchase of material locally for the work and, if not, for what reason?

Hon. Paul J. Cosgrove (Minister of Public Works): 1. Yes.

(a) New ramp and landscaping.

(b) The contract was awarded in the amount of $18,000.

2. Yes.

(a)	M & S Martin Limited, Ottawa	$18,000
	Roger Prévost Construction Limited, Vanier	$18,834
	Greenside Construction Management Ltd., Nepean	$20,769
	Duvon Ottawa Limited, Nepean	$21,900
	Ottawa G & C Construction, Nepean	$22,500
	J.D. Construction, Ottawa	$23,900
	Darvell & Family Limited, Ashton	$24,132
	J.K.R. Holdings Limited, Ottawa	$24,580
	Cody Construction, Brockville	$24,760
	Vie-Bilt General Contractors Inc., Ottawa	$26,670
	J.R.B. Construction Limited, Ottawa	$29,021
(b)	Not applicable.	

3. No. (a), (b) and (c) Not applicable.

4. Yes. Consideration was given through the use of public advertisement for the project.

1981 POSTAL STRIKE

Question No. 3,024—**Mr. Cossitt:**

1. Were any postal employees laid off because of the 1981 strike by the Canadian Union of Postal Employees?

2. Did any of these employees receive unemployment insurance benefits and, if so, how many and at what cost to the taxpayer?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): I am informed by the Canada Post Corporation and the Canada Employment and Immigration Commission/Department as follows:

1. As defined in the Public Service Employment Act, no employee was laid off because of the 1981 postal strike, rather they were put on what is called "off duty status".

2. CEIC computer records indicate that 15,185 postal employees received a total of $5,914,601 in unemployment insurance benefits during the 1981 strike.

These figures may not include all postal employees who received UI benefits during the strike because UI claimants are coded in accordance to occupation. Therefore, the figures given do not include occupations such as truck drivers, secretaries and other clerical and casual workers, which cannot be distinguished from non-post office occupations.

STUDY OF MICROWAVES

Question No. 3,047—**Mr. McKinnon:**

1. Is a study of the behaviour or neurochemical changes induced by microwaves to be conducted by Carleton University for the Department of National Defence at a cost of $37,186?

2. Were similar studies done by the Department and (a) if not, for what reason (b) if so, for what reason were those results not used?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): I am informed by the Departments of National Defence and Supply and Services as follows:

1. Yes. The Department of Supply and Services awarded a contract to Carleton University on June 17, 1981, for a Study of the Behavioural or Neurochemical Changes Induced by Microwaves (Non-Ionizing Radiation), at an estimated expenditure of $37,186.

2. (a) No. The Department of National Defence has not carried out studies on the behavioural or neurochemical changes induced by microwaves. Their effort to date has been concentrated on absorption measurements and physiological effects which at the time the program was set up was considered to have had higher priority than the study now being conducted by Carleton University.

(b) Not applicable.

DVA—LONG-TERM PLANNING PROCESS

Question No. 3,050—**Mr. McKenzie:**

With reference to Section 10.17 of the 1980 report of the Auditor General, have measures been taken to correct the present inadequate resources and insufficient involvement by senior officials in the long-term planning process and, if so, what were they?

Hon. W. Bennett Campbell (Minister of Veterans Affairs): Corrective measures have been taken to improve the long-term planning process in Veterans Affairs. The measures have consisted of the recruitment of a number of new planning officers, the development of improved planning processes including a strategic planning process, and involvement of senior financial managers. The foundation for long-term plans has now been established, and the plans are in the development stages.

DVA—REGIONAL COMPUTER SYSTEMS

Question No. 3,051—**Mr. McKenzie:**

With reference to section 10.23 of the 1980 report of the Auditor General, is the Department of Veterans Affairs planning to remedy the present lack of suitable computer systems for regional use?

Hon. W. Bennett Campbell (Minister of Veterans Affairs): The Department of Veterans Affairs has extensive plans to provide computer systems for regional use. To date, a telecommunications network and inquiry system, linked to a central computer in Ottawa, has been established in all districts and regional offices of the veterans services program.

A new computer system was recently installed in the Pacific region in support of war veterans allowances and civilian war allowances processes. It is planned to extend this and other systems to all regions by the end of the 1982-83 fiscal year.

New systems are also under development to provide support to both field and head office file registry operations. Implementation is planned for the first half of 1982.

Order Paper Questions

DVA—ANALYSIS OF RELOCATION

Question No. 3,054—**Mr. McKenzie:**

With reference to section 10.35 of the 1980 report of the Auditor General, is the Department of Veterans Affairs considering the formulation of a full and comprehensive analysis of the relocation of the department after the move to Charlottetown is completed and (a) if not, for what reason (b) if so (i) will the analysis be made public and will it include the short and long-term effects of the relocation on the department, on the veteran population, on the department's relationship with other departments and within the over-all governmental system (ii) will the department be calling on various interest groups to make representations in its preparation (iii) on what date can the House of Commons expect to be presented with the analysis?

Hon. W. Bennett Campbell (Minister of Veterans Affairs): Yes.

(a) Not applicable.

(b)(i) Yes, in accordance with government guidelines. All known impacts of relocation, short and long term, will be evaluated.

(ii) Various interest groups will be provided an opportunity to comment on the effectiveness of relocation as a part of the program evaluation activity. Representatives of one or more groups will actually be called upon to participate in an advisory committee on program evaluation.

(iii) It is not normally the practice to present either program evaluations or an analysis, such as the one mentioned above, to the House of Commons. The findings of the analysis should be available 18 months to two years following the completion of relocation. A final evaluation can only be conducted after the program has been in effect for some period of time.

PUBLIC WORKS LANDS COMPANY LTD.

Question No. 3,104—**Mr. Clarke:**

1. During the period 1970-80 did the Public Works Lands Company Limited acquire shares or other ownership interest in any other corporation, limited liability company or unincorporated company and, if so, what was the (a) name of the corporation, limited liability company or unincorporated company and any subsidiaries thereof (b) percentage of equity acquired (c) cost of acquisition (d) book value of the acquisition?

2. Does the Public Works Lands Company Limited have a plan to change the present portion of ownership in any of these enterprises and, if so, what is the plan?

Hon. Paul J. Cosgrove (Minister of Public Works): 1. No. (a), (b), (c) and (d) Not applicable.

2. Not applicable.

CODE OF ADVERTISING ETHICS

Question No. 3,140—**Mr. Cossitt:**

Does the government follow a code of advertising ethics and, if so, what is it?

Hon. Gerald Regan (Secretary of State): The government does not have a specific code of advertising ethics but follows the generally accepted codes for advertising which are suggested in government regulations as well as guidelines which are recommended by various association groups concerned with ethics in advertising.

INSTALLATION OF SOLAR HEAT

Question No. 3,146—**Mr. Cossitt:**

With reference to the answer to question No. 2,754 concerning the installation of solar heat in the Brockville Federal Building in the constituency of Leeds-Grenville, what is the estimated cost for the installation and what is the estimated date on which the installation will commence?

Hon. Paul J. Cosgrove (Minister of Public Works): The estimated cost for the installation of the solar domestic hot water heater in the Brockville Federal Building is $7,500. The estimated commencement date for installation is early 1982.

INDIAN ECONOMIC DEVELOPMENT PLAN

Question No. 3,149—**Mr. Skelly:**

1. Is the government considering a comprehensive Indian economic and employment development plan and, if so, what is the status of the plan and was the plan approved by the cabinet?

2. Were revisions to the Indian Fishermens Assistance Program proposed by the Native Brotherhood of British Columbia and, if so, are the revisions being held up while the government considers the plan?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): 1. The Minister of Finance on November 12, 1981, announced a $345 million program in aid of native economic development. Details of this new economic development program are currently being worked out and will be announced in due course.

2. Yes, such revisions were made in consultation with DIAND officials. The proposal is under active review and DIAND officials hope to meet again with representatives of the Native Brotherhood of British Columbia soon.

DND CONTRACT FOR UNIFORMS

Question No. 3,166—**Mr. McKinnon:**

Did the Department of National Defence place contracts in the amount of (a) $34,750 for jackets (b) $18,000 for slacks (c) $15,180 for skirts with Lounge Fashion Clothes Ltd. and, if so, in each case, how many items were purchased and for whom?

Hon. J.-J. Blais (Minister of Supply and Services): The Department of Supply and Services awarded three contracts, on behalf of the Department of National Defence, to Lounge Fashion Clothes Ltd., Vancouver, B.C., for the manufacture of ladies services dress jackets, slacks and skirts. They are required for issue to female members of the regular force and primary reserve. They have not yet been delivered. Quantities called up are as follows: (a) 500 jackets (b) 500 slacks (c) 460 skirts.

There are very few sources of supply for large quantity procurement of ladies structured (tailored) garments in Canada. The quantities called up on these three small contracts represent less than 5 per cent of the department's annual maintenance requirements. This was an attempt by the Department of Supply and Services to develop a new source of supply in western Canada for this type of uniform.

PRINTING OF 17 CENT STAMPS

Question No. 3,170—**Mr. Munro (Esquimalt-Saanich):**

1. (a) How many of the 17-cent stamps with the Queen's head were printed (b) were they all printed and distributed at the same time (c) were there additional printings and, if so (i) how many (ii) how many stamps were in each printing (d) is a further printing contemplated and, if so, on what date and in what quantity?

2. (a) Since the stamp was first issued, how many special 17-cent issues were made, including famous artists, famous Canadian women and antique instruments (b) how many stamps or sheets of stamps, where sheets contain as many as four different stamps, were issued in each case?

3. (a) How many 17-cent stamps with the Peace Tower were printed (b) were they all printed and distributed at the same time (c) were there additional printings and, if so (i) how many (ii) how many stamps were in each printing (d) is a further printing contemplated and, if so, on what date and in what quantity?

Mr. Gary F. McCauley (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): 1. (a) 903.7 million stamps with the Queen's portrait. (b) No. (c) Yes, printings have been made to meet operational needs. (c) (i) 24 printings.

(c) (ii)

Sheet format	9 printings	800 million stamps
50¢ book (each book containing 2 × 17¢ stamps)	11 printings	51.2 million stamps
Wicket book (each book containing 25 stamps)	4 printings	52.5 million stamps
	Total	903.7 million stamps

(d) No, due to a proposed rate change.

2. (a) 1,190.5 million stamps.
(b) There were 39 special issues as follows:

24 issues—sheets of one design	637.6 million stamps
12 issues—sheets of 2 designs se-tenant	428.9 million stamps
2 issues—sheets of 4 designs (checker board)	59.2 million stamps
1 issue—sheets of 12 designs	65.8 million stamps
Total	1,190.5 million stamps

3. (a) 1,515 million Parliament stamps.
(b) No.
(c) Yes, printings have been made to meet operational needs.
(c) (i) 20 printings.

(c) (ii)

Sheet format	9 printings	725 million stamps
Rolls of 100 stamps	11 printings	790 million stamps
	Total	1,515 million stamps

(d) See 1 (d) above.

JAPANESE FISHING VESSELS

Question No. 3,214—**Mr. Crosby:**

1. (a) How many Japanese fishing vessels were licensed or otherwise authorized to fish in Canadian territorial waters in (i) 1980 (ii) 1981 and what were the terms and conditions of the licenses or authorities (b) how many of the vessels actually fished in Canadian territorial waters in (i) 1980 (ii) 1981 and what was the amount and size of the catch of tuna, swordfish and any other species recorded?

Order Paper Questions

2. Where are the swordfish, which are caught by the vessels, marketed and does the marketing have an adverse effect on the Canadian swordfish industry?

3. What was the economic value of the Canadian swordfish industry in terms of size of the catch and other benefits in (a) 1981 (b) any prior years in which the industry was in operation?

4. Are steps being taken by the Department of Fisheries and Oceans to assist the Canadian swordfish industry on the east coast in the marketing of swordfish in the United States and elsewhere and, if so, what steps?

5. What non-Canadian fishermen are authorized to catch swordfish in Canadian territorial waters and is the marketing of their catch adversely affecting the Canadian swordfish industry?

6. (a) What action was taken by the Department of Fisheries and Oceans or any other government agency to regulate control and to monitor the fishing activity of the Japanese vessels (b) were violations reported and, if so, what were they?

7. Were arrangements permitted or made for the provision, maintenance and repair of the Japanese vessels and, if so, what were they?

8. Were there economic benefits for Canada from fishing activity by the Japanese vessels and, if so, what were they?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): 1. The number of Japanese fishing vessels licensed to fish in Canadian waters and the number which actually fished is as follows:

	(i) 1980		(ii) 1981	
	(a) Licensed	(b) Fished	(a) Licensed	(b) Fished
Squid and Argentine	17	17	13	13
Tuna	87	62	106	93
Pacific Hake	4	4	2	2
	108	83	121	108

The terms and conditions of the licences can be found under section 11 of the Coastal Fisheries Protection Regulations.

The size of the Japanese catch of tuna and swordfish are as follows: (M.T.)

	Bigeye	Albacore	Swordfish	Bluefin
1980	1612.32	193.2	144.6	167.54
1981		not yet available		160.0 (preliminary)

The size of the Japanese catch of squid, Argentine and Pacific hake are as follows: (M.T.)

	Squid	Argentine	Pacific Hake
1980	16,134.73	1,526.42	817
1981	6,045.9	2,336.55	131.5

2. The swordfish caught by the Japanese vessels are taken as a bycatch of their tuna fishery in Canadian waters. The incidental catches of swordfish by Japanese vessels are marketed in Japan.

Their marketing of swordfish in Japan does not have an adverse effect on the Canadian swordfish industry inasmuch as Canadian swordfish does not compete in the Japanese market. As Canadian swordfish is not frozen at sea, it does not meet the product specifications required by the Japanese market.

3. The Canadian swordfishery virtually ceased in 1971 but commenced again in the mid-1970s with the catch being

transshipped to U.S. vessels at sea; no catch data are available for most of this time period.

The size and value of the Canadian swordfish catch is very difficult to obtain because most of the catch was transshipped at sea to U.S. vessels prior to 1981. Only estimates of total swordfish catch and their value are available for recent years.

	1977	1978	1979	1980	1981
Quota	—	—	3,000	3,500	3,500
Total catch (M.T.)	117	3,053	2,971	1,855	345
Total value	$215,999	$6,010,894	$8,149,626	$4,169,964	$608,470 (estimate)

4. The department's Inspection and Technology Branch has had discussions with U.S. authorities in an effort to have the American mercury standard relaxed. The department has tried to convince the U.S. to change its allowable level to two parts per million. There is no immediate prospect of the standard being changed in the foreseeable future.

With respect to the Japanese market, the department discussed the possibility of swordfish exports to Japan in the most recent Canada-Japan bilateral fisheries discussions. In addition, the department has explored the possibility of over-the-side sales by Canadian swordfishermen to Japanese freezer vessels.

No steps have been taken by the department to date with respect to swordfish promotion in the Canadian market.

5. There are no non-Canadian fishermen, other than the Japanese, authorized to catch swordfish in Canadian territorial waters. As previously indicated, swordfish is caught by the Japanese only as a bycatch to their tuna fishery in Canadian waters.

6. (a) The department has a number of mechanisms to regulate, control and monitor the fishing activity of the Japanese vessels.

Regulatory and control mechanisms include restrictions on the fishing season, fishing gear marking regulations, area restrictions as well as quotas. With respect to quotas, there exists a 180 m.t. fleet ceiling on bluefin tuna for Japanese vessels in the Canadian zone. Once the Japanese tuna fleet attains this quota, they must leave the Canadian zone. In addition, there is a 10 per cent swordfish bycatch allowance. The terms and conditions of the licences include requirements for regularly reporting catches, bycatches, zone entries and departures and port entries and departures.

Monitoring mechanisms include sea surveillance (boardings at sea), air surveillance (sightings), observers on a proportion of the foreign vessels and port inspections.

(b) Swordfish bycatch violations were reported in 1981 for 16 Japanese vessels on which catches exceeded the 10 per cent bycatch allowance.

7. The Department of Fisheries and Oceans' policy concerning ship repairs is to relate Japanese crew transfers in Canadian ports to an understanding that substantial repairs of Japanese vessels would take place in Canadian shipyards. In 1981, Japanese planned crew transfers involving 1,045 people (expected expenditures by these crews in port amounted to Canadian $3.3 million) as well as repairs in Canadian shipyards for 4 vessels valued at about Canadian $2.2 million.

8. The revenues generated by Japanese tuna longliners from September 1, 1981, to October 30, 1981, are estimated as follows:

	Canadian
Port expenses	$1,560,000
Fishing fees	250,000
Fuel	4,543,000
Bait	1,700,000
Cash expenditures by crew in Canada	1,000,000
	$9,053,000

The revenues generated by Japanese squid and Argentine trawlers for the 1981 season (July 1, 1981 to October 31, 1981) are estimated as follows:

	Canadian
Port expenses (including fuel)	$8,835,000
Fishing fees	500,000
Crew exchanges	500,000
Ship repairs	2,200,000
	$12,035,000

Revenues generated by Japanese vessels in the Pacific hake fishery are not yet available.

EFFECT OF POSTAL STRIKE

Question No. 3,261—**Mr. Bradley:**

What was the effect of the 1981 strike by the Canadian Union of Postal Workers on Post Office Department (a) revenues (b) expenses?

Mr. Gary F. McCauley (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): The estimated effect of the 1981 strike by the Canadian Union of Postal Workers on Canada Post Corporation's revenues and expenses is as follows:

(a) $158,500,000 (decrease);

(b) $111,051,000 (decrease).

ASSOCIATION "CANADIAN PARENTS FOR FRENCH"

Question No. 3,267—**Mr. Munro (Esquimalt-Saanich):**

1. For each year 1978 to 1980, by province, what amount of federal funds were extended to the association known as "Canadian Parents for French"?

2. What are the aims and objectives of the association?

3. Is there a comparable association in French-speaking Canada, such as Canadian Parents for English, which enjoys similar support and, if so (a) what are the aims and objectives of that organization (b) were funds extended to that organization and, if so, what was the amount, by province, for each year 1978 to 1980?

Hon. Gerald Regan (Secretary of State): 1. Federal funds accorded to Canadian Parents for French through Secretary of State Department are as follows:

1978-79	National		$ 60,958
	Newfoundland chapter		5,000
	Ontario chapter		1,130
	Saskatchewan chapter		1,830
	Alberta chapter		4,000
	British Columbia chapter		6,200
		Total	$ 79,118
1979-80	National		$122,275
	Quebec chapter		1,500
	Saskatchewan chapter		800
	British Columbia chapter		8,400
		Total	$132,975
1980-81	National		$163,340
	British Columbia chapter		6,000
		Total	$169,340

Figures rounded.

2. According to the letters patent of July 22, 1977, under which Canadian Parents for French was incorporated, the aims and objectives of the association are as follows:

"To ensure that each Canadian child has the opportunity to acquire as great a knowledge of the French language and culture as he or she is willing and able to obtain; to promote the best possible types of French language learning opportunities; to establish and maintain effective communication between interested parents and educational and governmental authorities concerned with the provision of French language learning opportunities."

3. Not to the knowledge of the Department of Secretary of State.

NATIONAL NATIVE ALCOHOL ABUSE PROGRAM

Question No. 3,272—**Mr. Manly:**

1. What are the salary scales for counsellors in the alcohol and drug abuse program under Indian Health Services in the Department of National Health and Welfare?

2. What was the estimate for expenditures for the program, nationally and by province?

3. What amount was actually spent by the program in each of the past five years, nationally and by province?

Hon. Monique Bégin (Minister of National Health and Welfare): 1. Counsellors in the National Native Alcohol Abuse Program (NNAAP) are not public servants, and therefore, do not have a salary scale, as some 50 groups in the public service have. Salaries are established in some cases by NNAAP regional advisory board, and in others, rates of reimbursement of these workers are established by individual alcohol abuse projects. Generally, their salary ranges from $11,500 to $16,700.

2. For FY 81/82, Treasury Board authorized a total of $8.304 million for the program. This amount is subdivided into a contribution and an operating allotment, and (with the exception of salaries for the national office of the alcohol abuse program, which is charged to the Department of National Health and Welfare) is cost-shared equally between the Department of National Health and Welfare and the Department of Indian Affairs and Northern Development, as per table.

The distribution of funds to regions and the national office for FY 81/82, broken down into operating and contributions allotments is shown in table.

3. The amount actually spent by the program in each of the past five years, nationally and by regions is as shown in table.

National Native Alcohol Abuse Program
Total Funds Approved
by Treasury Board

81/82

	NHW	DIAND	Total
Contributions	$3,475,000	$3,475,000	$6,950,000
Operating	716,000	638,000	1,354,000
	$4,191,000	$4,113,000	$8,304,000

NNAAP Program 1981-82
Regional Distribution of Operating and
Contribution Funds

Region	Operating	Contributions	Total Allocation	No. Alcohol Projects
Atlantic[1]	$ 42,344	$ 547,182	$ 589,526	4
N.S.		240,787		1 (Whole Province)
N.B.		252,079		1 (Whole Province)
P.E.I.		54,316		2 (Reserves)
Quebec	130,235	533,272	663,507	11
Ontario	102,046	1,301,194	1,403,240	25
Manitoba	93,500	1,064,465	1,157,965	17
Saskatchewan	93,500	1,146,211	1,239,711	19
Alberta	32,000	1,177,984	1,209,984	18
Pacific	80,000	1,033,965	1,113,965	31
N.W.T.	65,000	217,040	282,040	6
Yukon	25,000	174,249	199,249	10
National Office[2]	444,751		444,751	

[1] (Note: The four Atlantic provinces, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland are grouped into one administrative region of the medical services branch, Department of National Health and Welfare).

[2] Includes $200,000 set aside for consultation with native people regarding future structures and operation of program, and some $50,000 "contingency fund" to assist regions or projects as necessary or appropriate.

National Native Alcohol Abuse Program
Expenditures by Year
1976/77 to 1980/81
Nationally and by Region

	1976-77	1977-78	1978-79	1979-80	1980-81
Headquarters	259,109	335,812	366,126	301,763	407,563
Yukon	40,242	100,414	108,652	113,992	74,786
Pacific	276,268	541,974	640,044	849,410	919,050
N.W.T.	97,674	125,716	108,780	140,996	176,082
Alberta	644,782	664,432	936,156	896,544	1,024,554
Sask.	562,740	739,874	844,300	895,556	1,048,434

	1976-77	1977-78	1978-79	1979-80	1980-81
Manitoba	498,728	737,628	808,798	849,558	1,005,798
Ontario	625,076	898,344	931,502	1,044,772	1,183,388
Quebec	304,380	345,166	382,820	435,958	486,336
Atlantic	339,966	392,198	418,476	442,428	497,466
National Total	3,648,965	4,881,558	5,545,654	5,970,977	6,823,457

EVALUATION OF DRUG "INDERAL"

Question No. 3,280—**Mr. Cossitt:**

1. Did Miss Jean Sattar of the health protection branch of the Department of National Health and Welfare state on October 28, 1981 or thereabouts that the branch would not determine if the drug "Inderal" could be prescribed for the prevention of heart attacks and that it would require clinical study before the drug could be advertised as useful in this regard and, if so, does the department realize (a) that the drug has been on the market in Canada for approximately one decade (b) that the drug is officially prescribed for the purpose of treating high blood pressure and heart arhythmias, but that it has been common practice in the medical profession to prescribe the drug as a beta-blocker and a preventative for heart attacks, even though the department has not allowed it to be advertised as such?

2. Does the department intend to bring itself up to date on the use of and results of the drug and, if so, on what date?

Mr. Doug Frith (Parliamentary Secretary to Minister of National Health and Welfare): 1. No. The comment referred to the procedure by which data on drug studies is brought to the attention of the department (health protection branch) for evaluation, and if satisfactory for the issue to the manufacturer of a notice of compliance.

(a) The health protection branch (HPB) issued a notice of compliance for Inderal (propanolol) for use in arhythmias in 1968, as an anti-angina drug in 1969, as an antihypertensive in 1974 and in the prophylaxis of migraine in 1979.

(b) The name beta-blocker indicates a generic function of blockade of B-adrenergic receptors. One of these beta-blockers, Inderal, has been sold in Canada for the indications in 1(a) since the dates indicated. However, the way a physician uses a drug is governed by provincial statutes relating to medical practice. The HPB encourages submission of detailed data and will examine expeditiously any data presented to it concerning new indications.

2. The department considers itself informed on the drug.

COST TO GOVERNMENT OF OAS AND GIS PAYMENTS

Question No. 3,295—**Mr. Dantzer:**

In 1981 dollars what is the estimate of the cost to the government for (a) OAS payments (b) GIS payments for (i) 1986 (ii) 1991 (iii) 2001 (iv) 2011 (v) 2021 (vi) 2031?

Hon. Monique Bégin (Minister of National Health and Welfare): All figures in 1981 dollars.

(a)	(i)	1986—$ 6,609 million
	(ii)	1991—$ 7,516 million
	(iii)	2001—$ 8,609 million
	(iv)	2011—$ 9,765 million
	(v)	2021—$12,626 million
	(vi)	2031—$16,034 million

Note: Cost in constant dollars is directly proportional to growth in the over-65 population. The above figures and based upon Projection 4 in "Population Projection for Canada and the Provinces 1976-2001", Statistics Canada Catalogue 91-520 Occasional.

(b) (i) 1986—$2,347 million

(ii), (iii), (iv), (v) and (vi)—No projection available.

The guaranteed income supplement is an income tested program. Expenditures depend on the amount of income pensioners receive from other sources. Since this income may vary greatly over time due to alterations in economic growth, interest rates and interest income, personal savings, growth in other pension plans, etc., accurate cost projections for these years are not possible.

CANADIAN GOVERNMENT ANNUITIES

Question No. 3,297—**Mr. Dantzer:**

1. (a) How many individuals currently hold registered government annuities (b) what is the total amount of the annuities and what rate of interest is being earned?

2. Is it possible for an individual to remove his/her government annuity and place it in an annuity earning better rates of interest and, if not, for what reason?

3. Have actions been taken to ensure that each individual's request is handled in the most satisfactory method for that individual and, if so, what were such actions?

4. (a) On what date was the rate of interest on government annuities last changed (b) how many times since then has the rate of interest been reviewed and, of the last two times, what was the principal reason for not increasing the rate of return?

5. Are government annuities transferable to (a) government pension plans (b) provincial government pension plans (c) para-public pension plans, such as teachers' association plans (d) private pension plans and (i) if not, for what reason (ii) if so, for what reason?

6. If the transfer of government annuities was possible, would it improve an individual's pension and, if so, at whose cost?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): 1. (a) There are an estimated 228,931 individuals currently holding government annuities.

(b) On March 31, 1981, 264,270 contracts and group certificates were being administered by the Annuities Branch. Of these, 143,170 were under payment to nearly 118,500 annuitants who received a total of $92.2 million during the fiscal year 1980/81. The rate of interest is 7 per cent.

2. Yes, the branch automatically refunds the payments plus interest if the annuity is less than $10 per annum. Also, unless prohibited by a particular pension contract, the annuitant has the option of removing his/her annuity if it will be less than $120 per annum. Otherwise, section 10(1) of the Government Annuities Act and section 12 of the Government Annuities Improvement Act, forbid withdrawal by the annuitant. Section 17 of the government annuities regulations, however, permits group certificate holders who are now contributing to federal or provincial superannuation plans to transfer the value of their annuity to their new pension plan.

3. The Annuities Branch responds to requests and inquiries in accordance with the legislation and attempts to do so in the most efficient manner possible.

4. (a) The interest rate was last changed by the Government Annuities Improvement Act, assented to on December 20, 1975 but retroactive to April 1, 1975.

(b) The interest rate has been reviewed twice since 1975. In both cases, the government decided that no increase in the rate of return would be allowed. The reasons for the decision were explained to the House at the time (*Hansard,* at p. 2230 on June 18, 1980 and at pp. 10972 and 10973 on June 25, 1981).

5. As stated in the reply to question No. 2, only certain group annuity certificates are transferable.

(a) Yes

(b) Yes

(c) No

(d) No

(i) and (ii) All of the above are governed by section 17 of the government annuities regulations.

6. If the holder of a Canadian Government Annuity contract (or group certificate) could transfer the funds supporting that contract to another insurer, the value of the annuity to which he would then become intitled would depend upon the rate of return paid by the other insurer, the actuarial basis on which that insurer worked, and the number of years to maturity of the contract at the time of transfer. Depending upon the type of contract, it is possible, in present money market conditions, that the amount of annuity paid would increase.

Such transfers, were they to be allowed, would be charges to the government annuities account within the Consolidated Revenue Fund. At this time, the replacement of such funds would result in increased costs to the taxpayers of Canada.

CIDA JOINT VENTURES

Question No. 3,318—**Mr. Fretz:**

1. How many joint ventures of the Canadian International Development Agency's industrial co-operation project were entered into with (a) Canadian companies and, in each case, which company (b) state companies and, in each case, which company (c) individual countries and, by continent, which countries?

2. Since the beginning of the project, how many studies on trade and socio-economic conditions were conducted and, in each case (a) by which consulting firm (b) in which country?

Hon. Mark MacGuigan (Secretary of State for External Affairs):

1. (a) Twenty-eight.

Reliable Toy Limited
DU-AL Blocks Limited
McMillan Bloedel Limited
B.C. Packers Limited
Canada Wire and Cable/Les Câbles Canada
Microsystems International Limited
Inserven Canada Inc.
Récupération Val-Argent (RVA) Ltée
Connaught Laboratories Limited
Seajay Management Enterprises Limited
Crestwood Kitchens
Petro-Sun Inc. (Thermo-Solar Division)
Donson Engineering Limited
Carrhart Overseas Limited
Sabre Saw Chain Limited
King Grain Limited
Okanagan Helicopters Limited
Electrohome Limited/Limitée
Agrodev Canada Inc.
Seadev International Limited
Don Bere Limited
Canidad (International) Limited
Seacan Development Limited
Shawinigan Engineering Company Limited
Systemhouse Limited
Citra-Mix Limited
Dykins Industries Limited
Hargrave Security Service Canada Limited

(b) None.

(c) Twenty-two.

Africa	North and Central America
Cameroon	Argentina
Ivory Coast	Chile
Egypt	Guatemala
Kenya	Haiti
Morocco	Jamaica
Nigeria	Panama
	St. Kitts
Asia	Trinidad and Tobago
India	
Indonesia	
Iran	
Pakistan	
Philippines	
Malaysia	
Singapore	
Thailand	

2. Fourteen.

(a) Company	(b) Country
Dr. Michel Seruya	Bolivia/Ecuador
ICSG/MCS*	Indonesia

Order Paper Questions

Sores Inc. Egypt
Econotech Ltée Cameroon
Manitoba Institute of Management, Barbados
Johnson Lowe & Associates Limited, Zimbabwe
Econotech Ltée Morocco
Projecto International Inc., Gabon
Corere Consultants Limited, Mexico
Delcanda International Limited, Mexico
Delcanda International Limited, Mexico
Interimco International Inc., Mexico
Institutional Consultants (International) Limited, Mexico
Bureau de Transport—Montreal, Mexico
*ICSG— Industrial Cooperation Survey Group.
MCS— Montreal Engineering Company Limited, Canadian Pacific Consulting Services Limited, Swan Wooster Engineering Company Limited.

IMPORTATION OF EGGS FROM U.S.A.

Question No. 3,321—**Mr. Cossitt:**

1. To the knowledge of the government, are hundreds of cases of eggs coming into the Ottawa area each month from the state of Minnesota in the United States for sale to Ottawa area hospitals as well as certain other institutions and, if so (a) for what reason do eggs have to be imported from Minnesota when there has been a surplus of eggs in Canada in recent years (b) was this brought about by any regulations of the Canadian Egg Marketing Agency or by any other actions of the government?

2. Are egg distributors required to apply for import permits when surplus eggs are available in the immediate area and, if so, for what reason?

3. What is the retail cost in Canadian funds for a dozen eggs imported in this fashion at the time (a) this question is asked (b) the answer to this question is prepared?

4. Does the government consider this to be a ridiculous situation and, if so, will it take steps to remedy it?

Hon. E. F. Whelan (Minister of Agriculture): 1. Under the General Agreement on Tariffs and Trade (GATT), a certain traditional level of imports are allowed. This is established at .675 percent of last year's level of production. Egg imports are coming into Canada all year round. Traditionally, the volume rises with the increase in demand at Easter and Christmas. Supplementary permits will be issued to import more than the traditional amounts when it can be demonstrated that a Canadian supply is not available. The traditional import levels are about 200,000 boxes of 15 dozen with supplementaries raising this to 700,000 boxes during years of balanced supply. This year these imports are much lower, just over 200,000 boxes of 15 dozen to the end of October, 1981, which is about the minimum under GATT. Once the eggs have been received by the importer they lose visibility with respect to where they are marketed through the wholesale and retail chain. It is known, however, that some imported eggs are on sale in the Ottawa area.

2. No.

3. The retail costs associated with handling and processing eggs through the private sector wholesale-retail trade is not known. These areas of cost are not monitored under the supply management program for eggs.

4. The level of imports of eggs into Canada this year has been kept to the bare minimum under the GATT. No special action is required or possible by the government.

LANSDOWNE PORT OF ENTRY

Question No. 3,322—**Mr. Cossitt:**

1. Did Mr. Percy Jodoin, Director of Immigration at the port of Lansdowne, Ontario, retire in September, 1981 or thereabouts and, if so (a) is his position now vacant (b) will the position be filled and, if so, on what date?

2. Is the government considering placing immigration at the port of Lansdowne under one of the adjacent ports at Prescott, Ontario or at Kingston, Ontario and, if so, what would be the reasons for choosing (a) Prescott (b) Kingston?

3. (a) Is the government aware that the port falls within the united counties of Leeds and Grenville, a geographically historical district (b) would placing the port under Kingston, which is far outside the boundaries of Leeds-Grenville, mean the same level of service could not be provided as in the past?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): 1. Yes. Mr. Percy Jodoin, manager of the Canada Immigration Centre at Lansdowne retired in September, 1981.

(a) Yes.

(b) As part of its operational planning for 1982-83 and beyond, Ontario region is presently examining the organizational configuration of the Ottawa district in which the Lansdowne port of entry is located. A final recommendation has not yet been formulated.

2. See 1 (b) above.

3. (a) Yes.

(b) No; service to the public is always a prime consideration in resource allocation and operational planning.

COSTS OF DRUGS

Question No. 3,324—**Mr. Herbert:**

Was a study made of possible cost savings to the public resulting from the use of generic drugs and, if so, was the report made public?

Hon. Yvon Pinard (President of the Privy Council): Yes, a study was done by the Economic Council of Canada and published in May, 1981 as a technical report. The study is entitled: "Regulating the Price of Prescription Drugs in Canada: Compulsory Licensing, Product Selection, and Government Reimbursement Programmes", by Paul K. Gorecki.

PAYMENTS UNDER MUNICIPAL GRANTS ACT

Question No. 3,332—**Mr. Herbert:**

In each of the past five years, by province, what amount was paid under the Municipal Grants Act?

Hon. Paul J. Cosgrove (Minister of Public Works):

Federal Fiscal Years

PROVINCE	1976-77	1977-78	1978-79	1979-80	1980-81
	$	$	$	$	$
Newfoundland	661,641	1,041,466	1,764,752	1,483,197	1,677,583
Prince Edward Island	306,645	713,568	410,000	570,574	465,000
Nova Scotia	5,008,572	7,153,085	6,475,684	6,897,501	8,186,486
New Brunswick	3,398,646	4,750,000	4,606,975	4,562,247	6,915,000
Québec	16,891,272	23,737,817	35,995,319	26,594,134	34,570,989
Ontario	42,541,639	53,627,471	55,990,179	60,116,415	69,814,323
Manitoba	5,623,157	7,928,811	7,246,629	7,414,466	7,703,697
Saskatchewan	2,473,352	3,056,338	3,106,275	3,345,567	3,865,653
Alberta	5,708,658	7,007,370	8,508,473	8,331,145	8,219,637
British Columbia	8,858,273	13,069,507	11,295,346	13,064,399	12,678,815
Yukon	494,375	523,581	536,794	771,929	708,945
Northwest Territories	1,032,934	887,342	1,042,415	1,165,689	1,183,638
Totals	92,999,164	123,496,356	136,978,841	134,317,163	155,989,766

CIVILIAN SECURITY SERVICE

Question No. 3,373—**Mr. Cossitt:**

1. Under what authority did the government proceed with setting up a civilian security service to replace the RCMP security service before the McDonald commission report and its recommendations were debated in Parliament?

2. Is it government policy to make major changes in the operation of any department or service without the approval of Parliament and is this policy consistent with the democratic process and, if so, in what way?

Hon. Yvon Pinard (President of the Privy Council): 1. Although the government has decided to establish a civilian security-intelligence agency, it has not yet given effect to its decision. It has, on receipt and examination of the recommendations of the McDonald commission, accepted the recommendation that a civilian security service be established, and has set up a planning and transitional group to develop proposals for implementing the decision and to develop the necessary organizational and administrative arrangements. The government anticipates that the legislative proposals which will be submitted to Parliament in due course will give rise to constructive debate both in Parliament and among the public.

2. Not applicable (see reply to part 1).

FOOD AID TO THIRD WORLD COUNTRIES

Question No. 3,379—**Mr. Hnatyshyn:**

1. What was Canada's contribution to food aid for Third World and developing countries for (a) 1980 (b) the first six months of 1981?

2. To which countries were contributions made and, in each case (a) what food products were contributed and at what dollar value (b) what was the (i) administrative cost (ii) distribution cost (iii) value of the food product?

Hon. Mark MacGuigan (Secretary of State for External Affairs):

1. (a) FY 1980-81: $180,121,932.

(b) FY 1981-82: Food aid contributions are made on a fiscal year basis. Because separate memoranda of understanding must be negotiated with each country receiving bilateral food aid, shipments in the first six months of the fiscal year tend to be less than in the last six months. The approved food aid allocation for FY 1981-82 is $231.5 million. The actual amount shipped as of Oct. 1, 1981 was $104,538,062.59.

2. The first table outlines the recipients (bilateral, multilateral and Canadian NGOs), of food products and the dollar value of shipments made under the 1980-81 Canadian food aid program.

The second table outlines the proposed recipients and food products for the 1981-82 Canadian food aid program.

Administrative costs for the food aid program are covered in two ways:

(a) from the CIDA administrative vote—internal administrative costs for any particular program are not broken out;

(b) from the purchase cost of the commodity—food is purchased on a "free alongside" (FAS) basis. The cost per ton covers all administrative costs, including packaging and inland transportation costs to the dockside. The transportation cost covers all shipping charges (plus overseas inland transportation if needed) and the cost of superintending the loading and unloading.

FY 1980/81 Food Aid Program

Country or Program	Commodity	Cost of Commodity	Cost of Transportation	Total Cost
Bilateral Grant				
Ethiopia	Wheat	2,836,400	1,104,400	3,940,800
Mozambique	Wheat	1,044,630	435,467	1,480,097
Mozambique	Bulk corn	1,121,244	866,240	1,987,484
Somalia	Flour	2,145,728	698,728	2,844,456
Sudan	Flour	1,080,956	402,113	1,483,069
Tanzania	Wheat	2,251,758	722,881	2,974,639
Zimbabwe	Rapeseed oil	2,459,129	477,512	2,936,641
Bangladesh	Wheat	29,602,049	9,720,606	39,322,655
India	Rapeseed oil	2,217,424	746,895	2,964,319
Nepal	Cash grant			250,000
Mauritania	Wheat	790,608	206,110	996,718
Rwanda	Milk powder	651,564	298,817	950,381
Senegal	Wheat	1,385,770	478,095	1,863,865
Senegal	Corn	3,603,370	1,034,152	4,637,522
Zaire	Fish	2,274,300	212,296	2,486,596
Jamaica	Fish	2,486,393		2,486,393
Total Bilateral Program				73,805,635
Multilateral				
World Food Program	Various	83,843,048	10,000,000	93,843,048
United Nations Relief & Works Agency	Flour	2,507,297	994,051	3,501,348
International Emergency Food Reserve	Wheat (Senegal) Corn (Mali)	1,055,421 1,553,672	2,863,259	5,472,352
Total Multilateral Program				102,816,748
Special Programs				
Non-governmental organizations	Milk powder			1,999,549
Mennonite central committee food bank	Wheat			1,500,000
Total Special Programs				3,499,549
Total 1980/81 food aid program				180,121,932

Order Paper Questions

Country or Program	FY 1981/82 Food Aid Program Commodity	FY 1981/82 Allocation
Bilateral Grant		
Bangladesh	Wheat	$ 30.0 M
China	Wheat	2.0
India	Rapeseed Oil	9.0
Pakistan	Wheat	2.0
Sri Lanka	Wheat	6.0
Ethiopia	Wheat	5.0
Mozambique	Wheat	3.0
Somalia	Rapeseed Oil & Flour	5.0
Tanzania	Wheat	4.0
Kenya	Wheat	3.0
Uganda	Soy Oil & Skim Milk Powder	2.0
Mauritania	Skim Milk Powder	1.5
Mali	Corn	2.0
Rwanda	Flour	2.0
Senegal	Wheat	2.0
Sudan	Wheat	4.0
Upper Volta	Wheat Flour	2.0
Zaire	Fish	3.0
Nicaragua	Wheat	4.5
Peru	Wheat	2.5
Not yet allocated		0.5
Food sector strategies	N/A	1.0
Carryover charges from 1980/81 food aid program		0.5
Total Bilateral Program—Grant		$ 96.5 M
Multilateral		
World Food Program (WFP)	Non-grain (fish, vegetable oil skim milk powder, pulses)	15.0
	Grain (wheat, flour, corn)	72.0
	Cash (contribution to transportation)	10.0
Total WFP		97.0
UN Relief & Works Agency for Palestinian Refugees (UNRWA)	Wheat flour	4.5
Total multilateral program		$101.5 M
Special Programs		
Non-Governmental Organizations	Milk powder	2.0
Mennonite Central Committee Food Bank	Wheat	1.4
Reserve for Emergency Contributions	Various	0.1
Total Special Programs		$ 3.5 M
Additional funds to be allocated	Various	$ 30.0 M
Total FY 1981-82 food aid program		$231.5 M

INDEXING OF PUBLIC SERVICE PENSIONS

Question No. 3,459—**Mr. Herbert:**

1. On what date is the indexing of public service pensions operative?

2. What is the basis for the calculation of the indexing?

3. What is the percentage of indexing for 1982?

Mr. Norman Kelly (Parliamentary Secretary to President of the Treasury Board): 1. January 1 of each year.

2. The formula for the pension escalation is set out in the Supplementary Retirement Benefits Act. The pension increase payable to a retired public servant in any year is based on the ratio of the benefit index for that year to the benefit index for the year of retirement.

The benefit index for each year is, in turn, determined by multiplying the benefit index for the preceding year by the ratio of the pension index for that year to the pension index of the preceding year.

The pension index for any year is equal to the average of the consumer price index over the period from October to September of the previous year. Thus, the pension index for 1982 equals the average of the consumer price index from October, 1980 to September, 1981.

3. The percentage payable in 1982 to those who are already retired will be 12.2 per cent.

FORECASTS OF GROSS FEDERAL DEBT

Question No. 3,486—**Mr. Cossitt:**

1. Did the Department of Finance prepare forecasts of the size of the gross federal debt for the fiscal year (a) 1981-82 (b) 1982-83 (c) 1983-84 (d) 1984-85 (e) 1985-86 and, if so, what was it?

2. Did Table 1.2 of the document "Budget in More Detail" only provide estimates of the size of the net federal debt and, if so, for what reason?

Hon. Pierre Bussières (Minister of State (Finance)): 1 and 2. Net public debt is considered a more useful summary measure of government indebtedness; its increase reflects the budgetary deficit. The gross public debt is inherently subject to additional elements of variability. It is influenced by the specifics of the borrowing program which the government does not plan at a detailed level over the multi-year period of the budget plan.

NUMBER OF CIDA STAFF

Question No. 3,515—**Mr. Flis:**

1. How many staff work for the Canadian International Development Agency and how many work in (a) Ottawa (b) countries where the agency gives aid?

2. What are the total salaries for staff who work (a) in Ottawa (b) outside Canada?

Hon. Mark MacGuigan (Secretary of State for External Affairs): 1. For the fiscal year 1981-82, the Canadian International Development Agency has, as of November 30, 1981, a person-year authorization of 1,057 (which includes 11 person-years from the Office of the Comptroller General), as follows:

(a)	In Ottawa/Hull area	1,003
(b)	In countries where CIDA provides development assistance	54
		1,057

2. For the fiscal year 1981-82, salary costs (including overtime and other personnel costs) are estimated at $32,400,000, as follows:

(a)	In Ottawa/Hull area	$29,209,000
(b)	In countries where CIDA provides development assistance	3,191,000
		$32,400,000

STATEMENT OF MINISTER OF ENERGY, MINES AND RESOURCES

Question No. 3,550—**Mr. Cossitt:**

1. Did the Minister of Energy, Mines and Resources recently state "We have a little bit of a tendency in Canada just to run scared the moment some official says "Boo" in the United States"?

2. Was he enunciating government policy and, if so, on what date did the government arrive at such a policy and what are all the details?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): See reply to question No. 3,312 answered December 15, 1981.

Question No. 3,552—**Mr. Cossitt:**

1. Did the Minister of Energy, Mines and Resources recently state "We should not take to the woods every time somebody coughs in Washington"?

2. Was he enunciating government policy and, if so, on what date did the government arrive at such a policy and what are all the details?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): See reply to question No. 3,313 answered December 15, 1981.

* * *

QUESTIONS PASSED AS ORDERS FOR RETURNS

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if questions Nos. 2,665 and 2,779 could be made orders for returns, these returns would be tabled immediately.

[*Translation*]

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered. Does the House agree that questions Nos. 2665 and 2779 be made orders for returns?

Some hon. Members: Agreed.

[*Text*]

DOLLAR VALUE OF EXPORTS

Question No. 2,665—**Mr. Gilchrist:**

1. For each year 1970 to 1980, what was the dollar value of exports of (a) manufactured goods (b) resource exports?

2. For the same period, what was the net surplus or deficit over imported manufactured goods?

3. For the same period, what were the national productivity figures and the national plant capacity utilization figures?

Return tabled.

PERSONS EMPLOYED IN 1981 CENSUS IN LEEDS-GRENVILLE

Question No. 2,779—**Mr. Cossitt:**

What are the names and addresses of all persons employed in any capacity for the 1981 Census in the Constituency of Leeds-Grenville and, in each case, what was the amount of remuneration received?

Return tabled.

* * *

[*English*]

STARRED QUESTION

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, would you be so kind as to call starred question No. 3,471?

[*Text*]

*DVA HOME SUPPORT PROGRAM

Question No. 3,471—**Mr. McKenzie:**

As of November 23, 1981, how many (a) veterans (b) veterans in each province and territory receive care and/or benefits under the Department of Veterans Affairs home-support program?

[*English*]

Mr. John Campbell (Parliamentary Secretary to Minister of Veterans Affairs): Madam Speaker, the answer to the question, part (a), is 92; part (b), Newfoundland, 2; Prince Edward Island, 1; Nova Scotia, 11; New Brunswick, 2; Quebec, 1; Ontario, 20; Manitoba, 3; Saskatchewan, 3; Alberta, 10; Northwest Territories, 0; Yukon, 0; British Columbia, 39, for a total of 92.

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

Madam Speaker: Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Madam Speaker: It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Nepean-Carleton (Mr. Baker)—Housing—Projected rental increases in Ottawa region; the hon. member for Surrey-White

Rock-North Delta (Mr. Friesen)—Penitentiaries—Information on released prisoners given to Royal Canadian Mounted Police. (*b*) Nature of information; the hon. member for Burnaby (Mr. Robinson)—Administration of Justice—Request for inquiry into payment made to convicted murderer, Clifford Olson—Suggested recovery of funds.

GOVERNMENT ORDERS

[*English*]

CANAGREX ACT

MEASURE TO ESTABLISH

Hon. E. F. Whelan (Minister of Agriculture) moved that Bill C-85, to establish a corporation called Canagrex to promote, facilitate and engage in the export of agricultural and food products from Canada, be read the second time and referred to the Standing Committee on Agriculture.

He said: Mr. Speaker, in the Speech from the Throne opening this session of Parliament it was said that food and agriculture were going to be increasingly important to the Canadian economy in the 1980s. That forecast is certainly coming true, probably quicker than many of us realize. Food was a major item on the agenda of the Ottawa Summit last summer, the Commonwealth Conference in Melbourne, and the North-South Conference at Cancun. I have personally attended two major world conferences dealing with food recently—the ministerial meeting of the World Food Council in Novi Sad, Yugoslavia, in May, and the biennial conference of the United Nations Food and Agriculture Organization in Rome in November.

In one sense the introduction of this legislation into the chamber is the culmination of a dream I have had for a long time. Before coming to the House of Commons, the hon. member for Lambton-Middlesex (Mr. Ferguson) was a strong promoter of such an organization. It is no secret that I have pushed for a Crown corporation to promote agricultural exports at every opportunity. I am sure that many other hon. members in the House share that dream, and I am confident that the legislation will not run into any roadblocks along the way. However, in another sense this is just the beginning. Getting Canagrex established and at work on behalf of the Canadian agri-food industry is merely the first step along the road to improving Canada's very important food trade picture. Canada needs such a corporation, and I am convinced that a few years down the road we will look back and wonder how we got along without it for so long.

Canada is a trading nation. Our livelihood depends upon it. That was emphasized in the chamber recently when we passed the Meat Import Act. It is re-emphasized by the enthusiasm of all hon. members every time a new sale of grains or oilseeds is announced. Matters affecting international trade probably take up more time in the House than any other single item. The importance of trade was stressed in the recent cabinet reorganization announced by the Prime Minister (Mr. Trudeau). The fact that all parties co-operated to allow unanimous approval to introduce the Canagrex bill for first reading before Christmas is further evidence of the high priority we all accord to trade policies and programs.

A number of Canadian companies and agencies have worked successfully in the international marketplace; the Canadian Wheat Board and the Canadian Dairy Commission, for example. Several provincial hog boards have moved aggressively in the export field. About 20 per cent of the nation's pork production has been exported in recent years. In 1980 we shipped 166 million pounds of pork to the United States of America and 70.2 million pounds to Japan. Canada was the largest single supplier of pork to Japan in 1980. The Ontario Bean Producers Marketing Board and the British Columbia Tree Fruit Marketing Board are other examples of organizations which have successfully developed export markets. All those agencies and companies which have successfully marketed Canadian agriculture and food products in the past are to be congratulated. They are doing a good job for Canada. Together they exported $7.8 billion worth of products and earned Canada an agricultural trade surplus of $2.7 billion in 1980. The final figures are not in yet, but agricultural exports in 1981 are expected to exceed imports by between $2.5 billion and $2.75 billion. Hardly any other nation in the world can make the claim that it has a net trade balance in food; Canada is one of them.

However, we produce a great variety of food in the country which is not being offered aggressively in the international marketplace. It is fair to say that Canadians still do a better job at production than at sales. When it comes to food that is ready to eat, processed food, as opposed to agricultural products, we are in a trade deficit position of some $300 million. Some people put it much higher, but surely to goodness they do not expect us to produce grapefruit, oranges, bananas, spices, etc.

Mr. Epp: I thought you did.

Mr. Whelan: Manitoba is probably doing better than the hon. member realizes. He probably does not realize what is going on around him. Turning that deficit around is one of the jobs I and many other people who supported the principle of Canagrex see that organization accomplishing. Many of the food manufacturing firms and commodity marketing boards are small and are unfamiliar with the complexities of the international marketplace. For them Canagrex can serve as a source of expert advice. Even more than that, it can become a partner, helping to arrange financing and sharing the risk in joint ventures. In some cases, where opportunity exists and is not being exploited, Canagrex may act on its own to buy and sell agricultural and food products.

• (1750)

Another area where I see Canagrex playing an important role, Mr. Speaker, is in the government to government trade

deals which are becoming more and more common, particularly as the Third World and socialist bloc countries become more involved in world trade. Many of those countries handle all their trade through state-trading agencies. They prefer to deal with Canada through a central agency. Even those countries not considered poor, such as the OPEC members, have no hope of being self-sufficient in food in the near future, so they will be in the market for high quality food products for many years to come. They have made no secret about their desire to deal directly with us, and no secret about their unwillingness to deal with some of the huge multinationals.

An example of that occurred last February when Canada signed the $100 million long-term trade deal with Mexico. The state agency handling the sale for Mexico was Conasupo, an agency which has existed for at least ten years, with powers that possibly Canagrex does not have but which were necessary in that country to provide food for about 25 million people in the lower-income or poverty class at reasonable prices. In the future such deals might be handled with Canagrex acting as the umbrella organization for Canadian firms dealing with Conasupo.

Canagrex will have the dual role, Mr. Speaker, of promoting Canadian goods abroad and of promoting within Canada the importance of trade. One problem that Canada has had in the international market is a tendency on the part of some producer organizations to think of export markets as a way of getting rid of surpluses. It is not uncommon to hear it said in government circles and other places that we should perhaps have special legislation just to sell surpluses. However, Mr. Speaker, the one thing we have to remember is that people do not eat just when we have surpluses; they eat 365 days a year. It therefore follows that there should be long-term contracts to guarantee them a steady supply of high quality Canadian food products. I would suggest a minimum term of five years, possibly even longer, ten or 15 years, similar to coal contracts in Alberta or British Columbia. Some of those coal contracts run for 15 years, which is a form of supply-management if I ever saw one. In these contracts their cost increases are guaranteed, and they start negotiating several years before their contracts run out so they can phase out their production. I asked them why they did this and they said that because of the tremendous capital invested they could not operate in any other way.

So, Mr. Speaker, when one measures the tremendous capital the agricultural industry has invested here in Canada, the individual farmer's investment in land and equipment, it is obvious that the investment has to be utilized.

As I said earlier here today, agriculture with its associated industries is the biggest employer in Canada. Let no one forget that: the biggest single employer. What we are saying with Canagrex is that we can make it an even bigger and more important one. Canada would not be able to establish, for instance, the kind of market we want if we are just going to sell when we have surpluses. I have seen it so often, as a minister, as a backbencher and before that in farm organizations when everyone was striving to make a fast buck with a quick sale of a surplus product somewhere in the world. We have looked for an export market when we had a surplus to dispose of, and ignored it when the domestic market was large enough to handle all our production.

Canada will not be able to establish itself as a serious trading nation with such an attitude. Countries interested in buying Canadian produce will be looking for continuity of supply and that is what we want, because it will mean Canadian producers will have a steady market and a steady income, which is what most of the farmers that I talk to want. I know that if we offer that kind of incentive to the farmers, all you will have to do, Mr. Speaker, is just watch them go.

As I said last February when the cabinet first gave approval to the idea of Canagrex, the agency's job will be to increase the volume and variety of sales of Canadian agricultural and food products. That will mean increased income for farmers and a shot in the arm for the whole economy. It will not be wasting time as we have done in the House today, because Canagrex cannot work if we are going to have that kind of operation.

Mr. Baker (Nepean-Carleton): That was by the NDP.

Mr. Whelan: Agricultural exports are vital to the prosperity of the Canadian food and agriculture sector. Traditionally, agricultural exports have made up 40 to 45 per cent of farm cash receipts. Practically no other country is as dependent on exports as we are.

Canagrex will help to expand Canadian food production and processing, and this will provide many new jobs in an industry which is already one of the nation's largest employers, if not the largest.

As you can see from the legislation, Canagrex will run a tight ship. It will not be a big bureaucracy, as some people have suggested. It will be run by a board of 11 directors reporting to the Minister of Agriculture, seven of whom will be appointed from outside the federal public service, and they will be well qualified to deal in agricultural trade matters.

There will also be a policy advisory committee made up of representatives from provincial governments, the business community and farm organizations which will advise me on all matters associated with market development strategy. The working officers will be a president and two vice-presidents who will be hired to administer Canagrex under the direction of the board of directors.

Hon. members will recognize that to be fully effective and to achieve its objection of reinforcing the export capabilities of the food and agricultural sector, the corporation must have wide-ranging powers. These include the ability to make contracts, enter into joint ventures, provide grants and contributions, give loans and guarantees, hold property and, if necessary, purchase, process, package and export food products. It will be able to charge for its services, and the projects it undertakes are expected to be economically viable.

The bill also provides for Canagrex to be funded annually from money appropriated by Parliament. It will not engage in paying direct subsidies on a product to either producers or processors, nor will it deal in products under the control of the Canadian Wheat Board or the Canadian Dairy Commission unless it is invited to do so. In that way, Mr. Speaker, it will not duplicate the efforts of other Crown agencies.

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

The Acting Speaker (Mr. Ethier): Order, please. It being six o'clock, I do now leave the chair until eight o'clock this evening.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

Mr. Whelan: As I was saying when we adjourned at six o'clock, Mr. Speaker, Canagrex must have wide-ranging powers to enable it to do the job we want it to do. That includes the ability to make contracts, enter into joint ventures, provide grants and contributions, give loans and guarantees, hold property and, if necessary, purchase, process, package and export food products. Canagrex will be able to charge for its services, and the projects it will undertake are expected to be economically viable.

The bill also provides for Canagrex to be funded annually from money appropriated by Parliament. It will not engage in paying direct subsidies on a product to either producers or processors, nor will it deal in products under the control of the Canadian Wheat Board or the Canadian Dairy Commission unless invited to do so. That is to avoid duplication of the efforts of other Crown agencies.

Canagrex will co-operate with and use existing programs and activities of the federal government wherever appropriate. I will report annually to Parliament on the operations of Canagrex and will table a summary of its annual capital budget.

This bill, Mr. Speaker, breaks new ground in that it requires the management of Canagrex to prepare annually a three-year corporate plan spelling out its proposed activities.

I have spent a lot of time, Mr. Speaker, these past few months discussing with the agriculture and food sector a long-term strategy for the development of an agri-food industry that will keep Canada in the lead in this industry for the remainder of this century. It is an exciting prospect, one which has generated a lot of interest among all sectors of the industry in Canada, from primary producer to consumer.

From the very beginning I have emphasized—and the agri-food strategy document, "Challenge for Growth", repeats this—that market development is the spark which will give life to the strategy. It must be clear to everyone that production without a market is not only a waste of food but is an invitation to financial ruin for the producer.

We cannot just produce and pile it up and hope to God that someone is going to buy it at a fair price. Too often in the past we have seen farmers produce a big crop of an excellent quality product, whether it be from the fields or in the livestock industry, only to sell it in the world market below the cost of production. That is what is happening in the red meat industry in Canada today. Some of this product is going to countries which can well afford to pay a decent price, countries such as the United States of America and Japan. Some of it is going to other countries such as the U.S.S.R. where they can send people into space but cannot feed themselves. There is no reason in the world why we should subsidize them simply because we are efficient and produce surplus only to sell it into their markets below the cost of production. I sometimes wonder why farmers would ever want to produce anything under those circumstances.

So, Mr. Speaker, Canagrex is a very important part of the agri-food strategy because it is one of the ways by which we will achieve market development on which the industry's future depends. In fact, I am convinced we will not be able to open up the necessary markets for food which Canada is ideally situated to supply unless we have a Crown corporation such as Canagrex to represent Canada in the world market place.

• (2010)

I know I can count on the support of this chamber to give swift approval to this bill so that we can take this next important step in the development of the agriculture and food industry. I know I can count on members of the opposition to make short, precise and constructive speeches. Perhaps we can even pass the bill in its entirety this evening, give it second and third reading, and away we go! We can have it in operation, and our farmers could be signing contracts before spring begins.

Some hon. Members: Hear, hear!

Hon. John Wise (Elgin): Mr. Speaker, I certainly welcome this opportunity to enter the debate this evening following the Minister of Agriculture (Mr. Whelan). I welcome the opportunity to make some comments on Bill C-85 which, of course, establishes the Crown corporation of Canagrex. I welcome it because it is at least an indication that this government at long last is showing some interest, for the time being, in the promotion of agriculture or the sale of agricultural products. I wonder why it took some ten months, from February to December, to prepare this legislation when farm organizations and farm leaders have been requesting this type of scheme for at least five or six years. I can recall my first introduction to the Canagrex concept when it was brought to the attention of our caucus back in 1973. The minister may doubt this, but it was brought to our attention back in 1973 by my colleague, the hon. member who still represents the riding of Swift Current-Maple Creek (Mr. Hamilton).

However, as we are aware, on February 20, 1981, nearly a year ago, the Minister of Agriculture announced that the cabinet had given approval for the establishment of the agriculture export corporation, Canagrex. As the minister said, "Cabinet has given the green light for the creation of Canagrex". It was announced on February 20, 1981. If it took ten months for the green light, then it is no wonder that the workings of this government have been compared to a traffic jam, because we know that there is a great deal of commotion and a great deal of horn sounding in a traffic jam, but there is virtually little or no forward movement. However, this is really the history and the record of this government, particularly when it comes to dealing with the agricultural industry, which is the most important and most vital industry not only in Canada but of course in other countries as well.

It should also be noted that even the February 20 announcement came one year after the 1980 election, and in that campaign Canagrex formed a very integral and important part of the Liberal Party's agricultural platform. If this government had acted upon this promise a year and a half ago and had given priority to increasing agricultural exports, then our agricultural industry might not be experiencing the same severe economic distress which plagues it today.

The rationale given for Canagrex is that many of Canada's smaller agri-businesses and farm organizations lack the expertise, knowledge and indeed the financial resources to be aggressive and effective as export marketers. Canagrex would, therefore, become directly involved in joint ventures with agricultural exporters by providing loans and guarantees.

Certainly, priority must be given to increasing our agricultural exports. I am sure the minister is very much aware of this. Although Canada has traditionally had a food trade surplus, this surplus has largely been an illusion. It is dependent on the variations of the world grain market and the world grain trade. However, when grain sales are removed or omitted from our agricultural trade calculations, we find that Canada has been suffering from an even worsening food trade deficit. This deficit has increased from an average of about $449 billion some 12 years ago in 1970, to a deficit of $1.9 billion in 1979.

We must work very hard and diligently to reduce this deficit. Increasing our agricultural exports, of course, is one way; decreasing our imports of food which can be successfully and economically grown here in Canada is naturally another. It is estimated that Canada imports about $3 billion worth of agricultural products which could be grown here in Canada, products such as apples, fresh vegetables, oil seeds, soybeans, and oats for milling and breakfast cereal, to name but a few. The government must develop new policies which will encourage import replacement.

I know that there are a great many pros and cons to an agricultural export corporation. I am anxious that the merits of Canagrex be fully discussed in committee. In committee and indeed during debate in the House, my colleagues and I will try to find out whether Canagrex is the best method of increasing our agricultural exports.

One of the major problems facing Canagrex will be its effectiveness in views of its very limited budget and staff. In his original proposal, the Minister of Agriculture set out what he thought should be the minimum standards of Canagrex. These minimum standards consisted of a budget of $62.3 million and a staff of between 125 and 175 people. These figures were taken from the minister's announcement. I would say that today we are a little short on funds and long on staff. However, as with so many of the minister's proposals, he failed to manoeuvre these minimum standards which he had established on February 20, 1981, through cabinet. In his February 20 statement, the minister reported that cabinet had approved a budget for Canagrex, not one of $62 million but rather one of $12.3 million, that is $50 million less than what the minister thought was necessary, and that this money had to be spread over a period of three years. Therefore, on an annual basis for the next three years, provided the bill receives approval, the corporation will receive a budget, not of $62.3 million but rather of $4.1 million.

Concerning staffing, the cabinet approved a staff of 12. Again that amounts to 163 people fewer than what the minister set out in his minimum standards. I suppose that if we wanted to be critical of the minister and, after all, he is the Minister of Agriculture and must assume and accept the responsibilities, we could say that at least the minister continues to be successful at failing to get whatever measures he wants through the cabinet intact.

However, with these massive reductions from the minister's own personal assessment of minimum standards for Canagrex, I wonder whether the corporation will be able to perform adequately the role laid out for it in Bill C-85. Again, in committee, my colleagues and I will want to know whether Canagrex might not serve a more useful purpose by being part of the minister's own department, by being a division within Agriculture Canada, rather than another Crown corporation. I do not know. I suppose it would be a fair question to ask the minister if he could tell me now just how many Crown corporations are owned by the government. I know there has been some difficulty in the past with one minister saying there are 185 Crown corporations and someone else contradicting him. If Canagrex receives approval, I just wonder how many Crown corporations will fall under the jurisdiction of the government.

We will also want to be very careful that Canagrex does not repeat the marketing miscalculations of the Canadian Dairy Commission, because David Kates, the deputy chairman of the Public Service Staff Relations Board, and Mr. Justice Hugh Gibson of the federal court of Canada have found, in two separate reports, that there is almost no limit to the potential for ill-advised government intervention for which there is practically no mechanism for accountability. That is a pretty damning statement. The Canadian Dairy Commission has done an excellent job for producers and consumers over the years and has been very effective in the export market field. These revelations could hardly come at a worse time. With the federal government's dairy policy review hanging over the

heads of Canadian dairy farmers, it could add powerful ammunition to those people in the bureaucracy and those in Treasury Board. Because of the delay, I am convinced there must be some reluctance on the part of some cabinet colleagues of the Minister of Agriculture. They must be opposing the national dairy policy. We have to see what cabinet did to the Canagrex budget and staff. If this same mentality or feeling applies, I hate to think what it could do to the national dairy policy.

• (2020)

If Canagrex is to be enacted, we have to make sure the government has learned from its mistakes. Bill C-85 must not contain provisions which will allow for the abuse of intervention and the abuse of power.

There are other questions regarding Canagrex which have to be answered. It is appropriate that a number of questions be raised, questions such as the role of Canagrex in the Canadian export business. Will it act in support of or in competition with existing Canadian exporters? There will be the determination of how to allocate a sale. If a market is found for a particular commodity or product, who determines the sale and which company or farm group is given the opportunity to supply the goods?

How do we ensure the board of directors of Canagrex is composed of qualified people? These people are not around the country in great numbers. It is extremely important that we secure well-qualified people, people who are ready to work and are capable of taking appropriate action, and not just create another government body which the government can utilize as an opportunity to pass out some political patronage.

Mr. Whelan: Lord save us from that.

Mr. Wise: The reporting relationship with Agriculture Canada is extremely important. As I indicated earlier, our concept of Canagrex is that it would not necessarily be a Crown corporation, although there may be some problems associated with that.

There is also the reporting relationship with Industry, Trade and Commerce. I could probably add External Affairs when we are dealing in the export market. Canagrex will have a very limited staff. Therefore, co-operation among these three departments will be extremely important.

Canagrex will by necessity be dependent upon the co-operation of these three departments. As a result, we must examine the willingness of these departments to co-operate and share their resources with Canagrex. The minister did not indicate this, but perhaps others who follow him will. I understand a number of his colleagues want to comment on Canagrex. Perhaps they will answer the question of how it will fit in with the latest reorganization that has taken place between Industry, Trade and Commerce and External Affairs.

There is also the question of whether there ought to be a separate Crown corpporation to look after agricultural exports or whether this body, as I indicated, might well do the job being a branch or division within the minister's department, Agriculture Canada.

I would have thought the government might have tried to improve other more basic needs of agricultural exports in the absence of the corporation. One of these basic needs, of course, is the dissemination of information and material. It has always amazed me that a country such as Canada which has 115 embassies and trade offices or consulates abroad has an agriculturalist specialist on staff in only ten. Of these ten, only one is in a Third World country, India, despite the fact that in 1980 nearly 25 per cent of our agricultural exports went to the Third World.

Because of the low representation abroad, Canadian exporters have suffered when it came to finding and defining export opportunities. It is extremely difficult for a person not completely familiar with the fundamentals of agriculture to assess the agricultural needs of a foreign country and to be aware of whether Canadian firms can supply these services or products.

The government can also encourage exporters through information availability. I am aware that Agriculture Canada has sponsored several seminars for agricultural exporters, people in the agri-food industry, and the bankers. These seminars should provide an opportunity for exporters to learn more about sources of financing, export credit, insurance services and market information.

I hope the minister will make certain that these export seminars continue, that they will involve a broad cross-section of agricultural producers and that they will be held in all regions of this country.

I hope that Bill C-85 does not mark the end of this government's attention to agriculture. It has always seemed that this government can only find the time to deal with one major agricultural bill per year. Last year, 1981, it was the meat import law. This year, 1982, it is Canagrex. Canadian agriculture deserves better priority and attention than it has received from this government. The agricultural industry is suffering deeply as a result of this government's high interest rate policy. The latest is the devastating budget that the minister's colleague brought forward on November 12 which adversely affects farmers.

Where are the government measures designed to deal with this economic crisis? Where is the long-promised legislation which would allow the Farm Credit Corporation to borrow supplementary funds from the private marketplace? The Minister of Agriculture has been promising such legislation for over a year. I am being fairly complimentary when I say a year. On second thought, it might be as many as five years.

If such legislation had been enacted last year or a couple of years ago, many Canadian farmers might still be in business today. Last year, 261 farmers declared bankruptcy. Untold hundreds more were forced out of business through foreclosures and forced sales. These heavy losses are a real threat to our future food security. The government should be doing its utmost to reverse this very serious trend.

Unfortunately, the government has done virtually nothing. In fact, it has helped to make matters worse by bringing down one of the most disastrous budgets on record. The budget and its many changes have again demonstrated that this government simply does not know what it is doing. On the one hand there is the Minister of Agriculture encouraging farmers to stay in business for the good of Canada and Canadians. On the other hand, the Minister of Finance (Mr. MacEachen) which penalizes very seriously the retirement income of farmers who have worked a lifetime providing the food requirements for Canadians and many other hundreds of thousands of people beyond our borders. The Minister of Finance brought in a budget making unfair tax changes to the income-averaging annuity contracts and to the capital gains tax reserves. Also, the Minister of Agriculture, prior to the budget, kept telling farm group after farm group that meaningful economic assistance would be forthcoming in the budget.

• (2030)

Does the minister actually believe that an extra $50 million in the Farm Credit Corporation is really of assistance, especially when the estimates of the basic need for the Farm Credit Corporation has been calculated to be between $500 million and $1 billion? In fact, $45 million of that $50 million will be paid back fully in principal and interest. Does the minister actually believe that the cancellation of the Small Business Development Bond Program at the end of this year, except for those in dire straits, is beneficial to Canadian agriculture? I would hope not.

It is obvious that the minister does not understand the financial crisis facing Canadian agriculture today. He obviously does not have the necessary input and clout and influence in cabinet to secure the necessary programs and policies to cope with the current situation in the agricultural industry today. Rather than dealing with a piece of legislation which would offer immediate help and hope to Canadian farmers, we are dealing with legislation creating a new Crown corporation, a corporation which in the short term will benefit mainly its chairman in the form of a suggested salary of between $100,000 and $200,000. However, the long-term benefits will not accrue to farmers until several years later.

I heard the minister make a comment on that, but these are the rumours and I raise them. I am sure that other speakers will raise them.

Mr. Whelan: Grocery product manufacturers pay their manager $120,000.

Mr. Wise: Therefore, we should be dealing with legislation which will help Canadian agriculture immediately. There should be legislation for an immediate moratorium on farm bankruptcies, foreclosures and forced sales, in order to prevent 48-hour auction sales, to stop the sale of productive assets, to eliminate the sale of valuable livestock at slaughterhouse prices and to give the necessary time for governments to put into place effective and meaningful programs and policies for the survival and indeed for the recovery of the agricultural industry. We should be amending the Farm Credit Corporation legislation so as to allow it to borrow funds from the private marketplace.

Mr. Whelan: We will on Wednesday.

Mr. Wise: We will not on Wednesday.

Mr. Whelan: Why?

Mr. Wise: I think it is very obvious.

Rather than the tax disincentives in the budget, the Minister of Agriculture should have been able to convince his colleague, the Minister of Finance, to implement the agri-bound concept. This would give farmers access to money at interest rates below prime. The cost to the public treasury would be extremely small and the benefits to the farm community would be immense.

Understandably, the farm community today is absolutely convinced that this government does not care about the agricultural industry. Not only does the agricultural industry need adequate financial support today, it also needs support through a meaningful piece of legislation. The Minister of Agriculture would certainly do well to give serious consideration to the proposal of the Ontario Federation of Agriculture to set up a market risk insurance plan which would involve a three-way participation among the two levels of government and the producer.

Another area which could be dealt with would be an upgrading of the V-day values for the capital gains tax. The minister should be familiar with this suggestion because this has been a long-time election promise by his government, a promise which is always ignored shortly after the election campaign is over.

The minister has promised time and time again to the agricultural community to update the valuation day values of the present day from 1971 to 1974 values. I suggest that a far better solution to deal with capital gains would be a once-in-a-lifetime exemption from the sale of a farm by a bona fide farmer.

We could also be dealing with legislation with respect to rebates on fuels used for food production. Given the increases in the energy prices, a total exemption of tax would be appropriate and would indeed benefit all segments of the agri-food industry. Producers, processors, distributors and indeed 24 million Canadians would benefit from that type of legislation.

It is interesting to note that the price of gasoline has increased by approximately 75 cents a gallon since we received the message that, upon election, the government would keep fuel prices down. Of that 75 cents, 36 cents is taken out in tax alone, which works out to about twice as much as 18 cents.

Measures could be implemented to help market returns, because many of today's producers are suffering from a severe cost price squeeze. At the same time, because of the lack of advertising, promotion and public information, many Canadian consumers are willing to pay about $1.50 for a head of

grade D imported lettuce. Surely these consumers would be willing to pay a little more for a grade A Canadian product. However, because of the twisted priorities of this government, we do not have any of these worth-while measures to deal with. We can only debate the merits of Canagrex, another Crown corporation to which it is rumoured the present Minister of Agriculture might be heading once it is established. If that rumour is true, Mr. Speaker, I can understand why so many people are so eager to have this legislation passed so quickly. Maybe there is another thought in the back of the minister's mind to account for the fact that he is extremely anxious that this bill actually pass tonight and not on Wednesday.

Mr. Whelan: I might even be thinking about giving you a job.

Mr. Wise: I appreciate the minister's comment. However, there are other questions which we will be asking throughout the debate and more particularly throughout the committee stage. We want to be assured of accountability and control. We want to have some indication as to the possible intentions the government might have with regard to who might serve on the board of directors, whom they might have in mind to take on the position of president and chairman.

We want to discuss to some degree the salaries, expenses and superannuation and we would be quite willing to talk about some of these issues in an in camera session of the standing committee. It is possible because it has been done before with regard to the beef import law. I think we achieved some measure of success because of the fact that there was an offer and a willingness on the part of the minister to convey some of this information to us in an in camera session.

The minister has indicated that he would be making a report to Parliament on the progress of Canagrex. That is fine, but it is really not good enough. We would like to see the minister not only table the report from Canagrex on an annual basis but have the report automatically referred to committee. If Canagrex is formed, we are anxious to see it operate successfully and to ensure that it does indeed increase the export sale of Canadian agricultural products. However, if it does not perform adequately, we want to know about it. We can only know about it if the annual report is referred to committee, thus allowing us to cross examine the officials of Canagrex during committee hearings.

We would also like to see a sunset clause provided in this legislation which would allow a Crown corporation to receive a mandate for a further five years if it is doing an effective job. I believe there are some 200 Crown corporations in Canada, many of which could be wound down. It would be no loss to the Canadian taxpayer, and in fact it would probably be a tax saving.

As I have indicated, the message is that we certainly accept the concept of conditional or qualified support. I have raised some questions. Others will be raised by my colleagues in the debate. Yet other questions will be put forward in committee, and the government must be able to provide answers to those questions and must be able to convince the members of the committee of the necessity of a separate Crown corporation to support agricultural products.

• (2040)

I will just close my remarks by saying that if this can be done and if it is not possible to perform this function having Canagrex as a division within Agriculture Canada or within the Department of Industry, Trade and Commerce—I am interested only in increasing export sales—and if we can be satisfied about some other matters which will be raised, I am certain Canagrex will receive some support.

Mr. Vic Althouse (Humboldt-Lake Centre): Mr. Speaker, I am pleased to rise to speak on this particular piece of legislation. It has been a long time since it was announced. We in this corner of the House are basically optimistic about the legislation in the same way, I suppose, farmers are optimistic when they go out to seed new crops. We do not see very much description as to what will be brought about here, but we think that the concept and the idea has some possibilities. We do, however, have a number of questions, and we will be raising them in the next few days and in committee.

The farm community too has waited a long time for this legislation. The minister has talked about it and talked about it. It was announced back in February of last year. The bill was finally printed and before us just a few weeks before this session was interrupted for the Christmas break. We appreciate the minister's comments in his speech this evening pleading for speedy passage, but given the fact that this has been coming for lo this past year at least and being cognizant of the remarks of the hon. member for Elgin (Mr. Wise), who pointed out that this legislation has had a much longer gestation period even than that, I think a few more days of careful discussion and consideration can help rather than hinder the plan behind this legislation.

We agree that there are special needs for some agricultural exports which will require the full-time attention and practical knowledge of people involved in the process at all times. My limited experience in the marketing of agricultural products with the Saskatchewan Hog Marketing Commission and the Canadian Wheat Board advisory committee tells me that this is a very important role, and it is very important that it be fullfilled correctly and properly. I do not agree with some critics of this type of marketing that it cannot play a useful role.

I have some questions about the functions of Canagrex which I will be raising here and in the committee, but the concept itself is one which deserves further attention and deserves developing.

I realize that some people in the industry think that the Department of Industry, Trade and Commerce should be carrying out these kinds of duties through its commercial counsellors, and indeed some of the job of selling Canadian agricultural products can be carried out that way—and is—but during the Christmas break the Department of Industry, Trade and Commerce underwent a revamping. There is a not

too well understood combining of the Department of Industry, Trade and Commerce with foreign affairs postings. This probably leaves even more room for Canagrex to function on the world stage, with the assistance and full co-operation of commercial counsellors in Canadian embassies and trade offices.

We do see that there will be some difficulties for Canagrex. If I were to make a short list of the kinds of products Canagrex is likely to be handling—products which have a potential for further exports—a short list not ranked by priority or anything, it would include pork, potatoes, higher grade beef cuts—a form of boxed beef—specialized products such as lentils, fababeans, mustard, fescue for grass seed, fresh peas, fresh beans, dried peas, dried beans and other vegetables for the frozen trade. In particular, root vegetables are something we produce quite competitively. Also, we see some possibilities for apples and apple products, and given some slight change in the world economic climate, we think there is a potential for poultry products, including chicks and breeding stock, as well as some opportunity for increases in semen sales.

When we look at that list, the job Canagrex has outlined for itself, the budget it has to operate under and the guidelines which are probable and likely, we conclude that Canagrex's first job is—perhaps unfortunately—likely to be to plump for the development of some of these smaller volume products. I say that from my limited experience with pork producers, for instance, which I think some of the drafters of Canagrex had hoped would be one of its first customers, there are some problems to overcome with the marketing of pork which perhaps some of the weaker, less developed commodities will not have, simply because their producers have not been established long enough to develop them. Pork producers have developed a series of marketing agencies in the provinces. In addition to that, all of the packing houses in this country have very sizeable pork departments, and they strive to export pork. In short, when export buyers are interested in Canadian pork or show some interest in Canadian pork, there is a multitude of potential sellers knocking at their door attempting to sell them that commodity. In an ideal world, if we could go to those countries with just one agency—one seller—it would be to the advantage of Canadian producers, Canadian processors and the whole pork industry. However, in the competitive climate we have set up in this country, that will be very, very difficult to carry out. The directors, managing directors and the chief executive officer of Canagrex will not only have to be very good salesmen and know the international market, but the organization will also have to have an ability to bring together the various sectors, organizations and groups within the country if they are to be able to guarantee a product.

I think that is one of the basic problems Canagrex will have. It may be successful in bringing together a group of people who are very good at exporting and making contacts in the export trade for agricultural products, but the back-up—the integrated production to consumer chain of command, so to speak—which is there in some of the one-desk selling agencies such as the Canadian Wheat Board and the Canadian Dairy Commission will be lacking in Canagrex. I think this is one of its shortcomings, by virtue of the fact that it is a voluntary organization and will be able to function only as well as its ability to bring the various sectors of the industry together.

• (2050)

I think we should take a moment or two to analyse how difficult this job will be and the position that Canagrex will find itself in. How is a brand new organization to break into, say, the Japanese market for pork almost overnight when we already have eight or nine in total, and certainly four or five, very large meat processing companies attempting, and some succeeding, to break into that market every month of the year? Are those processing plants going to give up their access to the Japanese market and stand aside for Canagrex? I doubt that, Mr. Speaker. They do not stand aside for some pork marketing boards in this country or for anyone else. In the process of trying to break into the market, will Canagrex not have to do the same thing as some provincial boards and some processing plants have had to do, that is, offer a better deal, a lower price and, we hope, a better product? How are they to do that and still bring benefit to Canadian producers? That is a conundrum that will have to be solved in the agricultural committee. I think it should be solved before Canagrex is struck.

I realize that the 11 board members set their own terms of reference, so to speak, and set their own marketing program on a three-year basis, but there must be some kind of guideline if they are to do an intelligent job. I do not see any immediate advantage unless further back-up is provided and further assistance is granted to help them break into the larger markets with commodities such as pork. That is too bad, Mr. Speaker. It is my understanding that one of the trump cards for touting Canagrex in this country is to help sell important products like pork. As I understand this legislation, that is not likely to happen.

We know from the description of Canagrex that was presented by the minister and from papers which were introduced prior to the presentation of Canagrex in the form of a bill, that it is supposed to have the power to intervene in the market where needed or desired in order to purchase, process or sell products. I congratulate the minister and the government for leaving these powers in the bill in face of the criticisms made by the Canadian meat council, as I believe it is called. The government and members of the House, however, should be conscious of the fact that the ability to intervene at any stage and make purchases at any stage in the production through processing, still means that it has to be done in competition with the processors and, in some cases, with the marketing boards. It will sometimes be very difficult for the producers to see that they have gained any advantage, because in order to compete they will probably be bidding the price down rather than raising it and thus ensuring that the total efforts of the industry are consolidated, which I think was the intention in the first place.

An hon. Member: How is competition going to lower the price?

Mr. Althouse: My friend asks how competition is going to lower the price. Competition always lowers the price in an export market when the buyer is able to shop around. If pork is available from eight or ten different sources, the Japanese will buy it from the cheapest source. Those who have supplied the Japanese in the past will have to be able to buy at a price that will allow them to continue to supply that market. Eventually the price has to be bid down to the producer in order to meet the price constraints of the world market.

I think there are very definite price constraints in the world market. There are not many countries that are able and willing to pay the price for products that will result in a modest profit to the Canadian producer. That is one of the problems this particular strategy has not addressed very well. That, at least, makes it consistent with the agri-food policy because I am not sure that the farm sector has been addressed very well in the agri-food policy being presented to the country by the government and the Department of Agriculture.

The quality of this agency will depend on the quality of the people attracted or appointed to it. If a raft of political appointees or a bunch of burned out civil servants who are looking for close to retirement sinecures are appointed, then Canagrex will not be very effective. It will quickly fade into obscurity and there will be no benefit derived at the farm level or in world trade. If dynamic and imaginative people are appointed who are prepared to look at the industry with an open mind and a pragmatic philosophy toward marketing, then Canagrex can succeed.

I cannot allow this debate to go too much further without mentioning one other concern that I have and that is how inappropriate it is for an agency like Canagrex to be marketing in Third World countries. In the past we have had some rather unfortunate examples of Canadian agricultural agencies and aid agencies providing products to Third World countries which have no way of using them. We have given skim milk powder and milk products to countries whose people have not consumed milk since the time they were weaned. They have never developed the ability to digest milk and they do not have the appropriate enzymes in their stomachs to aid in the digestion of dairy products.

We have made gifts and have provided aid for the purchase of commodities in countries which simply do not have a societal acceptance of such commodities. While some terrible mistakes have been made in the past, I think this should not hinder us from attempting to aid countries where the industrial process is advanced enough that new forms of food will be welcomed. We should make certain, however, that Canagrex is made aware of some of the gaffes that Canada made in Third World countries in the past and that these are not repeated.

Canagrex is a good idea, Mr. Speaker. But some of the conditions necessary to make it a success are not present in Canada at the moment and they are not within the scope of Canagrex itself. I think particularly of the ability to provide the back-up for the marketing thrust. When the minister spoke, he said that you cannot have production without a market because this means waste, but then a little later he said that Canada is so efficient that it produces surpluses. There seems to be a contradiction in terms in these remarks. If we are truly efficient in our marketing process and the control of production, we should be able to avoid surpluses.

• (2100)

I hope we do not set up an agency which is not cognizant of our ability to produce and the cost of that production. This is fundamental and almost simplistic, but our agricultural policy over the past few years seems to have missed those fundamentals. The agri-food strategy presented to us over the last several months appears not to pay much attention to the basic production unit. For instance, if we are to have truly efficient agriculture in the country, one would think that our agriculture, as opposed to that of countries with inefficient agriculture, would be able to generate adequate investment capital to keep itself going and growing. This has not been the case in Canadian agriculture, basically because farm prices are such that net incomes have not grown as Canadian agriculture has grown. In 1974, realized net incomes in the country were $3.5 billion, a fairly hefty sum, but through all the years from 1974 to 1980-81, it has not risen much above that amount. We have hung in there around $3.5 billion of net income. In fact, the projected outlook for 1982 is that it will be 15 per cent lower or slightly lower than $3.5 billion. For seven or eight years, net incomes have been virtually the same as they were back in 1974, in spite of the fact that a 1974 dollar buys just about twice what a 1981 or 1982 dollar buys. In real terms, net farm incomes have been cut in half. This was not from the lack of production. Production in dollar terms rose 2.5 times during that period of time.

How did farmers continue to stay in business? They did it by adding to their farm debt. They went into the period of time which I have been discussing with just under $7 billion worth of debt, and by the end of 1980 the most recent figures I have been able to obtain indicate a debt of $16.5 billion. Up to the present time, we have accumulated an extra debt of $10 billion to $12 billion because of a lack of ability to create adequate farm incomes in order to provide reinvestment on farms. It is not a particularly healthy industry from which to sell more product, but it is an integrated part of the system and must be acted upon. I do not think adequate attention has been paid to basic producers or farmers down on the land. What benefit will they receive from Canagrex? If it does not show up in improved net incomes, why should they care or become involved? Why should their little marketing boards, marketing co-ops or community organizations ask Canagrex to sell their products for them? This must be considered as part of the agri-food strategy, but I do not think it is being considered in the current one before us at this time.

Interest rates are rising. Over the period of time about which I have been talking, interest costs to Canadian farmers rose from $473 million to approximately $2.2 billion at the end of 1981. This one little part of agricultural production costs has risen five times at the same time as net farm incomes have remained the same. One could refer to many more input costs of farmers which have climbed, but interest rates have climbed

phenomenally. It is part of the agri-food strategy and the agri-food chain which is not being addressed by the government. It must be tackled if Canagrex is to be a success.

Another aspect of the agri-food policy which can affect the success or failure of Canagrex is the transportation policy. The country has grown to the extent it has, in terms of the agricultural output, because of an agricultural transportation policy which takes care of outside regions. It was designed to encourage the production of prairie grain and the movement of products at reduced rates to the maritimes. It is an integral part of the Canadian agricultural policy structure, a part which should not be changed rapidly or in haste for reasons which have nothing to do with agricultural productivity. We do not see how increasing the so-called Crow rate on grains will do anything for Canadian agriculture. We do not see how the reduction of net incomes by transferring money from the pockets of farmers to the pockets of the railways will do anything for the redevelopment or continued development of agriculture, an industry which already borrows heavily to keep its investment capital in shape. We do not think it is a wise trade-off to be made or even to be proposed, yet we are faced with rumours of this and speeches by cabinet ministers that this is about to happen.

The transportation policy does not take into account processed goods from certain regions. For instance, processed chilled beef can be shipped from Toronto to Saskatoon, if anyone wants to ship it in that direction, for much less than it can be shipped from Saskatoon to Toronto. It is not regulated, it is not statutory. It is not in existence because of some ancient agreement with the CPR so that it could develop a rail line into Trail to develop some mines. It is just there because it is the manner in which railways priced their products. That pricing structure probably has more to do with the location of packing plants than has the Crow rate, yet we in the House are not attacking or addressing this in public very much.

Mr. Whelan: Yes, we are.

Mr. Althouse: We do not hear of it very much.

Mr. Whelan: You do not listen.

Mr. Althouse: Canagrex will have to be assisted by policies which handle the transportation problem as well as the farm pricing problem. The question of market stabilization is not very well explained in the bill. The bill makes clear those things with which Canagrex will not involve itself. Clause 14(2)(a) indicates that Canagrex shall not "pay to producers or processors a subsidy directly on any Canadian agricultural product or food product", yet we do not have completely adequate stabilization programs so that price guarantees are built into the production formula for farmers. If the farmers are not certain of some price guarantees, why would they produce products for Canagrex to market? They will not do it only because Canagrex is there. There must be an advantage at the farm. That has not been made clear in this bill up to this point, in part because there are not clearly stated policies for transportation and income protection.

• (2110)

I think this bill ought to be dealt with in committee. There are a great many aspects of the bill to which we should have answers before it is passed in the House. The question of auditing has not made that clear. It says that the Auditor General shall audit the books. It does not spell out all of the guidelines in that regard. It still leaves us exposed to some of the problems which the CDC is alleged to have had according to some investigations that have been carried out. We do not think any new agency should be left wide open to those kinds of problems or the possibility of such problems. We think they should be clarified prior to the agency being set up rather than bringing in some doubt as to its ability to function. We do not think that serves either Canagrex, the proposed Crown agency, CDC, or any other Crown agency. Neither does it provide a useful service to farmers to create doubts in the operation because of an inability to explain its business practices to an auditor. We think these items should be spelled out more clearly. We think the minister and some of his officials should appear before the agricultural committee of this House to explain, according to the usual customs and procedures, the bill we will have before us in committee. Generally speaking, as I said at the beginning, we are optimistic about this bill. We think it can have good implications for agriculture, but it must be well managed on the way. Not only must the people who are appointed to this agency do their jobs constructively, but so must members of this House whose function and duty it is to make certain that the bill is as well put together as possible. We think this can only be done in committee and that this bill should not be pushed through the House post-haste.

Mr. Ralph Ferguson (Parliamentary Secretary to Minister of State (Small Businesses and Tourism)): Mr. Speaker, I am most pleased to speak to the House on a bill as important as the one before us tonight, namely an act to establish a Canadian agriculture export corporation, Canagrex. At this point, I want to pay tribute to the farm organizations across Canada and to those farmers who have contributed to the initial discussions of the concept. I want to commend the minister for following their suggestions so closely in the legislation before us tonight.

The hon. member for Elgin (Mr. Wise) pointed out that this matter was approved by cabinet almost a year ago. He has perhaps found a little fault on the part of the minister for the delay in bringing this legislation before us. However, I believe the hon. member should look at the number of filibustering delays of last year, particularly last spring. Filibustering took place with regard to the Constitution but also a great deal of time was spent on the Canada lands oil and gas act, which took even more time than the Constitution did. I am not aware that the hon. member had tabled any similar legislation when he was minister, but given a little more time I am sure he would have.

However, I cannot help but respond to his concerns on the funding of this corporation. I can only suggest that one has to walk before one can run. Therefore, I suggest to you, Mr. Speaker, and to the House that in the initial stages we should

proceed with caution and work with the producers and their organizations to seek out and encourage sales opportunities in areas of highest potential. In this context, Canagrex does not require large amounts of money in its fledgling stages. But surely as the need grows we as a Parliament can make the financial adjustments as required. I for one hope that Canagrex will not result in a large bureaucracy but rather be a slim, trim organization consisting of the best expertise available, acting as a focal point that can work with our farm organizations and marketing boards, the processors and the shippers in a truly Canadian effort that will utilize our technical expertise and, in particular, our potential as outlined in the minister's food strategy report.

In the next few minutes I intend to examine the need for such a body on the basis of the type of agricultural industry which exists in Canada, the problems it is facing in ever-enlarging world markets and the ability of Canagrex to provide a co-ordinated approach to the marketing of our agricultural and food exports.

We all know that the agricultural industry is important to this country's economy. In fact, it is one of the nation's largest employers, and as Canadians we are one of four countries in the world that is a net exporter of food. Canadian farmers, with the population we have, do not have a large enough domestic market to produce only for Canadian use. The export sector is of vital importance to the well-being of Canadian agriculture and of our total economy.

Agriculture exports represent 40 per cent to 44 per cent of total cash farm receipts in Canada while in the United States this percentage is only about 25 per cent. In spite of this, the agriculture industry is not taking full advantage of the market potentials which exist abroad. Agriculture in Canada is characterized by a great diversity of farm products, and in many cases the producers do not have the expertise and the capital to take the risks involved in operating in an international market.

Many federal and provincial government programs lend assistance to agricultural marketing, but none give the necessary comprehensive, co-ordinating assistance which Canagrex will provide that will bring the potential of this industry into proper focus.

We have a challenge to meet here in Canada. At the Canadian agricultural outlook conference held in Ottawa the first week of December of this year, it was projected that the world's population would increase at an annual rate of 1.8 per cent between 1980 and the year 2000, reaching a total of 6.4 billion people by the year 2000. Much of this growth will be in developing countries where 50 cents of every dollar is spent on food. Canagrex will be the vehicle to help Canadian agriculture rise to this growing challenge. Canagrex will provide the opportunity for the Canadian agricultural industry and the diverse marketing infrastructure in place in this country to take advantage of these growing markets. Canagrex will be able to identify and secure markets for producers and to support farmers and their organizations to meet these challenges.

Canagrex will be a co-ordinated marketing effort. It will bring our marketing efforts into focus and will utilize the potential of Canadian farmers and their ability to produce for world markets. Certainly there is a need for close co-operation between the producer, the processor, and the marketing people in order to improve our export markets. We intend to work closely with these groups in an effort to beef up attempts in areas of highest potential.

I am proud to say that the legislation is intended to ensure that farmers and their organizations will be heavily involved in the decision-making process. The proposed policy advisory committee, representing all parts of the food and agriculture sectors, will be appointed by the minister and will meet with the minister to review operations and policies of Canagrex. We also intend Canagrex to work closely with the Canadian Wheat Board and the Canadian Dairy Commission. But in no way is Canagrex intended to duplicate or interfere with any activities or functions of these bodies or simply to become another level of bureaucracy. In fact, it is intended that Canagrex should co-operate fully with existing marketing agencies and boards across Canada. When you examine the situation, you find that we are perhaps the only nation in the world with the capacity to plan our production in an orderly manner so as to meet the terms of long-range contractual agreements and possibly tie selling prices to production costs.

• (2120)

By working in partnership with packers, processors and others in allied industries, we can enter into long-term contractual arrangements which are not as exposed to the vagaries of the marketplace as is the case now, and allow the farmers of Canada to plan production for both domestic and export markets.

Co-ordination is certainly a key word when we talk about Canagrex. There is a need to present foreign buyers with a clearly identifiable institution which deals with all agricultural commodities, except those which are the responsibility of the Canadian Wheat Board and the Canadian Dairy Commission. At present a foreign buyer is sometimes faced with having to deal with as many as 11 governments and their agencies in Canada. The trend is more and more to have governments deal with governments, and Canagrex will provide this facility and avoid the confusion which now faces the foreign buyer. By working with existing marketing agencies, it will work to increase the volume and variety of exports of Canadian agricultural products.

Co-ordination is also needed on the part of those involved in selling our agricultural products abroad. At present, we have ten provincial governments pursuing marketing policies which serve to undercut other provinces. As a consequence, we have producers in one province bidding against those in another, in effect, Canadians bidding against Canadians. An example of this happened several years ago when several provinces, I believe it was five, conducted sales missions to the same country at the same time, all trying to sell pork and bidding against each other. I am aware that last year alone several sales missions were sent abroad by several provinces competing with one another, and certainly that has never made much

sense to me. We should be acting as one country selling abroad, not as individual provinces pitted against each other. This will be one possible result of the implementation of this legislation. In addition, I believe the various other problems related to the agricultural industry will also fade or disappear.

It is hoped that we will be able to diversify our exports. Wheat, barley, rapeseed and flaxseed now account for about 60 per cent of Canada's agricultural exports. At the same time Canagrex will be able to foster diversification of markets for agricultural products other than unprocessed grains and oilseeds. Often the United States is the only significant market for other agricultural products. In such a manner Canagrex will be able to co-operate with the producers, processors and marketing institutions at present available in order to increase the volume and variety of sales of our farm products. In this context, I should remind the House that I am aware of several marketing boards which are waiting for the passage of the legislation to assist them in making contracts with other nations who want to deal on a state-to-state basis.

It does not make much sense to me that, in a land with such potential, exports of agricultural products as a percentage of our total exports have declined since 1974. In that year, they accounted for more than 12 per cent of total exports. By 1979-80, they decreased to less than 10 per cent. Certainly this decline exemplifies the need for a co-ordinated approach in marketing abroad.

Canagrex will go a long way toward solving other long-standing agricultural problems faced by the Canadian producer. I have heard a lot of complaints recently from farmers in my area about various things, but one problem in particular surfaced very recently of a buyer who backed out of a contractual arrangement with a private trader, creating a surplus of that product not only here in Canada but a surplus which will eventually reflect back to our neighbours to the south, leaving the producers with a surplus and a bleak year ahead of them as far as this product is concerned. Such an occurrence will be less likely to happen with a Crown corporation dealing on a government to government basis.

In addition, Canagrex will be able to provide bridge financing to assist Third World countries and make export markets less of a risk for the Canadian producer in the sense that another government is less likely to back out of a deal than a private importer. It will also establish the base for long-term contracts which will provide the buyer with continuity of supply of a quality product.

Canadian farmers have the ability, the expertise and the base to produce for these markets. Certainly it is the nature of farmers to want to produce. If you recall Wilkin's law, an economist of the 1930s, we surely must recognize the importance of increased exports of our renewable resources and their contribution to our total economy.

As I indicated earlier, I have talked to scores of farmers and their organizations and I know their reactions. It is our duty as their elected representatives to ensure speedy passage and implementation of this legislation. I know there is a need to find more secure markets, to expand existing markets, and to then encourage production levels to meet those market demands on a continuous basis if we are to take full advantage of the opportunities which will present themselves to the Canadian farmer in the decade ahead.

The goal of Canagrex is to provide new markets to the Canadian producer and to ensure a continuity and stability of income which is not at present available to them. Thank you, Mr. Speaker.

Mr. Fred McCain (Carleton-Charlotte): Mr. Speaker, if there is an industry in Canada which needs improved marketing capabilities, it has to be agriculture. If there is an industry which needs advice on pricing in the international market, it has to be agriculture. In its present form—and I am not necessarily recommending that form be changed—there is often too little advice on market potential and price on a worldwide basis. This is something which I have advocated ever since I first participated in agricultural organizations, attending Canadian horticultural councils, and ever since I became a member of an elected body, first in the province of New Brunswick and then here.

That advice on and knowledge of the potential of foreign markets has been lacking. I remember, for example, one occasion when I was seeking markets for New Brunswick potatoes as an employee of the government of New Brunswick. I tried to get a list of potato markets but it was not available from the Department of Agriculture. That was about ten years ago, and that department did not have knowledge of the potato importing countries, nor did it have any knowledge of market prices.

It is for that reason that, when I became a member of the House, I persistently stated that there should be more market information and, as the former minister of agriculture pleaded with the government earlier, there should be consular representation for agriculture on a worldwide basis wherever there may be markets. This is lacking, as the former minister pointed out, and I commend him for his statistics in that regard, and also for pointing out the fact that some of these representatives—at least four of the 11, in my opinion—are located in communities where they can be of little if any value to any aspect of agriculture in the Dominion of Canada. That area has been neglected.

• (2130)

In spite of all the window-dressing which this bill has received and all the promotion which it has been granted, it does not fill the bill. I have several reservations about it.

I think that these reservations are shared by many other people in the agricultural field who have recently spoken. I think it would not be inappropriate to refer to some of their remarks. Mr. Runciman called for an end to production quotas and then added that the Wheat Board should compete with private companies for the farmers' grain instead of having a monopoly over exports of wheat, oats and barley. It is a delusion, he asserted, that a system of planned socialism could be operated according to democratic methods of government.

He said that a democracy is inseparably linked with capitalism, and that democracy cannot exist under a planned economy. He offered Poland as an example. Farmers must decide whether they are advocates of economic freedom or of socialism. There is no such thing as a little bit of government intervention, said Runciman. A little bit leads to more. He told the farmers in no uncertain terms that they must choose between the market economy and socialism. I agree wholeheartedly with that statement. It is sort of like becoming bald. I do not have a lot of experience, but I am getting there. A few of us become a little bald. The progression is something that we look at with horror after it has begun and over which we have no control. It is with the warning of Mr. Runciman, who has been a long-time agriculturalist, that I speak to the House of Commons and urge caution. Perhaps, if I would not be considered crude, I would say that it is like being a little bit pregnant to introduce a little bit of socialism into this marketing field.

We have also heard a recent statement by the president of the chamber of commerce who, I believe, was once a member of the House on the government side. He, too, has cautioned that we must give the private enterprise system an opportunity to function and that we must not invoke too many regulations and cause too many difficulties to the functioning of our present system.

It is with that in mind that, as I read this bill, I have some concerns. I am concerned that in no place in this bill can I find any point in time at which the committee on agriculture, the committee on public accounts or any other committee will have an opportunity to give an in-depth and analytical look into the operation of Canagrex to determine what it is going to do. It becomes another Crown corporation, one of almost 500 in Canada today, and it does not come under scrutiny in any meaningful way beyond that of the minister and the Auditor General.

I presume that the minister and hon. members on your right, Mr. Speaker, will say, "But it shall come before a committee of the House for consideration". However, we are in a committee system which gives us a block system. We get an allocation of time. We get a minister of agriculture who fills us with blarney and very little fact at those committee meetings, and time is wasted and information is scarce. I am very concerned that we are creating for agriculture, which is one of the principal interests of my constituency, something which can be swept under the rug. It shall not be accountable to the House of Commons or to the committee on agriculture.

I am further more concerned that Canagrex will also come under government committees, not committees of the House of Commons but committees of ministers. The bill very clearly states that Canagrex will function under the Minister of Agriculture (Mr. Whelan) but there shall be consultation with other departments of government. There shall be the use of programs of other departments of government. It is not an independent agricultural organization. I am afraid that under these circumstances it will become as subject to extraneous input as would be the farm prices board, which now governs the egg, poultry and other organizations of Canada, headed by a consumer proponent rather than by an agricultural proponent. That does not give agriculture very much of a chance. We have no assurance, for instance, that the president shall come from the field of agriculture. We have no assurance that the vice-president or the second vice-president, or anyone else, shall be appointed from the active, commercial sector of agriculture.

I am concerned about these things, and I ask the minister, in the pursuit and consideration of this bill, to let us have a better definition than we have at present. I do not want a consumer advocate to be telling agriculture and its marketing processors, "You should not charge more than", as the poultry marketing boards of this nation have been told. The dairy board of this nation has been told, "You shall not use present capital costs as a means of arriving at the cost of producing milk", for instance. There has been an ongoing discussion between the lady chairman of the board and the dairy people and the poultry people concerning the proper costing basis. Will we find ourselves in the same boat under this structure? I must say to Your Honour that if there is to be inflation in the world, then the government, including the Department of Agriculture, must recognize it and govern itself accordingly. We cannot be subject to the whim and pleasure of outside forces if they in turn will not consider the full costs incurred by the agricultural producer.

While I had some favourable thoughts on this bill prior to the time the Minister of Agriculture spoke, I must say that he turned me off when he stated—if I am not quoting him incorrectly, although not absolutely directly—that there are other markets which, for instance, would take the red meats today. He used the American market as an example. He said that we should be able to extract prices from that market which would be profitable to the farmers. The document which I have in my hand indicates that in a week in January, although I am not sure of the exact week, somewhere between 1400 and 1800 head of American cattle arrived on the Canadian market. Why did they come to the Canadian market? It is because they must have received a better return than they could receive in the American market. Can Your Honour tell me how, in the name of the great Father above, the farmer will buy the promotional statement that we could sell meat to the United States because they can afford to buy it at a profit to our farmers when they are already using our market as their market?

Let me give Your Honour another example. The minister said we should be able to sell red meat to the Soviet Union. It was my privilege on one occasion in this House to be part of the House of Commons and Senate committee which was meeting with the European parliamentary delegation. At that particular time, a European parliamentarian told us that approximately 500,000 tonnes of beef were in cold storage because there was no market for it in the European Economic Community. At the same time, there were world news items on that day stating that the Russian agricultural minister, or whatever he might be called—commissioner, commissar—had

to reduce the cattle population of Russia because there was not enough grain to feed it. If there had been a market for red meat in Russia, there was lots of red meat to be subsidized by the $10 billion reserve fund of the European Economic Community; yet that meat was lying in cold storage, aging and deteriorating, because there was no market. Let us be reasonable. Had there been a Russian market while they were depleting their herd, the European Economic Community had a $10 billion reserve fund for the subsidization of export of agricultural products surplus to the need of the European Economic Community.

• (2140)

I submit that our Minister of Agriculture has done a great disfavour and a serious disservice to agriculture in Canada by that type of misleading statement. I compliment the hon. member for Humboldt-Lake Centre (Mr. Althouse) who supports in principle the idea of Canagrex but who expressed reservations which I hope may become part of the committee process. I hope he will stand as firmly on this and as strenuously as is required in the interests of agriculture. A blind vote for this as it is presently written is not good for agriculture in Canada today or any other day.

The minister talked about selling red meat to Japan. The minister will recall that an element of major progress was made by western pork producers, initiated by the Alberta pork producers. A contract was in fact made to sell pork to Japan. At that time Alberta expanded its hog operations. If my memory serves me correctly, it went to 1,600,000 hogs in Alberta at peak. If I am not mistaken, there are barely 500,000 hogs in Alberta today.

There is no market for any significant amount of pork in Japan. They have been exploring that market for a decade. That is a public body, not government to government as the minister so loudly professes this shall be. However, it is the co-operative structure of Canada dealing with a government in good faith.

While there may be a few more porkers sold there now, certainly the long-term dreams of the pork industry of western Canada have not materialized as a result of a market in Japan. Why? As we passed a red meat act in this House, the Japanese government put in place a control on all meat imports to protect its industry at a level and price which satisfy its farms. The mere passing of this act will not give us what the minister suggests. We may have an agency which can give some information and have some marketing capability, but that is the best we are going to have.

Mr. Whelan: Now, now, don't be so optimistic, Fred.

Mr. McCain: I will be frank and honest and above board. I am not going to delude farmers into thinking this is the magic wand of price for which they have been looking so long. We already have a price stabilization board and CIDA, both of which should be capable of stimulating exports of our surpluses.

The statement has been made that we can control and plan our surpluses. The minister will agree that the present cattle population in Canada will indicate that the price of beef should be good. The present population has gone down very materially. It has not gone down as fast as we would have liked in Argentina, Australia, New Zealand, Brazil or other beef-producing countries. As a result, there is a world market slump in beef.

We cannot plan our beef population in this little country of Canada so that we can cope with world prices unless, as I have said many times, we are prepared to exercise the authority and use the money of the price stabilization board. The population has gone down. However, what the minister overlooks is that so has consumption. The Outlook for Agriculture Conference indicated that not only had the consumption of beef gone down in the last year, it will go down further in the next year.

How can we plan and get rid of those cattle presently walking in the pastures or tied up in the barns so there will not be an excess next year? We cannot predict the economy of this nation. To tell the farmers we can is deceit. To tell the farmers further that we can control world markets and guarantee them prices without price stabilization is further misrepresentation of the facts.

Mr. Whelan: We are doing that with many products now.

Mr. McCain: Yes, you are. However, if we expand this, we lose our capability to export in the field of agriculture as we lost our capability of exporting in poultry and eggs. We have decimated that export market. We cannot maintain it any better in other fields if we regulate as the minister proposes.

If the Minister of Agriculture were as sincere and believable as he would have us believe, we would have the same income-averaging opportunity that the farmers had. We would still have the same depreciation allowance that we had. We would still have the right to sell a farm from father to son. We would not have to pay the capital gains in advance. Where has the minister been?

Mr. Whelan: This is the only country in the world that lets a farmer give a farm to his son tax-free.

Mr. McCain: That is not correct. Do not mislead the farm population. Farms are inherited and passed on in a dozen countries without any such foolish tax.

Mr. Whelan: Name me one.

Mr. Taylor: There won't be one to pass on. Look at capital gains, capital costs.

Mr. Whelan: They have it in the United States too, remember that.

Mr. Nielsen: You are an embarrassment to everyone who wears a green hat.

The Acting Speaker (Mr. Blaker): Order. Usually the Chair can hear the hon. member who has been recognized and is

standing. We are now hearing from members who are seated and we cannot hear the member who is standing.

Mr. McCain: Where was the minister when there was an obvious need for bridge financing which is being supplied by other governments? Where is there an organization which will provide money for the farmer on the same basis as some U.S. establishments are doing? When our cattle ranchers and feedlot operators were paying 20 per cent to 22 per cent, some Americans were paying 8 per cent. Why do we not have anything like that? Where is our bridge financing of 8 per cent? Where has the minister been? Do not deceive the farmers.

Mr. Whelan: Don't you deceive them with your nonsense either.

Mr. McCain: Where is the minister going to get the expertise to participate in the export market? There are families who have been in the export market for three generations. We are setting up a board with a selection of people without definition of source, including the president, without qualification of expertise or experience in the field of agricultural marketing. If we pass this legislation as it presently exists, we will turn the exporting of agriculture over to the inept and uneducated in that field. Let us get some definition of who will be there.

• (2150)

I suggest to you that the minister does not have any concept of the vast knowledge required to be able to export a single commodity to 50 or 60 countries. I want to know where the expertise comes from when 100 items are exported to as many as 100 countries because I do not want to be part of a House of Commons that passes this responsibility to a group of inept, uneducated and inexperienced individuals.

Mr. Whelan: We have some of the best organizations in Canada, private and governmental.

An hon. Member: What is the matter with the Canadian trade service?

Mr. Whelan: They have not been doing it.

An hon. Member: Name some.

Mr. McCain: I do agree with some of the remarks which were made earlier. I am concerned about the competition that exists among provincial marketing structures. I suggest that these structures are not in the best interests of agriculture. However, the reason that they are competing is that there has not been leadership by this government in combining these structures. The government, through the Minister of Agriculture has had a subsidy plan introduced in British Columbia, Quebec, Ontario, Alberta and Saskatchewan. What will Canagrex be able to do about the price of beef when the oversubsidized Saskatchewan cattle are now going to market and cutting the price received by the farmers who are not subsidized? Why is that, Mr. Speaker? It is because the price stabilization board is not being used as it historically was and provinces have had to take over in defence of their farmers and replace federal responsibilities. It is misleading for the minister to introduce this legislation as a cure.

Mr. Whelan: We offered them income insurance, 100 per cent of cost of production in 1977. They refused it.

Mr. Mayer: This is 1982, five years later.

Mr. Whelan: We offered it to them and they said, no way.

Mr. McCain: Mr. Speaker, they said no because they never dreamed that this government or any other government would completely pull the price stabilization board out of activity and when the price stabilization board proposed an estimate of $300 million in support of the beef industry three or four years ago, it was turned down by the cabinet while he was minister. It never got off the ground.

Mr. Whelan: We had offered it because—

Mr. McCain: Because of nothing, Mr. Speaker. Let us not have any more facades. Every member of the House knows that the price stabilization board has been neglected.

Mr. Whelan: Even you know you are wrong in what you are saying.

Mr. McCain: The price stabilization board policy has been neglected and the minister has been asked to exercise that at 95 per cent by one Canadian organization in agriculture.

Mr. Whelan: They did not want stabilization three years ago.

Mr. McCain: That is not correct.

Mr. Whelan: That is correct.

Mr. McCain: The minister should show some leadership. The price stabilization that was offered at that time was subject to organization and control of products and marketing. There was a little string attached to it and they would not buy it.

Mr. Whelan: Not at all. We spent more than any government in Canada's history.

Mr. McCain: On the basis of the inflationary dollar, I doubt if the minister spent 25 cents on the dollar in price stabilization as compared to what was spent by Mr. Gardiner when he was minister.

Mr. Whelan: We spent much more.

Mr. McCain: Fifty cents on the dollar perhaps?

Mr. Whelan: They did not even want that.

Mr. McCain: They did not want the controls that were brought in by the minister's proposition. The minister knows that as well as does every member in the House. Nothing except at a price.

Mr. Whelan: That is nonsense and you know it.

Mr. McCain: Mr. Speaker, it may be nonsense, but the potato producers of eastern Canada would suggest to you that they have been threatened with no further price stabilization payments if they did not get production and marketing control. They were threatened.

Mr. Whelan: You are saying stabilization is a waste of money when you improve it by better marketing conditions.

Mr. McCain: I will return to the subject of beef. The most recent publications on beef coming from the government sponsored future of agriculture in December indicated that the consumption was down and would go down further. The minister knows full well that in the beef industry in no way can you anticipate in one year a decline of 2 per cent or 3 per cent. What will be done with the cattle, calves and feeders except to market them? You cannot get rid of them anywhere in the world at this point in time, contrary to what the minister has said. We are not getting the advice which is needed.

If ever an industry needed the publicity of potential prices in the export field, it was the potato industry in the crop year 1981-82. Because that information was not publicized and perhaps not known by the Department of Agriculture, the minister will no doubt use the price cutting of dealers in the world market as an excuse for Canagrex marketing potatoes. If the public had been advised of the potential price in the export market, no sensible dealer could have cut prices to the extent they have been cut this year. That information has not been available and it is needed by the farmers' organizations and those who market. We do not need control of this industry passed over to the government. We do not need the interprovincial competition of marketing boards. We need leadership from the government and a program which will once again try to assume the federal responsibility of agriculture which will remove the interprovincial competition and subsidization which has dislocated certain crops and destroyed the marketing of others.

An hon. Member: How would you do that?

Mr. McCain: My first step would never have been to remove the price stabilization board. The removal of that board encouraged the provincial subsidies. The hon. member knows that as well as I do. Someone had to step in to save their farmers and they stepped into a vacuum, starting in British Columbia and Quebec. The hog industry is dislocated. The red beef industry has been dislocated during the minister's tenure in office because there was no leadership and no knowledge of the agricultural industry.

I am not saying that I will not vote for this bill but I do say that in the interest of agriculture we need some responsibility, accountability and an indication where these officers who will run Canada's agricultural industry will come from. At that time let us consider it. In the meantime, we must keep in mind the warning from the member for Humboldt-Lake Centre and the warning of the former minister. They are real and not imagined.

[*Translation*]

Mr. Dionne (Chicoutimi): Mr. Speaker, since it is getting late, I should like to call it ten o'clock.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

HOUSING—PROJECTED RENTAL INCREASES IN OTTAWA-CARLETON REGION

Hon. Walter Baker (Nepean-Carleton): Mr. Speaker, I have attended tenants' association meetings in Bayshore in my constituency and I have heard from many tenants in Parkwood Hills and other areas of my riding as well as from other parts of the Ottawa-Carleton area about the situation which has developed and is developing with respect to rental accommodation.

On December 4, 1981, I asked a question of the minister responsible for housing arising out of the budget. The question as it appeared at page 13733 of *Hansard* was this:

He is aware that in the Ottawa-Carleton region the major rental owner is Minto Management Limited which is intending to raise its rents substantially to some 7,000 to 9,000 tenants. We have one of the lowest vacancy rates in Canada, and there is very little choice in housing in a situation that is virtually a monopoly.

● (2200)

Would the minister please tell the House where in the budget there can be some specific help granted to Ottawa-Carleton so that there can be a choice made in housing? I have looked at the budget. I think the provisions in terms of alternate housing are next to useless. Will the minister make a recommendation to the Minister of Finance that he increase measures for the availability of housing stock so that people will have a choice and not be subject to a monopoly?

In answer to that question this is what the minister said:

Madam Speaker, in the budget announcement dealing with stimulus to rental construction one of the conditions of that housing and its identification for stimulus is that it be located in markets which indeed do have tight vacancy rates. I must bring to the attention of the hon. member that the city of Ottawa does not have a tight vacancy rate—

Let the minister tell that to any tenant searching around in the market.

—when compared with other metropolitan areas—

The minister went on to complete his answer.

I am not arguing rent control. Rent control is a provincial matter, although I think it is absolutely necessary. It is particularly necessary in a monopoly or a virtual monopoly situation. Rent control is being looked to by the tenants' association, which is active and will be presenting the strongest case possible.

But let me deal with the minister's reasoning, and in the course of my remarks if there is some time, I will want to suggest some policy changes.

The vacancy rate in Ottawa fell from 4.2 per cent in April of 1980 to 0.6 per cent in October of 1981. According to CMHC the Ottawa-Hull area needs 7,800 new units each year. In 1980, only 2,600 new units were built, and data for the first ten months of 1981 suggested that no more than 3,000 new housing units would be built in this area in the year 1981. In other words, less than half the number of required homes and apartments are being built. In the past two years, 9,800 fewer homes were built than were required in the area, and virtually all new rental accommodation over the past few years has been government subsidized.

The major cause of this is high interest rates. At current interest rates it has been estimated that a landlord would have to charge in excess of $800 per month for a one-bedroom apartment in a new building to break even. Until the vacancy rates are either non-existent or until rents rise, private sector builders will not build, given that most people are unwilling to pay that much.

At the same time high interest rates are affecting the ability and the desire of young people to pay $1,000 in monthly mortgage payments. That is not an attractive proposition to a couple paying, for example, $300 in rent. If the couple had purchased a home, their apartment would have been made available to someone else.

The average cost in this area is staggering. In the third quarter of 1981 the average cost of a single family home was $69,000. Assuming a 10 per cent down-payment and 30 per cent of one's income going to principal, interest and tax, a family income of $40,000 a year is needed to afford an average priced home. In terms of meeting this problem this budget is virtually barren of any system by which there can be an attack made on an obvious social condition.

Mr. Smith: I thought you liked it.

Mr. Baker (Nepean-Carleton): The net effect of the budget is that, instead of rising, the number of housing starts may be reduced. The budget offers builders some assistance for the construction of new homes, up to $7,500 per unit, but in my estimation that would only serve to reduce that $800 a month rent to $700. That is hardly an impact on the situation.

The minister himself has suggested he thinks rent controls should go; that is aside from anything else. I want to tell the minister that is really no policy at all. In that budget MURBs were cancelled when rental accommodation was being built under the MURB provision. This has been replaced with a program of little assistance. The relief for home owners in the budget is little more than a program that allows people to keep their homes by going further into debt. I know that there is co-operative housing and all these other things; it is one thing to talk about co-operative housing but it is another thing to get it under way.

● (2205)

I believe there should be some major changes in the budget; in fact, the budget should be withdrawn and a new one introduced to provide relief for home owners. This could take the form of subsidized interest rates or mortgage interest deductibility. These measures would be of some help in getting people out of apartments and would encourage them to build homes.

As well, there has to be a recognition of the depth and breadth of the social problem. The reintroduction of MURBs in some form is essential.

In conclusion, Mr. Speaker, I think this budget was designed in anticipation of higher rents and, through that system, to give an incentive to landlords to build more units, rather than being a commitment by the federal Liberal Party to help tenants and home owners.

I think the best thing that could be done is to withdraw the budget and to give the Minister of Finance (Mr. MacEachen) another chance. Better still, perhaps the government should withdraw the Minister of Finance!

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, I should like to respond further to the matter raised by the hon. member on December 4 concerning projected rental increases in the Ottawa-Carleton region.

As the hon. member is aware, rental increases in the province of Ontario are governed by provincial legislation. Any increase in rents beyond the provincially established maximum must first receive the approval of the provincial residential tenancy commission. The hon. member is fully aware of that. Rents in Ottawa and elsewhere for a number of years have not been high enough to prompt an adequate rate of new rental construction costs. This has led to a condition of excess demand and it does not surprise me that rental increases are now occurring.

Low vacancy rates prevail in several cities across Canada. As the hon. member knows, apartment vacancy rates in Ottawa declined to 0.9 per cent in October from 2.4 per cent in April of last year. That is a problem. Centres with below 1 per cent vacancy rates are considered to be very tight and to assist these areas the Canada rental supply plan was announced in the budget on November 12. This plan will provide a total of 15,000 rental units across Canada. I wish to assure the hon. member that Ottawa will be included in the allocation of units under this plan. Of course, if the budget were withdrawn that plan would not exist and I am sure the hon. member would not want that to happen. There are, however, areas where the shortage of rental units is more severe.

In addition, I should like to point out, Mr. Speaker, that under the non-profit and co-operative housing programs CMHC will be approving approximately 550 units for low and moderate income families and individuals in the Ottawa area alone during 1982. This is an increase from the 465 units committed in 1980 for that area.

PENITENTIARIES—INFORMATION ON RELEASED PRISONERS GIVEN TO ROYAL CANADIAN MOUNTED POLICE (b) NATURE OF INFORMATION

Mr. Benno Friesen (Surrey-White Rock-North Delta): Mr. Speaker, on November 5 I rose in the House to ask the Solicitor General (Mr. Kaplan) a question regarding the policy within the correctional system of Canada. Specifically I asked whether it was the practice of prison officials to pass on to RCMP officers information regarding criminal conduct of inmates within the penitentiary system whilst they were incarcerated there. I had in mind at that time the career of Clifford Olson. I did not want to be specific at the time, partly because I wanted to deal with the principle and partly because I did not want to add notoriety to his case and jeopardize the criminal proceedings that had been launched against him.

Frankly, Mr. Speaker, I was surprised by the answer of the Solicitor General when he told me in the House on that day that it was indeed the practice of prison officials to pass information on to RCMP officers regarding criminal activity within the prison system.

I have checked on matters before and after that occasion and while I have no specific documentation, it is my clear understanding that RCMP officers are not privy to information regarding criminal activity engaged in by inmates within the prison system. The RCMP do not get that documented information. They must rely on street talk, particularly, and the gossip within that subculture of the prison population.

• (2210)

There are some people who believe that Mr. Olson would have been apprehended sooner had the RCMP known of his behaviour while he was an inmate at the B.C. Penitentiary. Specifically, as a result of Mr. Olson's behaviour prior to 1977 and 1978, was his name on a sex offender list held by the RCMP? Had he been on that list, would that not possibly have helped the RCMP to have apprehended him sooner?

I am sure the Solicitor General knows that in early 1976 Clifford Olson raped a young man at the B.C. Penitentiary. I am sure the Solicitor General knows the young man in question. Right after that three inmates in the protective custody unit attacked Clifford Olson. While that attack was being engaged in, there were over 75 inmates in the PCU at the B.C. Penitentiary watching. This was unprecedented at the B.C. Penitentiary, and the officials there knew that something had to be done. Thus, almost immediately they transferred him to Prince Albert where he was immediately attacked and stabbed by three inmates. It was as a result of that attack that he was awarded $3,500 by the Saskatchewan Crimes Compensation Board, which in its award noted that his conduct was above reproach, that he indicated an unusual degree of moral and physical courage and that he underwent a great deal of emotional turmoil. In June, 1977, Mr. Olson was back at the B.C. Penitentiary. He was the key witness in the trial of one Gary Marcoux, another man arrested and charged with a sex offence and murder. It is clear that without the testimony of Clifford Olson at that trial Marcoux could not—and I underscore "could not" have been convicted.

Did the penitentiary officials at the B.C. Penitentiary scrub Mr. Olson's files so that he would appear to be a credible witness at the Gary Marcoux trial? The Solicitor General will know that within that trial there was a very lengthy *voir dire* which dealt with the admissibility of evidence, and that evidence concerned the correspondence between Olson and Marcoux; something like 100 pages of correspondence. Would the judge at that *voir dire* have accepted the testimony of Mr. Olson had the judge known the career of Clifford Olson in the B.C. Penitentiary prior to the arrest and trial of Gary Marcoux? Why was the Crown prosecutor who used Mr. Olson at that trial so solicitous in helping him after the trial was over? I have a letter written by the Crown prosecutor to the chairman of the National Parole Board. In it, in part, he said:

> I have no hesitation in saying that Marcoux would have gone free but for the evidence that Olson gathered and to which he testified during the course of the trial. Marcoux is a dangerous sex offender and should not, in the writer's opinion, be allowed in our community and I, as a citizen of this country, am grateful to Mr. Olson for assisting the Crown in convicting this man.

I should like to know why the prosecutor, who just last month or earlier this month became defense counsel for Mr. Olson and was previously the Crown prosecutor using Mr. Olson in the trial of Gary Marcoux, was so solicitous in helping Mr. Olson by writing to the chairman of the National Parole Board. Could it be that even the Crown prosecutor was not privy to the career of Mr. Olson while he was an inmate at the B.C. penitentiary? Did he know that Clifford Olson had raped someone, that he had been attacked by other members of the protective custody unit within the B.C. penitentiary and in Prince Albert because of that attack on a young man at the B.C. penitentiary? These are very serious questions. Underlying them is whether or not there is collusion among the officials of the correctional system to protect certain inmates and clean up their files so they will appear to be better inmates in the eyes of certain officials in the future.

• (2215)

Hon. Robert Kaplan (Solicitor General): Mr. Speaker, for some months now the hon. member has been raising this general question about the extent to which the correctional service of Canada warns the police and municipalities to which offenders are being returned about their criminal records. The hon. member has not until tonight indicated that he was specifically interested in any particular offender. He tells me tonight that the offender in which he is interested is Clifford Olson and the trial about which he has a number of specific questions is not the Olson trial but the Marcoux trial. Indeed, I will look into all of these questions and do the best I can to

furnish answers, bearing in mind that provincial court records are not within my jurisdiction.

Nevertheless, the questions which the hon. member asked are interesting and I am anxious to get to the bottom of them. However, I want to remind the hon. member, because it is sometimes contradicted in the media, that Clifford Olson at the time of the series of murders for which he was recently convicted was not a parolee. He was not under mandatory supervision. He was free because his warrant justifying his incarceration and justifying mandatory supervision had expired. He was free to go anywhere in Canada without reporting to the police or without reporting to members of the parole service or the correctional service of Canada. The kind of authority which the correctional service has over a person after his or her warrant has expired is much more limited.

I want to assure the hon. member, and through him the people of British Columbia, that the correctional service of Canada and the RCMP are far from being two solitudes and, whatever existed historically, there presently is a very close relationship not only with the RCMP but with all the police forces in Canada. In fact, my ministry originally sponsored a very successful joint committee, which is a national committee, bringing together senior officials of the correctional service of Canada and senior members of the police community. But there are also regional divisions of that organization. I believe over 40 meetings were held last year in the regions. One of the main purposes of these meetings is to exchange information about dangerous individuals known to the correctional service of Canada.

In addition to that, as I have indicated in answers to the House, the correctional service of Canada does provide information about offenders who are going into a community. Prison records are provided and telephone calls are made in serious cases to alert the police of the risk of an offender who is known to be dangerous, who was incarcerated and who is returning to a particular community. That is not only customary for the RCMP, but for all police forces. It does not do a service to criminal justice for the hon. member to create the impression that we are talking here about the old system of two solitudes where the correctional service never took any interest in people once they were back on the street. That is no longer the case.

ADMINISTRATION OF JUSTICE—REQUEST FOR INQUIRY INTO PAYMENT MADE TO CONVICTED MURDERER, CLIFFORD OLSON SUGGESTED RECOVERY OF FUNDS

Mr. Svend J. Robinson (Burnaby): Mr. Speaker, earlier today during the course of question period I raised certain serious questions with the Solicitor General (Mr. Kaplan) concerning the Clifford Olson case, questions which are being asked by many thousands of Canadians from coast to coast about this black day in Canadian legal history.

I called upon the Solicitor General to order a full independent public inquiry into the circumstances of this payment and the manner in which the investigation was conducted. In addition, I urged the Solicitor General to make a very clear, unequivocal statement in this House that never again in Canadian history would he, as Solicitor General, or his successors, authorize the payment of such blood money to a person suspected or accused of committing a crime, especially the most serious crime which can be committed in Canadian society, that is the taking of another person's life.

• (2220)

Since the announcement of this payment during the course of the trial of Clifford Olson and the announcement of the nature of the investigation and some of the questions raised about that investigation, the B.C. Attorney General, Allan Williams, was caught in a barefaced lie. The Solicitor General himself has made a number of blatantly contradictory statements.

At one point he said that he had the power to veto the payments made to the family of Clifford Olson. He indicated he was informed shortly after the decision was made; there was a reference at one point to "a couple of days". In any event, there was a clear statement that he had veto power over this decision.

However, it now turns out he was not informed until more than two weeks after the decision to authorize payments was in fact made, and after payments were made to the trust fund. How can he possibly suggest that at that point he could have vetoed this particular decision? He has said there was a convictable case at the point at which the decision was made to authorize payment. However, that evidence has been disputed not only by the B.C. attorney general, but also by the commissioner of the RCMP.

In addition, the Solicitor General will know as a lawyer that any evidence obtained either through fear of punishment or hope of reward would certainly be thrown out of court. That is a cardinal principle of our criminal law, and is confirmed in the charter of rights.

The Solicitor General indicated at one point that no federal money was paid to the family of Clifford Olson. He then said the federal amount was 44 per cent, which then became 75 per cent. In fact, Mr. Speaker, every penny of this money must be paid by the federal government under the terms of the contract between it and the province of British Columbia. Section 14 of that contract states very clearly that any *ex gratia* payments must be paid in full by the federal government.

What does the Solicitor General say in a classic case of buck passing? He says it is not his responsibility. He wants to leave it to the attorney general of British Columbia. The fact of the matter is that it was his responsibility to make the decision to authorize payment. Those funds are coming out of the federal treasury and it is, indeed, his responsibility under the RCMP Act to ensure that a major decision such as this is only taken with the consent of the federal Solicitor General.

There is a second aspect to this case which warrants investigation. I called upon the Solicitor General to assure Canadians that a payment such as that made to Clifford Olson would never be made again under similar circumstances, and that this should not be allowed to establish a precedent. There is a

fundamental rule in Canadian law that a criminal must not be allowed to profit from his crimes. This rule has been violated and a very dangerous precedent has been set. Twisted minds may decide to kill for profit. Others may be induced to confess to crimes they did not commit.

All of us understand the anguish that the parents felt in these circumstances. I am a member from British Columbia and I know the pressure on the police, but this kind of payment cannot be tolerated. I was approached by the parents of one of the murdered children who asked me why that man was able to profit from the death of their child?

Other questions must be raised in the course of an inquiry about the nature of this investigation. Why was Clifford Olson not under detailed and intensive surveillance from the moment he became a prime suspect on July 15, 1981? In view of his record and in view of the fact that he was a prime suspect, why was he not under the most intensive form of surveillance? Inspector Proke says, frankly, he cannot tell why the delay occurred. Other questions have been raised. Was Olson on the RCMP payroll at any point as an informer? Was there an accomplice working with Olson on some of these murders? Why was this man not behind bars in view of certain charges made against him and in view of his lengthy record. There are many questions which remain unanswered in the Clifford Olson saga, such as the circumstances of the payment and the manner in which the investigation was handled.

• (2225)

I would very seriously suggest that if the Solicitor General does not respond to this strong outcry by Canadians from coast to coast and order a public inquiry to settle some of these serious questions, he will bring the office of the Solicitor General into disrepute and he will have no alternative but to resign forthwith.

Hon. Robert Kaplan (Solicitor General): Mr. Speaker, the hon. member has added very little to the questions which he raised in the House this afternoon during question period. I think I gave my answers to those questions at that time. I want to take advantage of the opportunity, however, to indicate why I think a public inquiry into the police investigation would be highly undesirable.

There were three or four prime suspects who were being watched by the police, and there were a great many other people who had accusations brought against them. If there were to be a public inquiry, the public would have to be informed as to who those other suspects were and what the evidence was against them, which was false evidence in some cases, and how the police weighed that evidence in making a decision as to whether it was Olson or whether it was them.

One might say that we could bring the evidence forward but leave out the names of the suspect. However, if one leaves the names out and includes their addresses, places of business, and associates, which were all very important in assessing their possible responsibility in the matter, they would be identified. I think it would be extremely unfair to the other suspects of these murders, who were cleared when Olson was convicted, to bring forward the cases against them which led the police to consider them to be suspects.

If one wanted to assess how the police were doing, and why, until they charged Olson, they thought he might either be guilty or innocent, one would have to know what they thought they had against the other people. One would have to name them or give their names and addresses, which would amount to the same thing, in order to make it possible to review the judgment that the police were exercising in the case.

Then one would have to involve the parents of many, many children in the area where these crimes were committed, those parents who came forward and told the police their children had been the victims of sexual assaults of one kind or another. One would have to give their names in order that the public inquiry could understand why their evidence was important; or, if one left their names out, one would have to give their addresses or something of their descriptions, such as where they worked and how it was that these four suspects and others who were accused came into contact with them.

I think when one indicates what happens when a police report is made public, it is obvious why it should not be made public. If the parents of a child who was a victim or thought to be a victim of a sexual offence came to the police, knowing that in the following few weeks the hon. member for Burnaby (Mr. Robinson) would have the right to have that information made public and broadcast across the country, even if their names, their address and their places of work were omitted, what kind of public inquiry could we have?

This is a case where the attorney general of a province and the Solicitor General of Canada share a responsibility. Their duties are different, but they have this responsibility because it would be unfair and wrong, as well as disruptive and destructive of police operations, for inquiries of this sort to be made public. I think police work would be very seriously deteriorated if this information was made public, even with names and identifications expurgated to avoid prejudice. This just would not mean anything to anyone who wanted to assess it.

The Acting Speaker (Mr. Blaker): Order, please. The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until 2 p.m. tomorrow afternoon.

At 10.30 p.m. the House adjourned, without question put, pursuant to Standing Order.

APPENDIX

(*See page 14268*)

CABINET COMMITTEE MEMBERSHIP

COMPOSITION DES COMITÉS DU CABINET

Communications/Communications

Chairman/Président	Mr./M.	G. Regan
Vice-Chairman Vice-président	Mr. M.	S. Joyal
Members/Membres	Mr./M.	A.J. MacEachen
	Mr./M.	J. Chrétien
	Sen./Sén.	H.A. Olson
	Mr./M.	A. Ouellet
	Sen. Sén.	R.J. Perrault
	Mr./M.	R. LeBlanc
	Mr./M.	J.-J. Blais
	Mr./M.	J.S. Fleming
	Mr./M.	Y. Pinard
	Mrs. Mme	J. Erola
	Sen./Sén.	J. Austin

Economic and Regional Development/Développement économique et régional

Chairman Président	Sen./Sén.	H.A. Olson
Vice-Chairman/Vice-président	Mr./M.	M. Lalonde
Members/Membres	Mr./M.	A.J. MacEachen
	Mr./M.	J.-L. Pepin
	Mr./M.	J.C. Munro
	Mr./M.	H.E. Gray
	Mr./M.	E.F. Whelan
	Mr./M.	A. Ouellet
	Mr./M.	R. LeBlanc
	Mr. M.	J. Roberts
	Mr. M.	F. Fox
	Mr./M.	P. De Bané
	Sen. Sén.	H.R. Argue
	Mr./M.	W. Rompkey
	Mr./M.	C. Lapointe
	Mr./M.	E. Lumley
	Mr./M.	D. Johnston
	Mr./M.	L. Axworthy
	Mrs./Mme	J. Erola
	Sen./Sén.	J. Austin
	Mr./M.	C. Caccia

Foreign and Defence Policy/Politique étrangère et défense

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Vice-Chairman/Vice-président	Mr./M.	G. Lamontagne
Members/Membres	Mr./M.	A.-J. MacEachen
	Mr./M.	J.-L. Pepin
	Mr./M.	H.E. Gray
	Mr. M.	E.F. Whelan
	Mr./M.	M. Lalonde
	Sen. Sén.	R.J. Perrault
	Mr. M.	R. LeBlanc
	Mr./M.	J. Roberts
	Mr. M.	J.-J. Blais
	Mr./M.	F. Fox
	Mr./M.	P. De Bané
	Mr./M.	J.S. Fleming
	Mr./M.	E. Lumley
	Mr. M.	D. Johnston
	Mr./M.	L. Axworthy
	Mr./M.	C. Caccia

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Vice-Chairman Vice-président	Mr./M.	F. Fox
Members Membres	Mr./M.	A.J. MacEachen
	Mr./M.	J.-L. Pepin
	Mr./M.	A. Ouellet
	Mr./M.	J.-J. Blais
	Mr./M.	P. De Bané
	Sen. Sén.	H.R. Argue
	Mr. M.	G. Regan
	Mr./M.	W. Rompkey
	Mr./M.	D. Johnston
	Mr./M.	P. Cosgrove
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	Mr./ M.	J. Chrétien
	Mr./ M.	J.C. Munro
	Mr./ M.	H. Gray
	Mr./ M.	R. LeBlanc
	Mr./ M.	J.-J. Blais
	Sen./ Sén.	H.R. Argue
	Mr./ M.	G. Regan
	Mr./ M.	P. Bussières
	Mr./ M.	C. Lapointe
	Mr./ M.	D. Johnston
	Mr./ M.	P. Cosgrove
	Mr./ M.	C. Caccia

Legislation and House Planning/ Législation et planification parlementaire

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Vice-Chairman Vice-président	Mr./ M.	J. Chrétien
Members/ Membres	Sen./ Sén.	H.A. Olson
	Mr./ M.	E.F. Whelan
	Sen./ Sén.	R.J. Perrault
	Miss/ Mme	M. Bégin
	Mr. M.	G. Lamontagne
	Mr./ M.	R.P. Kaplan
	Mr./ M.	P. Bussières
	Mrs./ Mme	J. Erola
	Mr./ M.	S. Joyal

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Vice-Chairman/ Vice-président	Mr./ M.	A.J. MacEachen
Members/ Membres	Mr. M.	J. Chrétien
	Sen./ Sén.	H.A. Olson
	Mr./ M.	H.E. Gray
	Mr./ M.	M. Lalonde
	Mr./ M.	R. LeBlanc
	Mr./ M.	G. Regan
	Mr./ M.	M. MacGuigan
	Mr./ M.	J. S. Fleming
	Mr./ M.	Y. Pinard
	Mr./ M.	D. Johnston
	Mr./ M.	L. Axworthy

Public Service/ Fonction publique

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Vice-Chairman/ Vice-président	Mr./ M.	A.J. MacEachen
Members/ Membres	Mr./ M.	J.-L. Pepin
	Mr./ M.	G. Regan
	Mr./ M.	Y. Pinard
	Mr./ M.	D. Johnston

Security and Intelligence/ Sécurité et renseignements

Chairman/ Président	Mr./ M.	P.E. Trudeau
Vice-Chairman/ Vice-président	Mr./ M.	A.J. MacEachen
Members/ Membres	Mr./ M.	J. Chrétien
	Mr./ M.	M. Lalonde
	Mr./ M.	G. Lamontagne
	Mr./ M.	M. MacGuigan
	Mr./ M.	R.P. Kaplan
	Mr./ M.	Y. Pinard
	Mr./ M.	L. Axworthy

Social Development/ Développement social

Chairman/ Président	Mr./ M.	J. Chrétien
Vice-Chairman/ Vice-président	Mr./ M.	J.C. Munro
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	Mr./ M.	F. Fox
	Mr./ M.	P. De Bané
	Mr./ M.	G. Regan
	Mr./ M.	R.P. Kaplan
	Mr./ M.	D. Johnston
	Mr./ M.	L. Axworthy
	Mr./ M.	P. Cosgrove
	Mrs./ Mme	J. Erola
	Sen./ Sén.	J. Austin
	Mr./ M.	C. Caccia
	Mr./ M.	S. Joyal
	Mr./ M.	B. Campbell

Special Committee of Council/Comité spécial du Conseil

Chairman/Président	Mr. M.	Y. Pinard
Vice-Chairman/Vice-président	Sen. Sén.	R.J. Perrault
Members/Membres	Mr./M.	W. Rompkey
	Mr./M.	P. Bussières
	Mr./M.	C. Lapointe
	Mr. M.	P. Cosgrove
	Mrs./Mme	J. Erola
	Mr. M.	C. Caccia
	Mr./M.	S. Joyal
	Mr./M.	B. Campbell

Treasury Board/Conseil du Trésor

Chairman/Président	Mr./M.	D. Johnston
Vice-Chairman/Vice-président	Mr./M.	A.J. MacEachen
Members/Membres	Mr. M.	A. Ouellet
	Sen./Sén.	H.R. Argue
	Mr. M.	W. Rompkey
	Mr. M.	E. Lumley
Alternates/Suppléants	Mr. M.	J.-J. Blais 1st Alternate/ 1er suppléant
	Mr. M.	P. Cosgrove
	Mr./M.	C. Lapointe
	Mr./M.	P. De Bané
	Sen./Sén.	J. Austin
	Mr./M.	B. Campbell

Western Affairs/Affaires de l'Ouest

Chairman/Président	Mr. M.	L. Axworthy
Members/Membres	Mr. M.	J.-L. Pepin
	Mr./M.	J.C. Munro
	Sen./Sén.	H.A. Olson
	Mr. M.	H.E. Gray
	Mr./M.	E.F. Whelan
	Mr./M.	M. Lalonde
	Sen./Sén.	R.J. Perrault
	Mr./M.	R. LeBlanc
	Mr./M.	J. Roberts
	Sen./Sén.	H.R. Argue
	Mr./M.	J.S. Fleming
	Mr. M.	E. Lumley
	Sen./Sén.	J. Austin

HOUSE OF COMMONS

Tuesday, January 26, 1982

The House met at 2 p.m.

● (1405)

ROUTINE PROCEEDINGS

[*English*]

EXTERNAL AFFAIRS

POLAND—CONDEMNATION OF GOVERNMENT—MOTION UNDER S.O. 43

Mr. Bill Domm (Peterborough): Madam Speaker, I move, seconded by the hon. member for Brampton-Georgetown (Mr. McDermid):

That this House condemns the current puppet government of Poland controlled from Moscow, that we support as a government the spirit of freedom demonstrated by the national and international members of Solidarity, that this House urges the Soviet Union, through diplomatic channels, to cease its present military and political intervention in the affairs of a sovereign nation, and that it censures the Prime Minister of Canada, the Neville Chamberlain of our day, for his deplorable attitude of appeasement toward a totalitarian government.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ADMINISTRATION OF JUSTICE

CALL FOR INQUIRY INTO CIRCUMSTANCES SURROUNDING CLIFFORD OLSON MURDER CASE—MOTION UNDER S.O. 43

Mr. David Kilgour (Edmonton-Strathcona): Madam Speaker, Clifford Olson, a career criminal, murdered 11 young people in British Columbia but recently received only 25 years in prison, and his family received a large sum of money for information he provided. I therefore move, seconded by the hon. member for Fraser Valley West (Mr. Wenman):

That an independent federal inquiry assess the matter comprehensively, including the probable effect of the payment on Olson's trial if he had not pleaded guilty, how the offender was on the street at the time of his murders despite indications of repeated violations of his parole conditions, and the effects of the entire incident from the standpoint that justice should not only be done but be manifestly seen to be done by Canadians.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE BUDGET

RESIGNATION SOUGHT OF MINISTER OF FINANCE—MOTION UNDER S.O. 43

Mr. Jack Shields (Athabasca): Madam Speaker, whereas the Minister of Finance (Mr. MacEachen) has shown a complete lack of compassion and sensitivity to the plight of the ordinary Canadian by blindly sticking to his most unpopular and incompetent budget; whereas his budget, by upholding the government's high interest rate policy, which is now contributing to, and not fighting, inflation, is causing untold suffering amongst farmers, businessmen, home owners and, indeed, all Canadians; and whereas these policies are pushing up unemployment figures to an all-time high, which translates into an increase in personal despair, depression, crime and suicide rates across the country, I move, seconded by the hon. member for Pembina (Mr. Elzinga):

That the Minister of Finance do the only honourable thing left to him to do, that is, to tender his resignation.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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CANADIAN BROADCASTING CORPORATION

BANNING OF SASKATCHEWAN HEALTH DEPARTMENT ADVERTISEMENTS—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, my motion arises out of the refusal of the CBC to carry certain anti-smoking advertisements prepared by the Saskatchewan Department of Health on the ground that the ads go beyond the concerns of health, and emphasize certain social considerations. In light of the contradiction that the CBC does not hesitate to run ads from tobacco companies which promote smoking by relating it to images of mountain streams and macho cowboys, I move, seconded by the hon. member for Winnipeg-Birds Hill (Mr. Blaikie):

That this House requests the CBC censors to review their unfair and contradictory policy and decision and allow the Saskatchewan Department of Health to advertise in order to discourage a very unhealthy practice.

S.O. 43

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

INDUSTRY

UNEMPLOYMENT CAUSED BY SHUTDOWN OF PLANTS—REQUEST THAT MINISTER PROPOSE EMERGENCY PLAN

Hon. Roch La Salle (Joliette): Madam Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43.

Considering that the Canadian people are suffering increasing trauma and stress as a result of factory closings and the loss of hundreds of thousands of jobs; considering that a study by the Canadian Manufacturers' Association shows that we can expect an additional loss of 100,000 jobs within the next two months in this vital sector of our economy; and considering that the budget brought down on November 12 is only going to exacerbate the recession, which was confirmed by the Minister of Finance (Mr. MacEachen) in Toronto yesterday, when he admitted that unemployment would increase, I move, seconded by the hon. member for Don Valley West (Mr. Bosley):

That the House unanimously urge the Minister of Finance (Mr. MacEachen) to propose an emergency plan aimed at stopping immediately this rash of plant shutdowns and permanent lay-offs, thereby recognizing the fact that Canadians cannot afford the luxury of losing 100,000 jobs.

Madam Speaker: Under the provisions of Standing Order 43, this motion requires the unanimous consent of the House. Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1410)

[*English*]

EXTERNAL AFFAIRS

KOREA—SUPPORT FOR UNIFICATION OF COUNTRY—MOTION UNDER S.O. 43

Mr. Bob Corbett (Fundy-Royal): Madam Speaker, South Korean President, His Excellency Chun Doo Hwan, has again called on North Korea to adopt a joint constitution committed to the ideals of nationalism, democracy, liberty and individual well-being, in his unswerving commitment to Korean unification. As Canada is committed to these same ideals of nationalism, democracy, liberty and individual well-being, I move, seconded by the hon. member for Athabasca (Mr. Shields):

That this House commend and support the people of South Korea in their efforts for a united Korea and in so doing pay tribute to those Canadians who fought and some who died in Korea to achieve the goals of freedom.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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DISASTERS

DEVELOPMENT OF SHIP SAFETY STANDARDS—MOTION UNDER S.O. 43

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, following the tragic and needless deaths of crew members in the sinking of the *Hudson Transport* in the Gulf of St. Lawrence last month, and other recent maritime disasters during which 18 Canadians perished in the last two years, I move, seconded by the hon. member for St. John's West (Mr. Crosbie):

That a reference be provided to the Standing Committee on Transport so that that committee may develop recommendations on the whole range of safety standards required of commercial ships sailing in Canadian waters, and in particular the need for survival suits for all members of the crews.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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MEDICAL CARE

ENFORCEMENT OF NATIONAL STANDARDS—MOTION UNDER S.O. 43

Mr. Bill Blaikie (Winnipeg-Birds Hill): Madam Speaker, I rise pursuant to Standing Order 43. It is a year and a half since the Hall Report recommended the banning of extra billing by physicians, and six months since the task force on Federal-Provincial Fiscal Arrangements recommended likewise. Yet all we have had up to date from the Minister of National Health and Welfare is bluster and rhetoric, while the enemies of medicare, from certain doctors to certain provinces, detecting that this government has no courage or spirit for the defence of medicare, are having a heyday. The extra billing that is going on in Alberta, and the hospital policies of the Ontario government, are examples of what I mean. Therefore I move, seconded by the hon. member for Broadview-Greenwood (Mr. Rae):

That this House instruct the Minister of National Health and Welfare, first, to table proposals for the clarification and enforcement of national standards for

health care; second, outlaw extra billing immediately before it goes any further and, third, tell the Minister of Finance to withdraw his irresponsible proposals for cutbacks in federal transfer payments to the provinces.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EDUCATION

SUGGESTED ESTABLISHMENT OF NATIONAL COUNCIL—MOTION UNDER S.O. 43

Mr. Jesse P. Flis (Parkdale-High Park): Madam Speaker, I rise seeking the attention of all hon. members of this House on a matter of urgent and pressing necessity under the terms of Standing Order 43. In view of the fact that the Minister of Employment and Immigration announced on January 6, 1982, a new national training program designed to overcome skill shortages, to accelerate economic growth and development, and to facilitate industrial adjustment, and in light of the fact that this morning's *Globe and Mail* states that an Ontario manpower commission indicated that the education system in that province failed to produce skilled workers for industry, I move, seconded by the hon. member for Roberval (Mrs. Beauchamp-Niquet):

That the government take the appropriate steps to establish a national educational council whose main function would be to encourage uniform educational standards and recommend programs which would meet the demands of the skilled labour market.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE BUDGET

EFFECT ON VETERANS' INCOME—MOTION UNDER S.O. 43

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, a well concealed provision of the November 12 budget, Resolution 53, has put Canadian veterans directly in the taxman's firing line when they can ill afford to be anywhere near the battlefield. This measure will, in effect, be taxing the veterans' families where they have never been taxed before. I move, seconded by the hon. member for Moose Jaw (Mr. Neil):

That this House instruct the Minister of Finance to rescind Resolution 53 of the budget which would add veterans' pensions to their total calculable income, thus making them ineligible as dependants for their working spouses to claim the corresponding $3,500 tax deduction.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

Madam Speaker: Oral questions.

● (1415)

ORAL QUESTION PERIOD

[*Translation*]

THE ECONOMY

ELIMINATION OF INVESTMENT INCENTIVES

Hon. Michael Wilson (Etobicoke-Centre): Madam Speaker, I would like to say "Welcome home!" to the Minister of Finance. What a surprise to see him in the House today! In his speech the minister said that it would be wrong to stimulate the economy. He forgot that over a million Canadians are out of work and that many more stand to lose their jobs in less than a month. Behind these statistics are the countless personal tragedies that are taking place throughout the country. Why did the minister decide this year to remove so many investment incentives which had, in fact, been introduced with a view to creating employment?

[*English*]

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I thank the hon. member for his welcome. I am delighted to be welcomed back after one day's absence. He would obviously be weeping with delight if I stayed away a week and then came back.

Some hon. Members: Oh, oh!

Mr. Broadbent: Try retirement.

Mr. MacEachen: The hon. member in his statement suggested that somehow the approach of the government is anti-investment. It seems to me that the central message of the budget—

An hon. Member: Is inequity.

Mr. MacEachen: —is anti-inflation. It is intended to do what is required to remove the main obstacle to investment and growth in the country, namely, high inflation rates.

Some hon. Members: Hear, hear!

Mr. MacEachen: How in the name of Heaven does the hon. member think we can have growth and investment in the country—

Mr. Nielsen: By your resigning.

Mr. MacEachen: —unless we bring down the inflation rate which is presently bedevilling the investment process? That message has not got into the hon. member's head yet.

Some hon. Members: Hear, hear!

* * *

THE BUDGET

QUERY RESPECTING MINISTER'S ADVISERS

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, the central message of many Canadians which I heard across Canada over the past three weeks—I was working, not in a lair in Cape Breton brooding—was that this was an anti-job budget.

Some hon. Members: Hear, hear!

Mr. Wilson: The inflexibility of the minister in the entire budget process is unprecedented. The tax increase which he has imposed upon Canadians is also unprecedented. We are in a recession which is the worst since the depression.

Yesterday the minister said that he thought it was the wrong time to stimulate, that he wanted to wait until July when things might be better. But all experts—and I do not include the minister in that category of person—are telling us that it will be worse by July. Does the minister have the same people advising him now as he had advising him on the budget?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member is again contradicting himself. He has accused me of great rigidity in my approach to the budget and economic measures. When I announced on December 18 changes to the budget in response to representations received—

Mr. Epp: Just withdraw it, Allan, and get on with it.

Mr. MacEachen: —from across the country, the hon. member was on his feet instantly demanding my resignation because of this enormous retreat which he now describes as rigidity.

Some hon. Members: Hear, hear!

Mr. MacEachen: You do not remember what you say from one day to the other.

REQUEST FOR REFERRAL OF CERTAIN PROVISIONS TO PARLIAMENTARY COMMITTEE

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, the minister knows as well as all his backbenchers know that he was forced into that retreat because of the stupidity of the budget.

Some hon. Members: Hear, hear!

Mr. Wilson: The budget is a tax grab which is robbing many Canadians of worth-while and widely accepted social and economic programs. This change has shaken the faith and confidence of many Canadians that the government understands what is going on. "Do they know what they are doing"; that is what we were asked in the past couple of weeks. Will the minister explain why he will not withdraw and cancel those tax changes which affect programs, such as the dental and health programs, savings incentives, and taxation of pensioners, and refer them to a House committee?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, if the hon. member is relying on the statistics which were put before the House by his leader yesterday, then no wonder he is in the blind alley that is revealed by his question. The Leader of the Opposition stated yesterday that millions of Canadians would have their taxable income increased by $500 as a result of the budget. That is false, and it is as false as the other allegations in the hon. member's question.

• (1420)

Mr. Clark: You prove it.

An hon. Member: That is the way to go.

* * *

FINANCE

REBATES ON FARM FUEL

Mr. Charles Mayer (Portage-Marquette): Madam Speaker, my question is for the Minister of Finance. It has to do with what is going on in the farming community. Could I please have the minister's attention?

For the first time we have farmers who are going out of production for reasons of man-made uncertainties having to do with the economy. This does not have to do with weather or with markets, and it will result in substantially increased prices for food to the consumer, in turn affecting inflation.

Specifically, can the minister give any hope to producers that there will be some government assistance so they can stay in production and thereby contribute to holding down the price of food? In that regard, I have a specific suggestion to offer. Would the minister consider increasing the rebates on farm fuel used for the production of food? That seems to be quite reasonable when one considers that the government is currently taking between 40 cents and 60 cents a gallon—

Madam Speaker: Order, please. Does the hon. member have a question?

Some hon. Members: Oh, oh!

Mr. Mayer: Madam Speaker, I asked the minister if he would consider a rebate on farm fuels used in the production of food. I pointed out to him that the federal government is

currently taking between 40 and 60 cents a gallon in tax on that same fuel.

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member has put forward a suggestion with respect to a particular rebate. Obviously all suggestions are given consideration, but I would remind the hon. member that there is presently before the House a bill affecting the farming community on which debate began yesterday.

Some hon. Members: Oh, oh!

Mr. MacEachen: We have given notice with respect to the Farm Credit Corporation.

Mr. Mayer: Madam Speaker, that bill had to do with increasing exports. If we lose our production at home we will not have anything to export. That will not be of much help to producers at home.

Some hon. Members: Hear, hear!

FARMERS' ACCESS TO SMALL BUSINESS DEVELOPMENT BOND PROGRAM

Mr. Charles Mayer (Portage-Marquette): Madam Speaker, let me make another specific suggestion to the minister having to do with the budget if I may. The minister changed the provisions of the Small Business Development Bond. Some of the changes were welcome. But we have problems with the one that has financial difficulty as a constraint. Would the minister be prepared to consider removing that financial constraint provision from the Small Business Development Bond so that farmers can have access to at least a limited amount of financing in the 10 to 11 per cent range?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the financial difficulty provision of the Small Business Development Bond was there when it was first introduced by the former minister of finance. It is still there and it is applied in present circumstances to firms and unincorporated businesses, including farmers in financial difficulty, so that the available funds will go first to those who need them most, namely, farmers and small businessmen who, because of high interest rates, are facing these difficulties. I believe the hon. member's suggestion would make it possible for those in a much better position to get the available funds at the expense of those who need them most, namely, firms in financial difficulty. Therefore I cannot accept his suggestion.

THE ECONOMY

ESTIMATE OF FUTURE LAY-OFFS

Mr. Edward Broadbent (Oshawa): Madam Speaker, in his speech made yesterday in Toronto the minister flatly refused to consider any further stimulus to the Canadian economy. In the same speech, however, he made it clear he expected that the disastrous circumstance leading to thousands of Canadians being laid off would continue for some time in the future. We made a forecast of the number of people who could be anticipated to be laid off, but more recently the Canadian Manufacturers' Association attached a precise figure to its estimate. The Association stated that some 100,000 Canadians would lose their jobs in the next few months. Does the minister agree with the Canadian Manufacturer's Association estimate and, if not, what is his estimate?

• (1425)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, if the hon. member wants to get statistical information, I suggest he put a question on the Order Paper.

Some hon. Members: Oh, oh!

Mr. Broadbent: I suggest, Madam Speaker, that answer reflects precisely this government's total lack of concern about the human lives affected by unemployment.

Some hon. Members: Hear, hear!

LAY-OFFS IN INDUSTRIAL SECTOR

Mr. Edward Broadbent (Oshawa): Madam Speaker, we have seen the minister's lack of concern about lay-offs in general. My next question concerns the industrial sector specifically.

We have lost 235,000 manufacturing jobs in the last four months. In the province of Quebec alone unemployment in manufacturing is at 12.7 per cent, and this morning Camco announced 1,400 additional lay-offs in Montreal and Hamilton.

My question is straightforward, and I hope this time the minister will answer. Does he not agree that most of the 235,000 lay-offs in manufacturing, and in particular those laid off from Camco this morning, are directly related to the high interest rate policy which has caused a fall off in investment on the one hand, and a decline in consumer spending on the other?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): No, Madam Speaker, I think the hon. member is off the mark. The basic cause for a good deal of the trouble in our domestic industry is a fall-off in foreign markets. It is due in large part to the decline in purchasing power of all our trading partners. The hon. member has to get into place the idea that other countries, not only Canada, are in the

midst of a recession which is affecting our markets. That is the basic cause—

Mr. Wilson: Why do you make it worse?

Mr. MacEachen: —at the present time of the situation we are facing. What I am attempting to avoid is worsening—

Mr. Wilson: You have already.

Mr. MacEachen: —the situation by undertaking the massive stimulus the hon. member is advocating, which would have the result of pushing interest rates up further and making Canada less competitive than it is at present.

I ask the hon. member what solution does he have now for a situation where in the United States price inflation and wage increases are much less than in Canada? How do you expect to compete in the future unless Canada gets its inflation rate down? That is the central message of the budget.

Mr. Clark: Get rid of you.

EFFECT OF INTEREST RATES ON INVESTMENTS AND PURCHASES

Mr. Edward Broadbent (Oshawa): Madam Speaker, the rhetoric was interesting; it is just too bad the minister did not answer the question. He knows full well that most Canadian manufacturing is intended for the domestic market, not for export, and the question pertained to the decline in manufacturing jobs.

I would like to ask the minister, assuming he has a million dollars to invest, would he put it in a job-creating business project given the markets as they are now in Canada, or would he, because of the high interest rate policy, be more inclined to put it in a bank or trust company where he could get 15 per cent without risk. Alternatively, if he were a consumer would he now buy a television set, a car or refrigerator, when interest rates on consumer loans are at 19 per cent, or would he put off such purchases indefinitely?

Will the minister answer that question, because surely the answer is he will put the money in the bank and put off purchases, and that is why we have massive unemployment?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): The hon. member answered his own question and it is the kind of answer I would expect from a comfortable socialist who does not believe in the free enterprise system.

Some hon. Members: Oh, oh!

• (1430)

CANADA POST

DELIVERY OF MUNICIPAL TAX BILLS

Mr. Bud Bradley (Haldimand-Norfolk): Madam Speaker, my question is directed to the minister responsible for the Canada Post Corporation. The self-delivery of bills by municipalities has become an area of discontent since the Canada Post Corporation has threatened court action. The minister knows that this has always been an accepted practice, and restrictions will not increase employment in Canada Post Corporation but, in fact, will cause unemployment as countless senior citizens, handicapped persons, students and boy scouts, etc., will lose their jobs in part-time delivering of bills.

In order to clarify this situation, is the minister at least willing to introduce an amendment to the Canada Post Act, reinstating the exception in question, and thus allowing the continuance of this practice by municipalities?

Some hon. Members: Hear, hear!

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, this matter was discussed at length when Parliament was debating the bill to establish the Canada Post Corporation. The hon. member should have taken part in the discussions in committee at the time, especially since representatives of his own party discussed the matter at the time and voted with the government for the bill to establish the Canada Post Corporation, a bill that does not give charitable institutions the right to encroach on the exclusive letter delivery monopoly of the corporation.

[*English*]

Mr. Bradley: Madam Speaker, we were not talking about charitable institutions. We all know, on this side, how bills are passed in this House. I might remind the minister, if he is taking cheap shots, that it was not this side which said that small business should not depend on Canada Post.

Some hon. Members: Oh, oh!

Mr. Bradley: This leads me to another area concerning storekeepers and their bills.

DELIVERY OF MERCHANTS' BILLS

Mr. Bud Bradley (Haldimand-Norfolk): Will the minister at least confirm that section 15(5) of the act grants storekeepers and other merchants the right to send out their bills using their own employees?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, it is not customary for a minister of the Crown to give a legal opinion. The hon. member can read the act as well as I can.

[*English*]

ADMINISTRATION OF JUSTICE

MONEYS PAID TO CONVICTED MURDERER, CLIFFORD OLSON

Hon. Allan Lawrence (Durham-Northumberland): Madam Speaker, my question is directed to the Solicitor General. Could the minister advise whether the moneys paid by the RCMP to convicted killer Olson have been physically removed from Canada and may therefore be outside of the jurisdiction of the Canadian government in the event of any recovery attempt?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, the trustee who was originally in possession of those funds has not been totally forthcoming in reply to inquiries made to him.

Mr. Hnatyshyn: That makes two of you!

Mr. Kaplan: My understanding is that that fund is still in Canada and in the hands of a trustee.

An hon. Member: What is FIRA going to say?

DETAILS OF PAYMENT AGREEMENT

Hon. Allan Lawrence (Durham-Northumberland): My supplementary question is directed to the same minister, Madam Speaker. As well as the payment of moneys at Olson's request, were there any other inducements, benefits or considerations held out to Olson in the RCMP agreement with him, or, for that matter, even outside of the agreement?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, there were no other inducements offered to him of which I am aware.

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HUMAN RIGHTS

CANADIAN VOTE IN UNITED NATIONS COMMITTEE

Mr. Ian Watson (Châteauguay): Madam Speaker, I have a question for the Minister of External Affairs. Two weeks ago, in a vote in the Fifth Committee of the United Nations, the U.S., Canada and Turkey alone, among members of the Western Alliance, voted to cut specially allocated funds for the United Nations' "missing persons" group which has been responsible for focusing world attention on the disappearance of some 20,000 people, more than half in Latin America, in some 20 different countries. Diplomatic observers at the United Nations attributed the U.S. vote to the policy of the U.S. administration to ease up human rights pressure on allies in Latin America. I would ask the minister whether Canada, as well, is easing up on its support for human rights in Latin America. If not, will the minister instruct his officials at the United Nations to continue full support for this vital UN human rights function?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, I can assure the hon. member and the House that human rights remain one of the foremost priorities of Canada in our foreign policy.

An hon. Member: Right after martial law.

Mr. Crosbie: We saw that!

Mr. MacGuigan: To the best of my recollection, with respect to that vote, and I will subsequently check our vote, it was not cast on the substance of the matter at all, but was cast with respect to budgetary considerations which were not being observed.

Some hon. Members: Oh, oh!

Mr. MacGuigan: However, I will review that file and, if I have the opportunity, I will subsequently report to the House. In any event, it certainly does not reflect any lessening priority, on our part, for human rights.

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THE ECONOMY

EFFECT OF UNITED STATES INTEREST RATES ON CANADA

Mr. Bob Rae (Broadview-Greenwood): Madam Speaker, my question is directed to the comfortable capitalist, the Minister of Finance. Yesterday, at the Canadian Club, the minister said that he anticipated a recovery in the world economy in the next six months; but he also said, concerning the American economy, that interest rates in the United States could rise again if there were a strong recovery and if there were government borrowings there they would put heavy pressure on financial markets.

I would like to ask the Minister of Finance to try to resolve this contradiction for the House. Is he saying that he expects American interest rates to go down, or is he saying that he expects them to go up? If he is expecting them to go up, can he tell us what this will do to Canadian interest rates and what this will do to potential recovery of the Canadian economy over the next six-month period?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I did state in the speech that it was the opinion of most public and private forecasters that there would be a widely-based recovery in the United States and in Europe. In fact I pointed out that there is already a recovery taking place in Europe, and, to some extent, in Japan, a slight recovery. The expectation is that that recovery will gain momentum by the end of the second quarter of 1982.

I did add what I consider to be the wise observation that this type of recovery could be impeded by another surge in interest rates, particularly if there were very heavy borrowings by the United States; that, of course, relates to their deficit and how they will deal with that. We will probably know more about

that when the President makes his statement tonight. However, it seems to me that yesterday, in attempting to assess the economic situation as thoroughly as I could, it was my obligation to point out the risks which were also involved; and, in this case, I pointed them out with respect to American possibilities.

Mr. Crosbie: You tell Turner he was at fault. That's what you did.

Mr. Rae: Madam Speaker, I am sure that President Reagan will appreciate the detailed economic management advice on how to deal with deficits from the Minister of Finance. However, I would point out to the minister that it was Calvin Coolidge, in 1928, who said that he anticipated the future with optimism, and I suggest to the minister that that is the kind of answer we are getting. However, he did not actually deal with the question I asked him with respect to Canadian interest rates.

REQUEST FOR ASSURANCE ON INTEREST RATE MOVEMENTS

Mr. Bob Rae (Broadview-Greenwood): I would like to ask the minister for a flat statement. If American interest rates go up as a result of the policies of the American government and conditions in the United States, can he at least give us the assurance, this time, that we will not join the Americans on that roller-coaster which will have the effect of devastating our real economy and throwing hundreds of thousands more Canadians out of work? Can he give us the assurance that he now intends to follow a made-in-Canada interest rate policy which will respond to conditions in this country and not to policies followed elsewhere?

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member knows, I am sure, that every week there is a public tender of treasury bills in the market, in Ottawa—

Some hon. Members: Oh, oh!

Mr. MacEachen: —in Canada, and that the interest rate, the bank rate which results from that, is totally made in Canada, to that extent.

Mr. Stevens: By the Bank of Canada.

Mr. MacEachen: Except, Madam Speaker, the hon. member always—

An hon. Member: You know better than that!

Some hon. Members: Oh, oh!

Mr. MacEachen: —overlooks the fact that Canada is part of an international financial market, that it is part of an international trading system, and that Canada gets a great deal of benefit from participating in that international trade and payments system. What happens in the United States affects Canada, as it does West Germany, the United Kingdom, Italy, and every industrialized country.

An hon. Member: What are they doing now?

Mr. MacEachen: There is no way by which it is possible to insulate Canada against interest rate changes in the United States without paying a very heavy price in the form of short-term capital movements from Canada and in the form of very heavy depreciation of the Canadian dollar. That is the trade-off that the hon. member never mentions.

Some hon. Members: Hear, hear!

* * *

● (1440)

THE BUDGET

EFFECT OF PROVISION ON VETERANS' INCOME

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, my question is for the Minister of Finance. The minister will be aware of a tax provision, Resolution 53, which will drastically reduce a war veteran's annual income. A Canadian veteran can ill afford to lose a potential $3,500 income which is gained by having the working spouse claim him as a dependant for income tax purposes. Will the minister agree to rescind immediately this extremely punitive tax measure which will see veterans and their pensions being put front and centre on the taxman's firing line?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member has raised another question with respect to veterans. Yesterday the Leader of the Opposition alleged that the taxation of employee benefits would have a direct effect on veterans pensions. I would like to say with regard to one type of veterans pension, namely, veterans allowance as determined by the recipient's income and means, there is no impact whatsoever of the taxation of employee benefits upon the receipt of veterans pensions. I want to clear up that allegation made yesterday by the Leader of the Opposition. The hon. member has given an interpretation of a particular resolution which we will be examining in the Committee of the Whole when we get there. If the hon. member wants to make representations then I will be very glad to consider them.

* * *

THE ECONOMY

REQUEST THAT MINISTER CONSIDER ADOPTING UNITED STATES POLICIES

Hon. George Hees (Northumberland): Madam Speaker, I would like to address a question to the Minister of Finance. Inflation in the United States decreased from an average of 12.5 per cent in 1980 to an average of 8.9 per cent in 1982. Inflation in this country increased from an average of 10.1 per

cent in 1980 to an average of 12.5 per cent in 1982, a new record for this country. Tax rates for individuals in the United States were lowered on January 1 by an average of 8¾ per cent, making it possible for a family of four earning $20,000 a year to pay $203 less in taxes this year than last year. Has the minister seriously considered introducing the same kind of economic policies, which are doing a far better job of reducing inflation and giving hard-pressed taxpayers a break in the United States than his policies are doing here in Canada?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): No, Madam Speaker. I believe it was some months ago that the hon. member for St. John's East asked me if I would implement the Reagan policy in Canada in order to achieve so-called beneficial results. I stated at that time that one of the major characteristics of the Reagan policy was the elimination of very important social programs which I could not recommend to the House of Commons. I would say to the hon. member that it surprises me that he would point to the United States as a source of tax reductions which are undertaken annually in Canada through the indexation system which we all support.

In the last budget, in addition to the retention of indexing, reducing the tax rates and lowering the marginal tax rates, all of these things have been done with the effect that 12 million Canadians will pay less tax in 1982 than in 1981. That is Canada. I would like the President of the United States to top that in his budget address tonight.

QUERY RESPECTING MINISTER'S APPROACH

Hon. George Hees (Northumberland): Madam Speaker, the fact that taxes for ordinary people in the United States are going to be considerably lower this year than a year ago seems to bear no weight with the minister at all. The minister has said time and time again that the number one project that his government has is to lower inflation. The United States has materially lowered inflation during the last year. The minister and his policies have materially increased inflation, as I have outlined to the House, and he has not commented upon that because he knows the facts are true and that his policy is a failure. Is it not now safe to describe the minister's approach to economic affairs as simply this: everybody is out of step but Allan?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, may I for a moment return to the previous question which the hon. member asked, comparing the tax situations in Canada and the United States. I would like to tell my hon. friend that the average industrial wage in Canada this year will be about $22,000. At this income level, the tax savings from indexing, the marginal tax rate cuts and the increased federal tax credit, are $625 for a single-earner married couple with two children—that is not bad—and $220 for a single person. I think that is considerably better than the statistics which the hon. member ascribed to the United States.

Mr. Hees: What about inflation which the minister says is the number one problem? He never even mentioned that.

* * *

THE BUDGET

PROPOSALS AFFECTING HEALTH AND DENTAL PLANS

Mr. Bill Clarke (Vancouver Quadra): Madam Speaker, I want to ask the Minister of Finance about his unprecedented budgetary attack on some 15 million Canadians who are covered by health and dental plans. Are his proposals to tax employer contributions, which will discourage Canadians from buying their own dental and health insurance and result in higher costs for lower-income Canadians, just part of a broadside attack on all worth-while social objectives, or will he come to his senses and reverse these provisions?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member has raised the question of the taxation of employee benefits, particularly health and dental plans. I ask the hon. member to consider the situation where certain employees receive part of their compensation in the form of employer contributions toward these plans, all non-taxable, and other employees receive their total compensation in the form of regular income which is fully taxable. It is in order to bring that situation into line that it was decided to tax these particular benefits.

I want to tell the hon. member that the tax reductions which I just mentioned, $625 for a married couple with two children, and a single earner family, will in most cases more than compensate for the increased taxes that arise from the taxation of employee benefits. I have the average specific numbers. The hon. member will see that the tax to be paid by the average employee is much less than the tax reduction that he will experience.

REPRESENTATIONS MADE BY CONCERNED ORGANIZATIONS

Hon. David Crombie (Rosedale): Madam Speaker, my question is supplementary to the previous question. The minister may recall that I asked a question of him on December 16 with respect to dental and health benefits. At that time he suggested it was a "red herring".

● (1450)

Since then the minister has received a number of briefs from the Canadian Life and Health Insurance Association, the Canadian Labour Congress, from the Building Trades Council, and the Canadian Construction Association. At the time the minister indicated that he would look into the consequences of the suggestions in those briefs. They make two points, first, that his budget affects the credibility of the future of those private health and dental plans and, second, that there will be increased extra costs to millions of Canadian working people.

Why does the minister still refuse to deal with those briefs and those suggestions from those very reputable organizations?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I have examined briefs which have been received. I have given a good deal of consideration to this particular problem. I intend to receive further representations which I am sure I will be getting later in the month when I resume my meetings with the interested parties.

As the Leader of the Opposition said, the resolutions will be before the House of Commons and they will all be examined in detail, at great length. I also understand and believe this will be an opportunity to delve into this question, to make the comparisons that I have attempted to make—

Mr. Wilson: How long do you need?

Mr. MacEachen: In answer to the question put by the hon. member I want to assure him that I am giving very careful consideration to all these matters and I respect the parliamentary process which provides for detailed examination of all these measures by the House of Commons. That has not yet taken place and I think that is an appropriate place for us to go into these matters in very great detail.

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EXTERNAL AFFAIRS

POLAND—PRIME MINISTER'S MEETING WITH CANADIAN-POLISH REPRESENTATIVES

Miss Aideen Nicholson (Trinity): Madam Speaker, my question is for the Prime Minister. In view of the Prime Minister's meeting with the president of the Canadian Polish Congress and other representatives of Canadian Polish associations yesterday, could the Prime Minister tell the House what the outcome of the meeting was, and particularly whether there was agreement on Canada's position in relation to the very distressing situation in Poland now?

An hon. Member: Just like you wrote it, Pierre.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I would not want to speak on behalf of the members of the Polish Congress.

Some hon. Members: Oh, oh!

An hon. Member: You are speaking for Jaruzelski.

Mr. Trudeau: It is not my habit to report the position of others. I think they are able to do that for themselves.

My impression is that we agreed on three fundamental points, the ones that Canada has defended both in the NATO forum and since I made my statement on December 30. The points are that, first, there should be a relaxation and cessation of martial law; second, that dialogue should resume between the Polish government, members of Solidarity and the Catholic Church; third, that there should be a release of the prisoners who were put in jail following the imposition of martial law.

Some hon. Members: Hear, hear!

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ADMINISTRATION OF JUSTICE

QUERY RESPECTING RECOVERY OF FUNDS PAID TO CONVICTED MURDERER, CLIFFORD OLSON

Mr. Svend J. Robinson (Burnaby): Madam Speaker, my question is for the Solicitor General and it again concerns the payment of $90,000 in blood money by the RCMP to Clifford Olson—an unprecedented agreement which the Solicitor General now admits he did not even know about until it was beyond his control.

In view of the fact that the Solicitor General originally stated that there was no federal money involved whatsoever, and then gave varying percentages, including 75 per cent, I would ask the minister what was the specific source of these funds. Was there some special informer fund? Precisely what percentage was paid by the federal government? Also, despite his statement that the word of the RCMP is their bond, even to convicted killers, what steps is the federal government taking to recover these funds?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, as to the recovery of the funds, that matter is under consideration between the attorney general of British Columbia and the "E" Division of the RCMP, as I have indicated before. I am looking forward to hearing from them at the conclusion of those discussions.

GUIDELINES GOVERNING PAYMENTS TO ACCUSED PERSONS

Mr. Svend J. Robinson (Burnaby): Madam Speaker, I note that the minister still appears to be unable to answer what percentage of this was paid by the federal government, or whether anything was paid by the federal government.

Yesterday the Solicitor General refused to assure Canadians that similar payments to those made in the Olson case would not be paid in the future, saying that he would continue to authorize them in accordance with the professional code of the RCMP.

Recognizing the possibility that this practice could lead to disturbed individuals killing for profit, or possibly being induced to confess to crimes that they may not have in fact committed, what are the specific guidelines in the RCMP professional code governing the authorization of such payments in the future?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, with regard to the percentage, I know that the hon. member was sounding off yesterday to the effect that, in his legal opinion, these payments would be entirely from the account of the federal government. That was not my view. My view was

that they were part of the provincial policing funds, like all other funds disbursed on account of that contract. In the current year those payments are billed and shared between the federal and provincial governments in the ratio of 56 per cent provincial and 44 per cent federal.

I checked with the province of British Columbia and they confirmed that they did not view this as a federal responsibility, notwithstanding the legal advice of the member opposite, and that they too considered it to be part of the general provincial contract.

As far as payments in the future are concerned, the House will be interested to know that the New Democratic Party critic of the attorney general in the province of British Columbia has approved these payments, and I understand has said that if he were attorney general of the province he would have made the same agreement.

As I indicated recently, the position on agreeing to payments in the future is the same as the position on payments in the past; that is, that it is a matter of administration of justice within the province. I would want to assure that in the future the RCMP would bring such a demand from an accused or other offender to the attention of the attorney general of that province, as they have done in the past, so that that attorney general would have the same authority to deal with it as the attorney general of another province not served by the RCMP.

Some hon. Members: Hear, hear!

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FISHERIES

ASSISTANCE FOR FISH PLANT IN ST. ANTHONY, NFLD.

Hon. John A. Fraser (Vancouver South): Madam Speaker, my question is for the Minister of National Revenue. According to press reports the minister has been involved in an anguished attempt to salvage the Fishery Products Limited plant at St. Anthony. Could the minister tell us how much federal money is available to help, how much the minister thinks it will cost, and how soon will some action be taken?

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, if you intend to allow that question I will simply say that I have represented St. Anthony for ten years and I do not intend to stand by and see the people of St. Anthony suffer in any way.

Some hon. Members: Hear, hear!

DIFFICULTIES FACED BY EAST COAST FISHERIES

Hon. John A. Fraser (Vancouver South): In view of the fact that the government has now set up Michael Kirby as the minister for fisheries, and that the Minister of Fisheries and Oceans himself seems to have absolutely no role to play in the salvaging of the fishing industry on the east coast, and in view of the fact that Mr. Kirby said that our estimate of what it will cost is all wrong, and in view of the fact that the Minister of National Revenue cannot answer the question, I would like to put the question to the Minister of Fisheries and Oceans. Would the Minister of Fisheries and Oceans tell us how much money is needed, how soon it will be paid, and whether he, the Minister of Fisheries and Oceans, has any ongoing responsibility whatsoever for the financial difficulties of the east coast fisheries?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Madam Speaker, the hon. member's rhetoric should remind the House that he has discovered Newfoundland in the last month.

Mr. Crosbie: When will you start?

Mr. LeBlanc: The first thing the hon. member did when he discovered the Newfoundland situation was to write a letter to me suggesting that we spend $100 million without any conditions—simply spend it. I believe that some of his colleagues on that side of the House might find that somewhat irresponsible.

The fact is, Madam Speaker, that before Christmas cabinet made a decision to give some assistance to the industry in the form of deficiency payments. That was very gratefully received. I think it was a good formula. Cabinet also made another decision for the purpose of protecting the communities of Gaultois and Grand Bank. The Lake Company should be encouraged to present to us a business plan that would allow us to help them in their recovery. That is already proving to be productive and very useful.

• (1500)

The matter of St. Anthony is more recent. We are looking at this subject, and I might tell the hon. member that he really should go to Newfoundland again. He might learn something else.

Some hon. Members: Hear, hear!

ROUTINE PROCEEDINGS

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 2,728, 2,767, 3,021, 3,056, 3,060, 3,062, 3,148, 3,291, 3,292, 3,325, 3,341, 3,524, 3,561 and 3,567.

Order Paper Questions

[*Text*]

AIRCRAFT NEAR MISSES

Question No. 2,728—**Mr. Beatty:**

1. For 1980 and 1981, in how many instances did a commercial aircraft pass another aircraft in the air with fewer than 500 feet between them and, in each case (a) what were the aircraft in question, including the origin and destination (b) on what date and at what time did the incident occur (c) was an investigation conducted and, if so, what were the results?

2. Is it a requirement that an investigation take place where near-misses of aircraft occur and, if so, what is the procedure followed?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): 1. An exact method to determine spacing between aircraft in flight in such critical measurements, does not exist at this time. Normally, Air Traffic Control Services conducts an investigation when aircraft under their control are involved and it is alleged that flight safety may have been jeopardized and/or less than the required minimum separation between aircraft may have existed. Within this process, investigations are conducted into both technical and critical losses of separation.

A technical loss of separation is defined as an occurrence in which less than the authorized separation minimum existed but no evasive action was considered necessary by the aircraft or controller.

A critical loss of separation is defined as an occurrence in which less than the authorized separation minimum existed and one or both aircraft took evasive action, or would have instinctively done so had there been sufficient time or knowledge of the situation.

For 1980 and until July 1, 1981, of the critical losses of separation recorded, ten involved commercial aircraft which may have passed in close proximity to other aircraft.

See attached list for:

(a) Aircraft in question; origin and destination.

(b) Date and time of incident.

(c) Results of investigation.

2. In all cases of suspected loss of separation or incident, where the involvement of air traffic control is indicated, a team is convened to investigate the occurrence. Such investigations are conducted under specific guidelines and a report is filed accordingly.

Place	(A) Aircraft		(B) Date	(C) Results
Vicinity of Hudson Heights (Quebec)	ST 27 Dorval-Kingston	SW 4 Ottawa-Dorval	Jun. 26/80 0946 L	Human error (forgetfullness) on the part of the air traffic controller.
Vicinity of Victoria (British Columbia)	B737 Seattle-Victoria	BE 90 Local at Victoria	Jul. 4/80 1009L	Air traffic controller counselled by United Management regarding adherence to procedures.
Near Toronto Airport (Ontario)	L1011 Landing Toronto	MO 21 Landing Toronto	Sept. 6/80 1327L	Procedures revised and the air traffic controller counselled by Unit Management prior to return to duty.
Vicinity of Thunder Bay (Ontario)	DC 9 Toronto-Thunder Bay	BE 90 Local at Thunder Bay	Oct. 15/80 1450L	Air traffic controller counselled by Unit Management on control service prior to return to duty.
Vicinity of Broadview (Saskatchewan)	B727 Vancouver-Winnipeg	C500 Regina-Winnipeg	Nov. 7/80 1200L	Internal procedures revised and air traffic controller counselled by Unit Management prior to return to duty.
100 miles south of Whitehorse (Yukon)	B737 Whitehorse-Fort Nelson	B747 Anchorage-New York	Nov. 28/80 2002L	Pilot error on the part of the B737.
Near Vancouver Airport (British Columbia)	DC 9 Departing Vancouver	C310 Local at Vancouver	Mar. 6/81 2142L	Traffic mix addressed by management and flow control measures initiated. Ground control procedures revised.
Vicinity of Moncton (New Brunswick)	BE 200 Local at Moncton	PARD Local at Moncton	Apr. 22/81 1057L	New inter-unit agreement reviewed and implemented. Co-ordinator position installed in control tower.
Vicinity of Empress (Alberta)	DA 10 Winnipeg-Calgary	C500 Regina-Calgary	Apr. 30/81 1655L	Direction issued to air traffic controllers to comply with existing separation minima.
Near Quebec Airport (Quebec)	DC 9 Landing Quebec	DHC 2 Departing Lac St. Augustin	May 15/81 1520L	Procedures published for traffic operating from Lac St. Augustin and, air traffic controller counselled by Unit Management regarding control practices prior to return to duty.

CORPORATION REASSESSMENTS

Question No. 2,767—**Mr. Herbert:**

1. With reference to the answer to question No. 2,419, of the amount received by the Department of National Revenue for 1980, what portion was received after the initiation of court proceedings?

2. What is the estimated cost of collection of the reassessed amount?

3. What percentage of companies filing tax reports were audited?

4. What percentage of companies audited were reassessed increased taxes?

Hon. William Rompkey (Minister of National Revenue): 1. This information is not available. Our records do not break down amounts received in corporation reassessing increases between receipts after the initiation of court proceedings and receipts prior to any court proceedings.

2. No estimate is available for the costs of reassessing corporations alone. The total cost of all enforcement for all classes of taxpayers is estimated to be $1 for every $4.7 in additional taxes assessed.

3. Year ending March 31, 1980: 4.7 per cent.

4. 41.2 per cent.

DEPO-PROVERA

Question No. 3,021—**Mr. Cossitt:**

1. Is the government funding an abortion drug known as "Depo-Provera" through the Canadian International Development Agency in certain countries and, if so, which countries?

2. Was the drug thoroughly researched by the Department of National Health and Welfare and, if so, what were the findings and what is a complete description of the manner in which the drug works?

3. (a) To the knowledge of the government, was the drug banned by the United States Food and Drug Administration for use in that country and, if so, for what reason (b) does the government consider the administration to be a leading authority on drug administration and distribution and, if so, for what reason is the government promoting a drug that was banned by that authority?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): I am informed by the Canadian International Development Agency and Health and Welfare Canada as follows:

1. At present, CIDA is not involved in the funding of Depo-Provera (which is a contraceptive and not an abortifacient) to any countries. Several years ago, CIDA, in a joint program with the World Bank, contributed financially to the purchase of two million doses of Depo-Provera at the express request of the government of Thailand as one of several components in a family health project in that country.

2. The Department of National Health and Welfare does not carry out premarket developmental research on drugs: a notice of compliance is issued provided the manufacturer has supplied data meeting the requirements of the Food and Drugs Act and regulations. Depo-Provera is a long-acting progestogen which has been marketed in Canada since 1961 for endometriosis in non-pregnant women and for palliative treatment of advanced endometrial carcinoma.

3. (a) Depo-Provera is marketed in the United States for the palliative treatment of inoperative, recurrent and metastatic endometrial and renal carcinoma.

(b) The drug is not banned in the United States.

HOME SUPPORT SERVICES FOR VETERANS

Question No. 3,056—**Mr. McKenzie:**

1. With reference to section 10.43 of the 1980 Report of the Auditor General, what is the projected budget requirements to carry out home support services for the 50 per cent veteran population which will be over 65 by 1985?

2. Has the department of Veterans Affairs developed any other long-term projects to service the aging veteran population other than the visiting homemakers and meals on wheels and, if so, what are they?

3. Has the Department made any plans regarding a veterans health card plan and (a) if so, what are they and how would the system work (b) if not, for what reason?

Hon. W. Bennett Campbell (Minister of Veterans Affairs): 1. For fiscal year 1984-85, it is estimated that $3,100,000 will be required for home support services for disability pensioners of all ages, to whom the Aging Veterans Program applies.

2. Veterans Affairs instituted the Aging Veterans Program in response to the needs of the aging veteran population. Services include domiciliary care, ambulatory health care, home modifications for the handicapped, and home care services. Included in home care services are professional health care and assistance such as personal care, preparation of meals, housekeeping, groundskeeping and other necessary tasks required in the upkeep of a home. Currently the program is available to disability pensioners where the need arises from a pensioned condition.

3. No. DVA did study the feasibility of a health card plan and found it to be impractical.

(a) Not applicable.

(b) A standard health card system is not practical. For disability pensioners, it is not always possible to list all pensionable conditions on a wallet-size card, and the listing of certain conditions would not be in the best interest of the veteran. As eligibility of non-pensioners for treatment is dependent on the level of their income, it is not possible to issue a health card which would certify that treatment costs are payable by DVA.

DVA—EVALUATION PROCEDURE

Question No. 3,060—**Mr. McKenzie:**

With reference to section 10.49 of the 1980 Report of the Auditor General, was a formal evaluation procedure instituted within the Department of Veterans Affairs to serve as a basis of modifying future health care initiatives and, if so (a) who carries out the evaluation and to whom is it presented (b) is the evaluation made public (c) how are the recommendations acted upon and is there an established action procedure?

Hon. W. Bennett Campbell (Minister of Veterans Affairs): Section 10.49 of the Auditor General's report refers to the project work preceding the introduction of the Aging Veterans Program which commenced April 1, 1981. The scope of this project is limited to a relatively few disability pensioners. Formal evaluation of projects of this nature are only meaningful when the programs have been in full operation for 3 to 5 years.

A formal evaluation plan is being developed for use in assessing the results of the current limited initiative.

(a) future impact evaluations will be carried out by the Departmental Directorate of Policy Planning and Evaluation and presented to the deputy minister;

(b) evaluations are available to the public within the relevant government guidelines;

(c) the program is established by regulations, therefore approved recommendations for altering the program will, as a minimum need, take that form for implementation.

AUTOMATED CLIENT DATA BASE INFORMATION SYSTEM

Question No. 3,062—**Mr. McKenzie:**

With reference to section 10.55 of the 1980 Report of the Auditor General, what were the results of the quest of the Department of Veterans Affairs into the potential need for extending the scope of an automated client database information system?

Hon. W. Bennett Campbell (Minister of Veterans Affairs): All studies and experience to date have concerned both the viability and necessity of maintaining and extending Veterans Affairs automated client database information. It is considered an integral element in Veterans Affairs' program of improvement and modernization. Since the Auditor General's review, the client database has been extended to provide management information to the Canadian Pension Commission on its high volume processes such as application and appeals. This information will assist the commission in the monitoring and control of these processes.

The primary current activity is to extend the use of the client database in the Pacific region of the veterans services program. This will be followed by an active program planned for the next two years to further extend both the content and use of this database to other regional and district offices supporting Veterans Affairs activities.

CUSTOMS AND EXCISE REVENUE

Question No. 3,148—**Mr. Neil:**

By province, what revenue is derived by the government from excise and customs?

Hon. William Rompkey (Minister of National Revenue): This information is contained in the "Report of the Department of National Revenue, Customs, Excise and Taxation, for the fiscal year ended March 31, 1981" tabled in the House of Commons October 27, 1981.

CANADA PENSION PLAN

Question No. 3,291—**Mr. Dantzer:**

1. How many individuals made Canada Pension Plan contributions in the (a) third quarter of 1980 (b) fourth quarter of 1980 (c) first quarter of 1981 (d) second quarter of 1981?

2. (a) How many CPP contributory accounts are on file (b) are they filed by social insurance number and, if not, what filing mechanism is used?

3. Was the list of CPP accounts ever cross-checked with the Department of Employment and Immigration's list of social insurance numbers to ensure accounts were not set up for non-existent persons?

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

1. Revenue Canada advises that these figures are not available by quarters. The monthly remittances of employers of Canada Pension Plan contributions do not identify the number of contributors involved. The number of individuals who contributed to the Quebec Pension Plan and Canada Pension Plan in the calendar year 1980 as determined from the T1 1980 individual income tax returns assessed to the date of the question totalled 10,447,982. The structure of the T1 is such that it is not possible to break out a separate figure for the Canada Pension Plan at this time.

2. (a) Health and Welfare Canada has at present 13,481,-434 individual contributory accounts on the file, known as the Record of Earnings File.

(b) They are filed by social insurance number.

3. Before posting entries to the Record of Earnings File, the social insurance number of each record is checked against a copy of the Canadian Employment and Immigration Commission's file of social insurance numbers.

EXCESS CONTRIBUTIONS TO CPP

Question No. 3,292—**Mr. Dantzer:**

1. How many individuals, according to Canada Pension Plan files, contributed more than their yearly maximum last year?

2. Does the Department of National Revenue notify the CPP of the number of persons who claim refunds for overcontribution to the plan?

Hon. William Rompkey (Minister of National Revenue): 1. The number of individuals who overcontributed to the Canada Pension Plan in 1980 is not yet available. The number for 1979, derived from the number of refunds through the 1979 T1 individual income tax return system, totalled 2,792,715.

2. Yes.

BONUSES FOR SM AND EX GROUPS

Question No. 3,325—**Mr. Herbert:**

Will any bonus amounts be payable in 1981 to SM and EX groups and, if so (a) will the amounts be allocated to the appropriate departments (b) are any such expenditures covered in the Main Estimates?

Mr. Norman Kelly (Parliamentary Secretary to President of the Treasury Board): Performance award payments were made in 1981 to employees in the EX groups. The amounts paid by departments were charged to the relevant vote of the department out of moneys provided for payment of salaries and wages. No payments were made in the SM group as conversion to this group has not been completed. It should be noted that some employees currently in the upper levels of some groups, that may be converted to the SM category, may

have received an exceptional bonus payment under existing pay plans.

USE OF HOVERCRAFT ON WEST COAST

Question No. 3,341—**Mr. Munro (Esquimalt-Saanich):**

1. How many hovercraft are on service with the Coast Guard on the west coast and where is each located?

2. How many additional hovercraft are on order for service with the Coast Guard on the west coast and where are they to be located?

3. (a) What is the (i) primary (ii) secondary task of the hovercraft operating on the west coast (b) are there to be any further tasks and, if so, in what order of priority (c) at whose command are these hovercraft used as resources in each task?

4. (a) What is the cost of each hovercraft and are they all of the same type (b) what is the crew size of each (c) how many crews are in place or are to be put in place to man these hovercraft?

5. What is the size of the administrative tail for this stable of hovercraft?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): 1. Two hovercraft CG021, CG039 are stationed at Vancouver International Airport terminal. A third hovercraft CG045 entered service temporarily as a backup unit on November 1, 1981, at Vancouver International Airport terminal. In the near future, CG045 will be stationed in the Gulf of Georgia area to assume its new search and rescue (SAR) role.

2. None.

3. (a) (i) Air and Marine Search and Rescue, and civilian and humanitarian incidents.

(ii) Aids to navigation maintenance work, emergency operations (oil pollution), SAR prevention activities, co-operation with local authorities, transport of peace officers, steamship inspectors, and fisheries officers, co-operation with provincial emergency program (flood relief).

(b) No. The primary function of the hovercraft is search and rescue. Secondary functions other than those mentioned above in 3 (a) (ii) cannot be considered in order not to compromise the hovercraft's primary role.

(c) The responsibility to direct the use of and to allocate SAR forces, both primary and secondary, during a SAR incident rests with the Rescue Co-ordination Centre at Victoria.

In the event the hovercraft is used for secondary tasking, managers of other departments must request permission from the regional manager, search and rescue who is primarily responsible for the operation of these units. In any event the Rescue Co-ordination Centre at Victoria is always informed on the whereabouts of the hovercraft when assigned on secondary taskings.

4. (a)

Type	Cost	Crew
CG021 SRN5 (38.5 ft.)	$350,000 (July-1968) (Purchase price)	3
CG039 SRN6 (48.5 ft.)	$1,100,000 (Mar.-1977) (Purchase price)	3
CG045 SRN6 (48.5 ft.)	$500,000 (Nov.-1981) (rebuilt cost)	3

(b) Crew: 1 seaman rescue specialist
2 craft operators to share duties pilot/and navigator and communications

(c) 7 crews of 3; total: 21 persons

5. One officer-in-charge and one secretary/typist for administrative duties, both located at the hovercraft base. Financial and staffing support functions provided by regional manager, search and rescue and Coast Guard regional headquarters at Vancouver.

CONSULATE IN KIEV

Question No. 3,524—**Mr. Hnatyshyn:**

Is the government giving consideration to establishing a consulate in Kiev in the Ukrainian Soviet Socialist Republic?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Given the large number of Ukrainian-Canadians in Canada and the strong ties which understandably bind them to their relatives and friends in the U.S.S.R., the Canadian government has long given consideration to the opening of a consulate in Kiev. In times of government fiscal restraint, however, it is unlikely that funds could be set aside for this purpose in the immediate future. Budgetary limitations have forced the government to carefully re-examine Canadian overseas representation and to limit the expansion of foreign operations except in those areas which there is an urgent and overwhelming demand for a Canadian presence.

If a decision were taken to open a second mission in the U.S.S.R., Kiev would clearly be the preferred site. Unfortunately, until such time as funds are available and a consulate in Kiev becomes a top priority, the government must continue to monitor developments in the Ukraine from our embassy in Moscow.

SOVIET DIPLOMATS ACCREDITED TO CANADA

Question No. 3,561—**Mr. Cossitt:**

What is a current list of all Soviet diplomats accredited to Canada and, in each case, what was his/her date of arrival, what is his/her diplomatic position and where is he/she stationed?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Soviet diplomats accredited to Canada are stationed at the embassy of the U.S.S.R. in Ottawa or at the Consulate General in Montreal. They are stationed as follows:

Order Paper Questions

Embassy of the U.S.S.R. in Ottawa

Name	Position	Date of arrival
His Excellency Dr. Alexander N. Yakovlev	Ambassador	July, 1973
Mr. Alexander S. Novikov	Minister-Counsellor	December, 1977
Mr. Igor Konovalov	Counsellor (Commercial)	April, 1980
Mr. Alexey Makarov	Counsellor	July, 1980
Mr. Vladimir I. Mechulayev	Counsellor	December, 1976
Mr. Evgueni A. Pozdniakov	Counsellor	November, 1980
Mr. Valentin F. Fomitchev	Counsellor	June, 1978
Mr. Nikolai N. Plechanov	Attaché (Agricultural)	December, 1977
Mr. Alexandre F. Tretiakov	Attaché (Scientific and Technological Affairs)	December, 1978
Mr. Anatoli G. Arsenko	First Secretary	November, 1979
Mr. Anatoli K. Balashov	First Secretary	September, 1980
Mr. Vladimir I. Iouchine	First Secretary	January, 1980
Mr. Iouri M. Sournine	First Secretary	August, 1979
Mr. Sergei Krouglov	First Secretary	September, 1981
Colonel Boris G. Samorodov	Military, air and Naval Attaché	October, 1981
Commander V. Ignatiev	Assistant Naval Attaché	October, 1980
Lieutenant Colonel Vladimir I. Vakhruchev	Assistant Military Attaché	September, 1978
Lieutenant Colonel Y.A. Orine	Assistant Air Attaché	February, 1981
Mr. Evgueni Goussarov	Second Secretary	October, 1981
Mr. Serguei M. Kachtanov	Second Secretary	February, 1981
Mr. Boris P. Smirnov	Second Secretary	January, 1979
Mr. Alexandre Podakine	Second Secretary	October, 1981
Mr. Vladimir G. Mukharkin	Third Secretary	June, 1978
Mr. Valeri Safonov	Third Secretary	February, 1981
Mr. Andrei Tchoupine	Third Secretary	October, 1980
Mr. Andrei A. Plavinski	Attaché (Commercial)	November, 1976
Mr. Vitaly P. Tkachenko	Attaché (Commercial)	May, 1977
Mr. Serguei Bulgakov	Attaché	July, 1979
Mr. Iouri M. Demkine	Attaché	October, 1978
Mr. Valeri Delendik	Attaché	April, 1981

Consulate General of the U.S.S.R. in Montreal

Name	Position	Date of arrival
Mr. Alexandre S. Yereskovski	Consul-General	March, 1980
Mr. Iouri I. Strijov	Consul	December, 1977
Mr. Lev M. Romanov	Consul	October, 1981
Mr. Valeri P. Matveev	Vice-Consul	April, 1979
Mr. Serguei I. Kozlov	Vice-Consul	May, 1979
Mr. Teimuraz G. Alassania	Vice-Consul	May, 1980
Mr. Gleb P. Perepiliak	Vice-Consul	January, 1980
Mr. Vladimir F. Kouznetsov	Vice-Consul	July, 1981
Mr. Vladimir I. Rechetilov	Vice-Consul	February, 1981

DAYCARE CENTRES

Question No. 3,567—**Mr. Herbert:**

1. Does the Department of the Environment intend to locate daycare centres before the end of the fiscal year 1982-83 and, if so, in which locations?

2. Has construction work started at any of these locations and, if so, what is the estimated cost?

Mr. Roger Simmons (Parliamentary Secretary to Minister of the Environment and Minister of State for Science and Technology): 1. The Department of the Environment plans to locate a daycare centre at the Downsview, Ontario, headquarters of the Atmospheric Environment Service before the end of fiscal year 1982-83.

2. No.

[*English*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if question No. 2,498 could be made an order for return, this return would be tabled immediately.

[*Translation*]

Madam Speaker: The questions enumerated by the Parliamentary Secretary have been answered. Does the House agree that question No. 2,498 be made an order for return? The return would be tabled immediately.

Some hon. Members: Agreed.

[*Text*]

CONSULTANTS EMPLOYED BY DEPARTMENT OF ENERGY, MINES AND RESOURCES

Question No. 2,498—**Mr. Crouse:**

What is the number of consultants employed on contract by the Department of Energy, Mines and Resources and, in each case (a) what is his/her name, salary and job description (b) what is the length of the contract (c) what are the terms of the contract?

Return tabled.

[*English*]

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

[*Translation*]

Madam Speaker: The remaining questions shall be allowed to stand.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58—NON-CONFIDENCE MOTION—CALL FOR WITHDRAWAL OF BUDGET

Right Hon. Joe Clark (Leader of the Opposition) moved:

That in the opinion of this House the opposition of Canadians from all walks of life, as expressed to the Members of Parliament of all three parties, proves conclusively that the budget of November 12, as amended by the statement in this House by the Minister of Finance on December 18, should be withdrawn and immediately replaced by a new budget.

He said: Madam Speaker, the purpose of this motion is straightforward and simple. It asks that the government withdraw a budget which was a mistake and that it bring in a new budget to create jobs for the Canadian people and, if not to create confidence, at least to bring a halt to the despair that is stalking the country.

The minister today may defend his budget by saying that this is a time for hard decisions and a time to be tough enough to stick by those decisions. Everyone across the country accepts the need to make tough decisions in our present economic circumstances. The issue about this budget is not whether the government is tough. The issue here is whether the government knows what it is doing, and the issue in this debate is whether, in the face of overwhelming evidence that this budget does not do what the government pretends it does, the government will have the courage to pull the budget back or whether it will push this budget through, whatever the damage, whatever the costs to individual Canadians and whatever the costs to the integrity and the strength of this country.

If I may say so, for individual Members of Parliament on the government side, many of whom have been heard over the last several weeks expressing their views and the views of their constituents on this budget, members who were sent here in a party's name but with a deeper responsibility to a nation and to its people, the issue, if the minister ignores the facts that we all know and inflicts this terrible harm on millions of Canadians, is whether the Liberal Members of Parliament will put their country's interests first or slink subserviently into obeying their political masters.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Clark: As you know, Mr. Speaker, when the government failed to show the slightest interest in how the budget was affecting Canadians in their daily life, my party's caucus set up a committee to seek the opinion of the Canadian people. During the last three weeks, 62 members of our caucus held hearings in 15 communities across Canada. One hundred and sixty-eight people were heard by our committee and gave their views on the budget and the economy. These people represented Canadians from all walks of life, including pensioners and Indian bands, professional associations and consumer groups, business and labour. All were unanimous in their opposition to the budget. Everywhere the same message was heard: The budget must be withdrawn before Canada goes under! When the caucus committee's report is made public, the members of this House will realize how great the opposition to the budget actually is. They will understand the frustration of small businessmen upon realizing that the government has completely changed the rules of the game. They will hear the anger of pensioners who see their insurance plan is being taxed before they even get the money to which they are entitled. They will realize that the Canadian people are deeply disappointed in this government which no longer deserves their confidence.

[*English*]

Mr. Speaker, all of us in this House know the dismal statistics about Canada's economy. From August to December last year 235,000 Canadians lost their jobs across Canada, and in a presentation to our committee the Canadian Manufacturers' Association gave its estimate that another 100,000 jobs will be lost in the manufacturing sector in the next few months alone, a crisis aggravated by this lay-off budget of the Liberal government. A record 8,055 Canadian businesses were forced to declare bankruptcy in 1981. Farm bankruptcies were 18 per cent higher in 1981 than they were in 1980, and they were 109 per cent higher last year than they were in 1979.

Canada Mortgage and Housing estimates that as many as 40,000 Canadian families may lose their homes because of high interest rates. Indeed, the prospects are that this situation will get worse. The November Conference Board forecast was as follows:

> Next year holds a bleak prospect for the Canadian economy and for households in particular . . . continuing double-digit inflation, interest rates, increasing unemployment, declining business investment and the weakness in the United States all combine to rule out the possibility of a quick turnaround in the pace of economic activity.

As dismal a story as those statistics tell of a government wantonly squandering the potential of one of the richest nations in the world, those figures do not begin to describe the individual hardship and despair of countless Canadians. Many of those people came to our committee because they had despaired of the government's listening, but they hoped Members of Parliament might carry their case and their concern there to the floor of the people's Parliament.

The gross numbers on housing shortages and the cost of housing just cannot describe the fear, for example, of many young couples that the working wife may become pregnant, because if she does, they will have to give up the home they worked so hard to buy since one salary will not be able to support that home.

• (1510)

The gross numbers on lay-offs cannot describe the fear of the plant worker in Ontario, in Quebec or anywhere across the country who is out of a job now after more than 20 years and has nowhere to turn. It cannot describe the fear of those people who wonder if their number is among the 100,000 other jobs that the Canadian Manufacturers' Association expects to be lost in the Canadian manufacturing sector. The gross numbers on inflation and interest rates cannot describe the despair that, according to testimony received in Nepean, has doubled calls to the suicide prevention centre in Ottawa.

These are but a few of the examples given to our budget committee across the country. I know that such stories are not limited to members on this side of the House. The tragedy of this budget is that its author either did not know or, worse, did not care about the impact on hardworking Canadians who are simply trying to hold on to their houses, to hold on to their jobs, to hold on to their small businesses or farms and to pass something better along to their children.

It is clear that this budget was prepared on false premises and introduced under false pretences. It was written in September, before we felt the full force of the recession that is now gripping Canada. The budget was written for conditions that had passed before it was presented. On those grounds alone the government should introduce a new budget which would respond to the current reality in Canada.

As I said in November, it is a budget which was dishonest in its presentation. It was put forward as being equitable but the evidence is overwhelming that ordinary working men and women or Canadians who want to work are punished terribly by it. The budget helps multimillionaires but takes all or part of the child tax credit away from at least 60,000 Canadian women. It lowers pensions received by Canadian veterans. It attacks the security of some 13 million Canadians depending on insurance policies for future security. Beyond the economic damage inflicted by this budget on literally millions of Canadians, the injustice extends to creating among many of our citizens, such as Canadians who had taken up investment incentives or Canadians who had followed plans for their own security, the sense that they have been betrayed by their own government.

The budget was described as a weapon against inflation. The one certain thing this budget will do is feed inflation. The proposal to tax employee benefits guarantees that hundreds of thousands of Canadian workers will demand higher wages in new contract negotiations, to make up in cash what they have lost in benefits.

John Fryer, the president of the National Union of Provincial Government Employees who appeared before our committee, estimates that 90 per cent of his 240,000 members will face increased federal taxes as a result of this budget. That is because the budget will artificially raise taxable incomes by taxing dental and extended medical care programs that his union has already negotiated to be paid by employers. That alone will immediately boost the taxable income of a British Columbia civil servant, to take the example of one province, by $498 a year, and the federal tax grabbers will take, on average, $166 of that.

The result is simple and is evident to all of us. It should have been evident to the Minister of Finance (Mr. MacEachen). Mr. Fryer says his members are telling him that whatever they had been demanding to catch up with their losing battle against inflation will have to be raised by one or two percentage points, come the next round of negotiations. Those union members—like the British Columbia loggers who will have to pay an extra $18 per day in tax for remote living allowances—will demand more money. So will their counterparts in unions in various fields across the country. Costs will go up with no increase in productivity. Inflation is automatic. It is guaranteed by this aspect of the minister's budget.

But the minister has built inflation into his budget in other ways. He airily dismisses a major change in the federal sales tax as having no effect. He might think it has no effect but the experts for the Retail Council of Canada calculate that the shift of the tax from the manufacturing to the wholesale level, despite a cut in the rate, will add up to 6 per cent to the cost of almost everything we buy in Canada.

Think of that. According to the figures of the Retail Council of Canada, with this one so-called technical change the price of an $800 refrigerator will increase by a minimum of $13 and a maximum of $48 at a time when refrigerator manufacturers are closing down.

And those increases do not even consider the turmoil and costs of shifting the collection and calculation of the sales tax from the manufacturer to the wholesaler. One major wholesaler estimates the changeover itself will cost $1 million with an added $100,000 per year for compliance. Those costs, too, will be passed on or else more companies will go bankrupt and more Canadian jobs will be lost.

In the interests of ivory tower theory, then, the minister is building inflation into this budget. There could be two explanations for that kind of deception—the pretence that it fights inflation when it feeds it, or the pretence that it is equitable when in fact it imposes an unbearable burden on lower and middle-income Canadians across the country.

This budget is the result either of incompetence or design. If it was simply incompetence—if the minister genuinely did not know what he was doing—an honourable minister would swallow his pride and draw back the budget. Because, I remind the minister, he is not debating parliamentary procedure here. He is damaging lives, he is literally driving people to suicide, he is destroying trust in government, he is destroying investment plans and savings plans that people have built up painstakingly over decades, he is driving Canadians out of jobs, and he is destroying both the means and the will to create future jobs in our country. Those are the stakes here. That is what has happened and it is known to every member who has been listening to his or her constituents over the Christmas break.

Some hon. Members: Hear, hear!

Mr. Clark: It could be incompetence but we cannot rule out the possibility that this budget had exactly the result the government seeks. Certainly, the one unquestioned impact of this budget is to put even more of the nation's money and wealth in the hands of the central government.

Between the third quarter of 1980 and the third quarter of 1981, over one third of the increase in the gross national product was absorbed by increases in federal government revenues. The government now proposes, during this fiscal year and the next fiscal year, to increase its revenues by $27.5 billion. That means it plans to take another $1,100 from every man, woman and child in this country. By the end of that two-year period, the federal government revenues will have increased 52 per cent above what they were in 1980-81. After excluding transfer payments to provincial and local governments, the amount of money at the disposal of the federal government will increase by 63.1 per cent in that two-year period.

While this budget abandons equity, Mr. Speaker, it feeds inflation. It clearly achieves the government's purpose of a major tax grab by the federal government, taking money, wealth and power from the people of this country and concentrating them within a government that is stupid enough to bring in this kind of budget and now tries to defend it in the name of equity or in the name of economic advance.

Some hon. Members: Hear, hear!

• (1520)

[*Translation*]

Mr. Clark: The measures introduced by this budget are extremely harmful, that we know. What makes it even worse is that the budget is based on principles that are disastrous for the future of this country. With this budget, the government is making a profound change in the nature and orientation of Canada. As a rule, Canadians are not hostile to government. They understand that there is a need for reasonable regulations, for fair and just taxation, for protecting the environment and for creating social programs for the handicapped and those who are unable to work. Now, however, the Canadian people have a government that is so eager to extend its influence and control that it has gone completely overboard. The mandarins at the Department of Finance have got their way at last. They now have a Minister of Finance who is so oblivious to the real world he did not even ask the basic questions: what will be the impact of the budget on the average person? What will be the impact of the budget on personal initiative? How will the budget affect investment? What will it do to encourage people to save for the future? What will it do to further justice and equity? What will it do to make Canadians feel their government knows what it is doing?

When the budget was brought down, obviously the members on the opposite side did not ask those questions. Instead, they relied on experts, the same experts who are helping the government to concentrate economic and political power in Ottawa, away from the provinces and from the Canadian people. This unhealthy urge to centralize power was visible in the constitutional proposal and in the energy pricing agreement, and is now surfacing again in the budget.

[*English*]

The condemnation of the budget by Canadians in all walks of life and in all parts of the country is unanimous and is scathing. Perhaps the minister has not heard from the same people which our budget committee heard from over the past three weeks, so I thought I might give him a sample or a taste of what Canadians think of his budget. From Charlottetown:

> Today's government seems to have a complete lack of understanding and concern for the role of the business sector in our economy.

From Winnipeg:

> The budget does not soak the rich but harms the poor.

From Vancouver:

> British Columbia has gone from a prospect of high growth to one of high unemployment in one year.

From the National Union of Provincial Government Employees:

> That budget was no damn good and it should be thrown out and we should start again.

From Toronto, a citizen standing and asking plaintively:

> Why should I save for my old age? I'll spend it all now and let the government take care of me.

From the Canadian High Technology Association:

> They're not backing winners . . . they're bleeding winners.

From home builders:

> They've already got us down and now they've stomping with hobnailed boots.

The quotations go on and on from the story of agony of individual Canadians, the story of outrage of people who feel betrayed. I notice some Liberal Members of Parliament on the other side of the House smiling. I am convinced that if they were at home listening to their constituents over this past Christmas period, they would have heard the same kind of testimony from individual Canadians who are being damaged by the budget.

Some hon. Members: Hear, hear!

Mr. Clark: The test for them will be whether they will put the interests of their constituents ahead of the interests of their party. When these matters come up for voting in the House, or when the matter comes up for voting today, the test will be whether they will put the political future of the Minister of Finance ahead of the economic future of the country and the individual well-being of countless Canadians. We have heard from some of those members. I almost hesitate to quote one of them, the hon. member for Ottawa West (Mr. Francis), who indicated that he knew of at least a dozen government Members of Parliament who will "sure as hell" criticize the government's economic decisions. The hon. member for Hull (Mr. Isabelle) said:

> I've been in politics 17 years and I've never seen people so mad about a budget.

The hon. member for Cochrane-Superior (Mr. Penner) said:

> It is not a happy situation and we're in deep trouble. Our economic policies just aren't working. The interest rates are just loansharking with an official sanction.

The hon. member for Thunder Bay-Atikokan (Mr. McRae) said:

> I think we should throw the basic part of this budget out.

I presume he was speaking of the Minister of Finance. The test for those members and for other Liberal members will be whether they put their votes where their mouths are, whether they are prepared to put the interests of their people ahead of the interests of their party, when this question comes to a vote tonight, and if the motion is defeated today, when budget measures come to a vote later on.

We are dealing with not simply a question of a budget which is the worst budget brought in in the history of the country in terms of its impact upon ordinary Canadians.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Clark: I hear some across the way questioning that. I would ask those members to go back to Sarnia, to go back to Scarborough or to go back even to Ottawa Centre, to go out and hold public hearings of their own, and to ask their own voters what their citizens or their electors think about the budget. Let them do that, let them do that.

Some hon. Members: Hear, hear!

Mr. Clark: We are dealing with not simply a budget that is bad and is causing Canadians, many of them for the first time in their lives, actually to consider cheating. The testimony has come before our committee. They say that the government has ignored the rules by which they have all worked. "If my government ignores the rules, why should I obey them?" is the kind of question which is being asked by Canadians across the country. It is not simply an attack upon the economy of Canada; it is an attack upon the ethic of Canada and it is an attack which flows directly from the budget brought in by the Minister of Finance.

Some hon. Members: Hear, hear!

Mr. Clark: Again there is the question of representation. There is the question of for whom does Parliament speak or with what mandate does the government act? I remember a great deal about the February 1980 election campaign. I do not remember very many Liberal Members of Parliament going out and proposing to tax Blue Cross benefits. I do not remember very many Liberal Members of Parliament or Liberal spokesmen going out and proposing to bring in changes which affect 13 million policyholders of Canadian insurance policies across the country. I do not remember any of the measures of the budget being proposed by any of the Liberal spokesmen as they sought the vote of the Canadian people. The reason for that is clear. If they had been honest then about what they intended to introduce now, they never would have been elected to office. If they asked their constituents today for their view in a general election, both they and their budget would be thrown abjectly out.

Some hon. Members: Out, out!

Mr. Clark: I would invite the Minister of Finance to hold a public hearing in his own constituency—and if he will not do it, I will do it for him—

Some hon. Members: Hear, hear!

Mr. Clark: —so that the people of his constituency could express themselves directly about how they feel about a budget which denies them their future, which throws them out of work, which denies their plans for security, which denies their ability to plan for themselves and to stand on their own.

What we have here is not simply a budget which is bad economically, not simply a budget which is bad morally, we also have a budget which raises fundamental questions about democracy in the country. This is a budget for which the government has no mandate at all. It is a budget which tries to change fundamentally the rules of the game as they have existed in the country. It is a budget which changes understandings upon which Canadians have planned and built. It is an illegitimate way for a government to act. If they do not have the courage to withdraw it, they should have the courage to seek a mandate directly from the people of Canada for the budget which they are trying to impose upon the people of Canada.

Some hon. Members: Hear, hear!

Mr. Clark: We would welcome that option, but there is an easier one available, and that is for members of the House simply to accept this motion, which is quite straightforward. It allows the minister to rise and say, "Yes, we made several more mistakes than we admitted last December;" "yes, the budget is bad;" "yes, we have heard from the people of Canada;" and "yes, we withdraw it." That is what the government should do if it has the interests of the people of Canada at heart. That is what I devoutly hope the government and the House of Commons will do today.

Some hon. Members: Hear, hear!

• (1530)

Mr. Nielsen: Mr. Speaker, I rise on a point of order. I hope the Leader of the New Democratic Party (Mr. Broadbent) will forgive me for interrupting, but I believe in my wildest gesticulations when Madam Speaker was in the chair and she was searching for a seconder that she has on the record the motion of the Right Hon. Leader of the Opposition seconded by the hon. member for Etobicoke Centre (Mr. Wilson). With the consent of the House, I would like the record to reflect my name as the seconder of the motion.

Mr. Edward Broadbent (Oshawa): Mr. Speaker, before we adjourned for the Christmas recess and during the early stages of the budget debate it was clear to everyone in Canada, certainly outside of the House of Commons, that we were in a state of economic crisis. It became clearer during the Christmas break that the crisis was not only real and serious but was deepening. During the last 48 hours, as we have listened to the Prime Minister (Mr. Trudeau) reply to questions in the House of Commons, as Canadians have witnessed the speech delivered by the Minister of Finance (Mr. MacEachen) in Toronto and as we have heard him answering questions in the House today, it is also clear that the Government of Canada is either unaware of the crisis or does not care about it. Indeed, I would go further and say that I suspect both things are true.

In terms of the current crisis, if I may speak personally, I think the aspect of it that concerns me most is the effect it has on men and women in their search for the human dignity that can only come from work. If there is one constant truth about human nature throughout the history of mankind, it is that men and women at any period in history have found it a psychological necessity, no matter what other theorists may have said, to gain a sense of dignity and self-worth from making some contribution not only to their own economic well-being, but to that of their families and their community.

Many people, indeed many Canadians, may think or espouse something to the contrary. Some have been known to think that they would live contentedly at a young age—I am talking about pre-retirement years—if only they had enough money to get by. I do not believe that is true. I do not believe that men and women at the productive stage in their lives in any society—and I am talking about ours in particular—can be happy human beings without some sense of earning their own way in society, without some sense that they are working, as I have said, not only to make a contribution to maintain their own existence, but to contribute also to society.

What should be concerning us now in that light more than anything else is that our government has embarked on a budget policy that has built right into it from the outset an increase in unemployment levels. There was a commitment to the people of Canada not to change their economic circumstances so that more men and women could work; it was a policy that said to the people of Canada that in 1982, 1983 and 1984 unemployment would get worse. At this point in our history as a society I regard that as a complete abdication of moral and political responsibility to the people of our country.

Like members of the Conservative Party, my colleagues on the special task force and I spent a good part of the Christmas period listening to the people of Canada. I will not list all the instances I could, but I want to mention to the House, and I hope this might get through to the government side, some of the instances that came directly to my attention. They will stand out in my memory as long as I live.

The first is a young logger in Vancouver. I would guess he is in his early thirties. He told me that he had been working since he left high school and for the first time he had been laid off. He was confronted simultaneously with almost a doubling of his mortgage payments. This was December. He told me that when this increased payment came into effect in January he was going to lose his home. It was as clear as that because he could not maintain the mortgage payment on unemployment insurance. He would not likely have been able to maintain the mortgage payment even if he had remained on the job.

My second example is a 53-year-old man in Thunder Bay, who also told me that at 53 he had been unemployed only once in his life but now was being laid off, in this case by the Canada Steamship Lines Ltd. because of a complete shutdown of operations. What was tragic about this man was, first, he had no pension and, second, he was 53 years of age. Of all those affected by the lay-offs there were only five or six in that particular enterprise who would be getting a pension. Here is a 53-year-old man in Canada in the middle of winter being laid off with no pension. His is a permanent lay-off and he has no other job to go to in the Thunder Bay region, that is for certain.

My third example is a mother on welfare with two children in Brantford, Ontario. This is part of the country that is so devastatingly affected right now by lay-offs in the industrial sector. The Right Hon. Leader of the Opposition (Mr. Clark) cited the figures that many of us have used recently, some 235,000 lay-offs in the manufacturing sector since August, just four months ago.

Last month in Ontario alone lay-offs have been occurring at the rate of 3,000 per working day. At a meeting in this community, so typical of what is happening in the industrial sector where we found this young mother with two children living on welfare, someone spoke and attacked people like her implicitly—and we have heard this line before—by saying that there is a job out there for anyone who really wants it. All you have to do is make the effort. I am pleased to say as a Canadian that we do not hear that nearly so often as we used to. But that mother's reaction to that statement was very profound. She was in the audience. She was not scheduled to speak at all, but she got up and said: "I am a young mother with two children. I am living on welfare and I work two hours a day". I think she said a day, it might have been two hours a week, but the two-hour figure stands out in my mind. But what really stands out is that she said she wanted work and she wanted a 40-hour-a-week job, just like everyone else, because that would give her some dignity.

Fourth, there was someone in my own constituency of Oshawa: in this case I am speaking about a 41-year-old mother. I learned about her after I left the meeting in Oshawa. She spoke with a reporter. She did not say anything of the unemployed at the meeting. But what she said was reported on the front page of *The Oshawa Times*. This 41-year-old woman actually attempted suicide by jumping into the Oshawa harbour. She said this: "There was just no work, not even cleaning." Clearly, this woman was desperate. She happened to have been saved by a friend who was on the scene.

The final instance is a case from Cape Breton. Cape Breton, as we all know, has persistently suffered high levels of unemployment. I say persistently because this government, which we have had for years, has lacked the political willpower and the long-range economic sense to take that community with its iron resources, with its harbour and with its steelworkers, and create a first-class steel industry. I will not elaborate on this. In reading about the lay-offs all over Canada this man said to me that if the rest of Canada had unemployment levels the way we have experienced them in the past decade, there would be a revolution in this country. I think he is certainly very close to being right, if not totally right. If we all experienced real levels of unemployment of 20 per cent to 25 per cent for the past decade, then even the Liberal government would have been forced to respond or there would have been something approaching a revolution.

● (1540)

I said, Mr. Speaker, that was the last instance I would cite, but there is one other which came from one of the meetings and was simply that men and women ought to have the right to work. That says it all, Mr. Speaker, and whatever the Government of Canada feels or believes in terms of economic policy—and I am going to come to that in a minute—we in the New Democratic Party believe that every Canadian, man or

woman, who wants to work ought to be able to work, and the government should make that possible.

Some hon. Members: Hear, hear!

Mr. Broadbent: I have mentioned the human circumstances; I now want to give some statistics on what this level of unemployment costs the Canadian economy.

A special committee of this House was set up to look at unemployment, chaired by a Liberal member, and it said a target of 4 per cent unemployment is a reasonable objective. We will take that as a reasonable objective. Japan has achieved it, as have Austria, West Germany and other countries. Only Canada under the Liberals has managed, with our resources, not to achieve it.

I would like to take unemployment figures beyond the 4 per cent level and see what they mean in terms of lost production. If unemployment were down to that level it would mean another 514,000 men and women would be employed, which in turn would mean we would have an additional $4.7 billion in tax revenue. They are not employed so we lose it. In addition, if they were employed the GNP would be up by some $15.2 billion annually. They are not, so that is a loss to the economy.

Because they are unemployed it is costing us $2.3 billion in unemployment insurance payments to people who would rather be paid for jobs. So, Mr. Speaker, the economic costs are very real and substantial, which the government should be concerned about even if it is not concerned about the human dignity associated with the right to work.

What we need then, Mr. Speaker, if we are concerned, as we are in this party, about the human and economic aspects of unemployment, is aggressive economic action now. We need to demonstrate the will to act, as other countries have as recently as last week, to stimulate the economy. The Minister of Finance knows very well that that will has now been asserted in France, Germany, even in Great Britain. It was demonstrated at the same meeting in Europe last week by the government of Japan, which said yes, these countries are affected by what has happened in the United States, by high interest rate policies, that they are part of the international community. But unlike the Government of Canada, these countries have the political will to say they are going to establish a lower interest rate policy on their own and stimulate their economies. That is precisely what the Government of Canada should be doing for the people of Canada.

Some hon. Members: Hear, hear!

Mr. Broadbent: In the Minister of Finance's speech yesterday in Toronto, Mr. Speaker, he made it clear that he has learned nothing since he brought down his disastrous budget.

An hon. Member: Since 1930.

Mr. Broadbent: His few tinkering responses, and they have been few indeed, have been aimed directly at the privileged in Canadian society. Most significantly, when we need stimulation in the economy because we are only running at 80 per cent capacity—we are not going to inflate if we stimulate, or it will be minimal—we need a significant tax cut for middle and low-income Canadians. Instead, the tinkering we got from the Minister of Finance benefited those who need assistance least.

I want to get at the reasoning, as I understand it, behind the budget because it is precisely the same reasoning used in President Reagan's budget approach during the past year in the United States. Without using the terminology, what we have in this budget, Mr. Speaker, is supply-side economics, and this is directly related to the fact the two top tax brackets in Canada were given major tax reductions. That is precisely what was done by President Reagan in the United States, with the thinking that if you cut the marginal tax rate at the top, then the people will take their tax savings and reinvest it in the economy.

Well, Mr. Speaker, I do not know if the minister's advisers have been telling him this, but I do know simply from reading a newspaper such as *The New York Times* that in the United States the supply-side economics, with tax cuts for the upper-income earners, has simply not worked. This is because, as I indicated in my questions to the minister this afternoon, which he ignored, when you have a high interest rate economy and you give millions of dollars in benefits to the rich, they do not invest it in job-creating ventures, they salt it away in the banks. So the direct result of supply-side economics in the U.S., as in Canada, although the minister has not dared to use the same name, is to make the rich richer. Therefore, Mr. Speaker, we in this party categorically reject supply-side economics both because it is unjust and it does not work.

Some hon. Members: Hear, hear!

Mr. Broadbent: What we want, to use the technical jargon, is demand-side economics. We happen to believe that with this level of unemployment, the worst since the great depression, now is precisely the time to stimulate demand and give middle and low-income earners a tax break. That is the kind of action which would create jobs in our economy.

The unswerving commitment, Mr. Speaker, to this most conservative kind of economic policy now pursued by this government has been demonstrated by its solidly entrenched and locked-in policy of preoccupation with the level of the deficit. It began to reduce the proportion of the GNP going to government spending a number of years ago and has continued with this single-minded preoccupation right up until today. That same policy was maintained in the minister's speech yesterday in Toronto, as it was in the answers today in this House.

We in this party say that there is a time to be concerned about government deficits and about government spending, and social-democratic governments, whether here in Canada or elsewhere in the world, have the same concern when appropriate. But I say to the Minister of Finance that when we have more than a million Canadians unemployed, people who are losing their human dignity, and we are losing millions of dollars in the GNP because of that unemployment, now is the

time we should have more, not less, government spending. That makes economic sense.

Having made that point, I must say I listened to the speech of the Leader of the Opposition with care and there was not one sentiment—and I choose that word with care—with which I disagreed because there is no question in my mind that his fears are genuine. Those expressions of concern about unemployment are the same as those we have expressed in this House. However, I also want to say that in politics and economic policy it seems to me that sentiment is not good enough; the debate in this House, as important as that sentiment is, must also deal with economic policy. Economic policy, as demonstrated even in this debate and certainly by past Conservative governments, is almost exactly the same as we are getting from the Liberal government today.

● (1550)

In the short run, the two questions which are of decisive importance are interest rates, on the one hand, and government spending on the other; and they are related. As recently as Sunday night past, Sinclair Stevens, the man sitting four seats just over to my right here—

Mr. Stevens: "York-Peel".

Mr. Broadbent: —the hon. member for York-Peel (Mr. Stevens), was weighing in heavily against government spending. There he was, speaking through the television set to the people of Canada. He said: "Now, we cannot have more government spending." At least he has the merit of being consistent, if he also has the equal merit of being wrong in terms of what is needed for the people of Canada. In fact, just a few years ago, the same gentleman made the following comment, and I will quote.

An hon. Member: Sink with Sinc.

Mr. Broadbent: Just listen to what the hon. member said in the middle of the twentieth century:

> Deficit financing by the federal government must be outlawed by a change in Canada's Constitution that would require the federal government to balance its budget every five years.

That, and I put it bluntly, is economic lunacy, as almost everyone in the modern world knows.

Some hon. Members: Hear, hear!

Mr. Stevens: Tell the Germans that! How about Germany?

Mr. Broadbent: My colleagues in the Conservative Party cannot have it both ways. They cannot demand a budget which would stimulate the economy, which would move us in new directions, which would create new jobs, and still have the old hang-ups and fallacious theories about economic spending by the government.

Some hon. Members: Hear, hear!

Mr. Broadbent: Then there is the related question. The hon. member never did say when they do want government cutbacks, which is what the hon. member for York-Peel called for. Did he want a cutback in programs for farmers? Did he want a cutback in programs for fishermen? Did he want a cutback in programs for pensioners? They are the unstated questions which must be followed. It is irresponsible of the Progressive Conservative Party of Canada to call for cutbacks in general and in government spending if it is not prepared to say where.

Some hon. Members: Hear, hear!

Mr. Broadbent: The hon. members to my right should learn that.

I address the next point particularly to the Leader of the Official Opposition, who movingly spoke about all the lay-offs in the manufacturing sector. The question pertains, in my judgment, to the fundamental short-run problem with those lay-offs, 235,000 in manufacturing during the past four months and 1,400 lay-offs which were announced in Montreal and in Hamilton today which are directly related to the high interest rate policy of the government. I have in my hand a number of quotes from the former prime minister, the present Leader of the Opposition. On October 29, 1979, when he was prime minister, he said:

> —it was the view of the Governor of the Bank of Canada, concurred in by this government, that the only responsible action open to Canada at this time was to accept, in the intermediate term, an increase in interest rates . . . that is our position, it remains our policy.

That is what the Leader of the Opposition said when he was prime minister. His former finance critic, the hon. member for St. John's West (Mr. Crosbie), repeated that same position just a few months ago on television. Therefore, I say to the Conservatives that they cannot, either in terms of their interest rate policy or in terms of their attitude toward government spending, offer a credible alternative to what the Government of Canada is doing.

Some hon. Members: Hear, hear!

Mr. Broadbent: That is as clear as anything could be in terms of economic policy at this time.

Mr. Hnatyshyn: Why did you support the Liberals?

Mr. Broadbent: I will just let that comment go entirely.

Mr. Stevens: Tell us!

Mr. Broadbent: I say to the Conservatives—

An hon. Member: Because they had a look at you, that's why.

Mr. Broadbent: Obviously, I have touched a sensitive chord because the hon. member, who is no longer a cabinet minister, is calling from the back, behind the curtains, saying that we voted against a Conservative budget which forced the 1980 election because it was every bit as bad as the Liberal budget today.

An hon. Member: Worse, worse!

Mr. Broadbent: It is interesting that the Conservatives did not send a task force around to have a survey made of their budget when they brought it in in 1980. We would have been interested to hear that one.

An hon. Member: We did! It was called an election!

Mr. Broadbent: I would now like to move an amendment, which will be an interesting task not only for the government but also for the official opposition, to see how serious they are about dealing in a serious way with the economic problems about which the Conservatives have just spoken. Therefore, I move, seconded by the hon. member for Broadview-Greenwood (Mr. Rae):

That the motion be amended by striking the period after the word "budget" and adding:

"which would provide that

(a) a system of fixed lower interest rates for mortgages be made mandatory, and that

(b) an excess profits tax be imposed on Canada's chartered banks to restore their marginal tax rate to the 1970 level."

Some hon. Members: Hear, hear!

Mr. Stevens: That was a good year for them! You missed the point, Ed!

Mr. Broadbent: I would like to refer to the advantage offered by this amendment. I have already spoken about the direct advantages, in my comments on interest rates, concerning the implication of low mortgage levels for home owners or prospective home owners. However, I want to speak about the excess profits tax on banks. As the motion states, it would simply reduce their levels to what they earned based on the marginal rate of 1970. That would give us additional revenue of approximately $670 million. If we took only $500 million of that revenue and put it into the social housing budget, we could restore that housing budget to the level which existed six years ago when we did not have the housing crisis that we have today. Also, by using that money to produce social housing, we would produce an additional 93,000 jobs in construction, in the logging sector and in the appliance field, not to mention all the housing starts which would be created. This would have the effect of bringing down the price of housing, one would hope, by increasing the supply. Therefore, we would simultaneously deal with the housing crisis—not totally, but in a significant way—and the unemployment situation.

In mentioning this single program, I want to speak about how it could be used as a model for other sectors. Again I want to speak in terms of its technical economic effects. I hope the Minister of Finance will discuss the point. This kind of approach in this sector would have the following additional consequences to the ones that I have just mentioned: first, the economic activity generated would stay in Canada; second, it would not result in increased imports from abroad which might result from other kinds of stimuli. Therefore, in relation to that, the spending of millions of dollars in this way would not in the slightest exacerbate our country's serious international balance of payments problem which did result in a record $9.1 billion deficit last year.

Therefore, this kind of tax on a part of our economy, namely, the banks which have had excessive profits, would get revenue into the government sector where it could now be usefully used to stimulate growth of jobs which are badly needed. It would have a net positive effect in terms of our balance of payment situation and in terms of its ultimate effects on the level of the Canadian dollar. It is, I repeat, a model of what could be done by an imaginative government which cared about the people of Canada and was prepared to use the power of a modern government in a constructive way in the economy.

I want to conclude, because I note that my time has just about expired, by saying that what we need now in Canada is not a government concerned with rhetoric, whether of a progressive or a reactionary kind. What we need is a government which thinks very hard about the state of the Canadian economy. What we need is a government which has a genuine spirit of independence and courage, as demonstrated by western European governments and the government of Japan when they were caught in the same web of economic forces generated by the United States. Finally and above all else—because it is this which shapes the other points—what we need in Canada is a government that cares about the people of Canada.

● (1600)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Mr. Speaker, I listened with a great deal of interest to the statement made by the Leader of the Opposition (Mr. Clark) and then to the statement by the leader of the New Democratic Party (Mr. Broadbent). I must say that they were distinctly different. The Leader of the Official Opposition concentrated principally on the tax side of the budget; he gave no prescriptions whatsoever for the general economic situation we face in this country.

I am the first to admit that we do face a serious economic situation, with very high inflation rates, rising unemployment and declining growth in the country. That is a very serious situation. It is a situation that is shared by all the industrialized countries of the world. Their situation is very similar to ours.

It is to that general economic situation that I addressed myself in the budget in an attempt to establish a correct macroeconomic response that would deal with the underlying reasons for the situations we face and would permit us to participate in a recovery. I laid out my position in the budget, and I laid it out in greater detail at the Canadian Club speech in Toronto yesterday. Hon. members have referred to that.

The Leader of the Opposition had nothing to say about what his alternative remedy would be. He did not differ with my analysis that inflation is the chief problem, that basically the question of inflation is a question of jobs and growth and that these concepts cannot be separated. I take it from the silence of the Leader of the Opposition that he has no objection to the

general economic policy of the government, although he does have some objection with regard to the tax policy. I will deal with that later in my speech.

The Leader of the New Democratic Party has stated clearly that he believes in massive stimulus. He believes that the way out of our difficulties is to spend, spend, spend. That is what he said. Even other modern social democratic parties have long abandoned that policy. When the former prime minister of Britain, Mr. Callaghan, was facing an economic crisis, he went before his party and told them: "In present circumstances, spend, spend, spend is not the solution".

That is what the Leader of the New Democratic Party has put before the House. I disagree with it. If he believes that massive stimulus at the present time is the answer, he is making a fundamental mistake. He is calling for higher inflation, more unemployment and less growth down the road. If that is his answer, he is careless about inflation. That is his problem. I disagree with him.

He said yesterday and again today that somehow the European and Japanese finance ministers have concerted in a new policy of massive stimulus. I had that checked out this morning. There have been no formal meetings and no formal decisions. Japan has not been part of any discussion. Whatever the Leader of the New Democratic Party is basing his statement upon is not information that we have been able to confirm through official sources.

I may have an opportunity to return to the macroeconomic question, but I want to begin by dealing with a number of the points made by the Leader of the Opposition. I found his speech rather weak, rather ineffective and rather unfocused. After all this accumulation of evidence that we expected to get from the Leader of the Opposition and all the hearings throughout the country, I expected that the Leader of the Opposition would pinpoint specific objections which he wanted to have repaired and which he wanted to form the groundwork in asking the House of Commons to remove the budget. What did he produce? Very few specifics, and when he did go into specifics, he made very great mistakes. I will deal with that later.

What has been stated again today by the Leader of the Opposition and the leader of the New Democratic Party is that the impact of this budget bears heavily upon low and middle-income Canadians. Last November the Leader of the Opposition said, "it was in fact a budget which will impose an unbearably hard burden upon countless average Canadians and has as its principal purpose the enrichment of the federal government." The leader of the New Democratic Party said that, "the vast majority of Canadians get no tax cuts at all."

Mr. Broadbent: I didn't say that.

Mr. MacEachen: I refer to *Hansard* of November 16, page 12801, where the leader of the New Democratic Party is reported as saying:

—the vast majority of Canadians get no tax cuts at all.

The "majority" must be Canadians. I find that one of the most incredible misperceptions and misrepresentations that has floated across this country since budget night.

I ask Canadians who have tax withheld from their pay cheques to compare their 1981 pay cheques with their 1982 cheques. I do not ask the Canadian people to believe the Leader of the Opposition, the leader of the New Democratic Party or the Minister of Finance. I ask them to look at their pay cheques. I ask them to look at the hard evidence.

• (1610)

I ask members of the House of Commons to look at the withholding tax table, 1981 and 1982. I am telling you, Mr. Speaker, that under the new 1982 tax rates, several million wage earners and salaried employees will have larger take home pay.

Some hon. Members: Hear, hear!

Mr. MacEachen: In fact, several million will have larger take home pay.

The idea has been put about this country that the effect of the budget has been to bear heavily upon, and to increase taxes for, the low and middle-income Canadian people. That is false, Mr. Speaker.

Last night I was on a television program and I repeated the fact that 12 million Canadians would experience lower taxes as a result of the composite measures in the budget; for example, the marginal tax rate, the change in the federal tax credit, the indexation. Thus, 12 million Canadians will have less taxes to pay, about 3.5 million will pay the same amount and about 800,000 will pay more taxes. These are the facts.

I had a call from a friend of mine, a small employer, who said to me: "I am very pleased that you mentioned that, because based upon the statements made by opposition spokesmen, my employees were expecting to have their taxes increased as a result of the budget. When they looked at their pay cheques, they found there was a decrease."

Some hon. Members: Hear, hear!

Mr. MacEachen: I ask the Canadian taxpayers to look at what is happening. It is happening as a direct result of indexing and the tax measures in the budget. Anyone who wants to check it should simply compare the 1981 and 1982 tax withholding tables.

Mr. Baker (Nepean-Carleton): On a point of order, Mr. Speaker, would the hon. minister permit a question?

Mr. MacEachen: Mr. Speaker, I will deal with questions at the end of my speech. I do not think that I can deal with them now.

Some hon. Members: Oh, oh!

Mr. MacEachen: I was able to bring that result about because, instead of increasing tax rates across the whole range of the system, I decided to broaden the tax base with the effect

that lower taxes were available to the numbers I have mentioned with higher taxes for a very small number of Canadians.

The method I chose to raise the new revenues protected the vast majority of low and middle-income Canadians from higher taxes. Through indexing cuts in marginal tax rates and a redesign of the federal tax credit, millions of Canadians will pay less tax for 1982. I draw this fact to the attention of the leader of the New Democratic Party, that of the roughly 14 million Canadians with incomes under $30,000—that is the group that I was principally interested in—

Mr. Broadbent: What was their average weekly saving?

Mr. MacEachen: —a full 95 per cent will pay less tax or have no tax increase.

Mr. Broadbent: Four dollars a week?

Mr. MacEachen: That is quite a difference compared to the statements that have been made by the Leader of the Opposition and the leader of the New Democratic Party.

Mr. Broadbent: Four dollars a week.

Mr. MacEachen: Indexing alone will reduce taxes for Canadians by more than $3 billion. This includes larger personal exemptions and an increase in the child tax credit from $261 to $293 for each child.

Very little attention has been paid to the change in the federal tax credit. That change targets benefits toward one-earner families with low and middle incomes. The tax credit will rise from $200 to up to $400 for approximately 1.5 million Canadian families. That has been virtually ignored. It was a very important step taken to flow some income into the budgets of this particular group of Canadian families and it was virtually ignored, Mr. Speaker.

I have to accept the fulminations of the Leader of the Opposition on this matter when they are based upon false information and misrepresentation from the Leader of the Opposition. I welcome the opportunity to make this statement today. I am not seeking refuge at the Canadian Club to avoid the Leader of the Opposition. Let me tell him that I am delighted to have this opportunity to tell the House and all Canadians that I stand behind the budget, which has produced tax savings in a time of restraint for the vast majority of the Canadian people.

Mr. Baker (Nepean-Carleton): So do three or four others.

Mr. Clark: You can come to my meeting in Port Hawkesbury.

Mr. MacEachen: Yes, the Leader of the Opposition has been in Cape Breton Highlands-Canso before. I welcome him again, because the only time he was there my majority was the highest I ever had.

Mr. Clark: You are invited to the meeting, Allan.

Mr. MacEachen: The complaints that were made last December have disappeared from the statement made by the Leader of the Opposition. All we have heard today are some false statements about employee benefits and the child tax credit. Gone are the specific complaints that we heard last December.

The Leader of the Opposition has stated that this budget is anti-investment. I reject this assertion categorically.

Mr. Wilson: You never understood it.

Mr. MacEachen: The fiscal stance in the budget is directed to removing the main obstacles to investment—inflation and high interest rates. The tax measures are also designed to channel funds to productive investment and to encourage investment through cuts in the marginal tax rate. Why is it that so many commentators and observers have virtually ignored the very important step taken in lowering the marginal tax rate? The lowering of the marginal tax rate reduces the maximum tax on capital gains from 33 per cent to 25 per cent. The maximum tax on dividend income is also reduced to 25 per cent. I would prefer to take the advice of authorities other than the Leader of the Opposition on this point.

With regard to marginal tax rates, the Business Council on National Issues states:

> —the general reduction in tax rates combined with the tones and perspective offered in the paper "Economic Development for Canada in the 1980s", are extremely encouraging steps.

That is not the language of the Minister of Finance but the Business Council on National Issues.

> Steps which make the tax system simpler and which reduce marginal tax rates will enhance economic development and equity.

I believe that there is a whole series of measures within the budget that demonstrate its intent, namely, to encourage investment funds in productive and risky enterprises. It is clear that the tax system as it was constructed institutionalized private savings and concentrated decisions in the hands of financial institutions while discouraging participation of individuals in the stock market.

Not a word has been said about interest deductibility. What a chorus of protests! What thunderbolts were thrown at my head by the member for Etobicoke Centre (Mr. Wilson), the Leader of the Opposition and members in the opposition, with representations from elsewhere about interest deductibility. Again today the hon. member for Etobicoke Centre talked about my inflexibility. I listened to the representations I received in the House of Commons and to representations from other organizations, to the point where today not a word was said. We are depending upon false assertions about the child tax credit. That is the big plea and the false assertion made by the Leader of the Opposition.

● (1620)

As an illustration of the change of attitude on the part of business spokesmen, I refer to a statement—which, I must say, I did not like at the time—made on December 9 by the president of the Toronto Stock Exchange. Hon. members will

remember that coalition—I understand it is now disintegrating; certainly it has lost the president of the Toronto Stock Exchange—which came to Ottawa on December 9, staged a press conference and raised hell about the budget. It was a very impressive demonstration, temporarily, and on that occasion the president of the Toronto Stock Exchange stated that the budget hurt the capital investment process.

Mr. MacKay: The market sure showed it, didn't it?

Mr. MacEachen: He stated that the budget would create an advantage for foreign investors over domestic investors. For every rich Canadian hit by the budget there are 28 average Canadians who use the interest deductibility provisions and provide financing for new business.

Mr. MacKay: How is the market these days?

Mr. MacEachen: Having listened to those views and the views of members of the House of Commons, I made changes to that provision on December 18.

Then on January 18 the same person, the president of the Toronto Stock Exchange, wrote me a letter saying that the December 18 amendment to the federal budget on interest expense deductibility—

—addresses the concerns expressed by the Toronto Stock Exchange and other representatives of the securities industry over the impact of the original proposal on investment in growth-oriented companies.

And industries.

Mr. Baker (Nepean-Carleton): Let's hear what the ordinary Canadian says about your budget.

Mr. MacEachen: Anti-investment? That same old complaint is being repeated by the Leader of the Opposition today. On that general point I prefer the observations of the president of the Toronto Stock Exchange and the president of the Investment Dealers Association, both of whom have said they have no further issue to place on the point of interest deductibility.

Mr. Wilson: Why did they appear before our committee?

Mr. MacEachen: Why do I raise this? I mention it because this was a great big issue. It was supposed to be the tremendous sign that we were anti-investment, and it has been removed. Everything has been straightened out, according to the views of these representatives, and still the Leader of the Opposition repeats that old refrain. So in this case I prefer the views of these particular persons to those of the Leader of the Opposition.

Some hon. Members: Oh, oh!

Mr. MacEachen: Mr. Speaker, I listened very carefully to the Leader of the Opposition. He was given total attention by hon. members on this side of the House. I listened to the leader of the New Democratic Party and he was given total attention. Since I began to speak I have been heckled and barracked by members of both parties. My conclusion on that is that these points are striking home and that instead of silence they are reacting with their usual and customary demonstration in the House of Commons.

Mr. MacKay: Look at the expression on those faces behind you.

Mr. Epp: Allan, don't look behind you.

Mr. MacEachen: Mr. Speaker, I will say just one word about a statement made by the Leader of the Opposition on the child tax credit. He has said that the effect of the budget measures is to remove the child tax credit from 60,000 Canadian mothers. I find that an extraordinary statement to be made by the Leader of the Opposition. I would like him, if he can, to produce evidence which shows that the child tax credit has been denied to 60,000 mothers. The child tax credit is payable in full to families whose net income in 1982 is less than $26,330. For families with incomes above this threshold the tax credit is reduced by 5 per cent of income in excess of the threshold. This year the indexing of the credit has increased the threshold income level by some $2,850. The increase in the threshold more than offsets the effects of the inclusion of employee benefits in income computation. Including all the budget changes and indexing the effect in 1982 will be to increase over all the child tax credit from $900 million, which it would otherwise be, to over $1.1 billion.

Mr. Breau: Wrong again, Joe.

Mr. Trudeau: Withdraw.

Mr. MacEachen: On balance, these changes will increase the total amount of the child tax credit. Indeed, the impact of the budget change and indexing is to raise the credit by over $200 million. In general, the impact on employee benefits will be more than offset by the indexing provisions, but I would say that a few high income individuals who had been able previously to shelter their taxable income through large deductions for income-averaging annuity contracts, soft costs and the like will no longer qualify for the child tax credit.

Some hon. Members: Hear, hear!

Mr. MacEachen: If hon. members had looked at the tax tables presented with the budget and scrutinized them carefully they would have found that very high-income people were eligible, because of the tax system, for the child tax credit. That certainly was not the intent. I know a wealthy professional who at the Canadian Tax Foundation said that the only impact of the budget on him would be that he would lose the child tax credit.

Mr. Clark: His tax rate would go down.

Mr. Cousineau: Good, Joe.

Mr. MacEachen: Surely, it was about time somebody—even though it was difficult—took a look at the array of selective tax preferences in the tax system which benefited mainly high-income people, allowed large numbers of Canadians to pay no

taxes and allowed groups of Canadians in high-income brackets to pay a lower proportion of taxes than others in lower income brackets. Surely it was time to take a look at that kind of system.

Mr. Stevens: Who brought it in?

Mr. MacEachen: I restructured the tax system in a way which, I believe, has maintained the investment incentives which are required in this country, but in a way which will ensure that there is fairness and equity in the tax system. I believe that every time the Leader of the Opposition mounts his attack in the House, he is speaking for a particular interest in the guise of the child tax credit and employee benefits.

• (1630)

Mr. Baker (Nepean-Carleton): He is speaking for the majority of Canadians.

Mr. MacEachen: Why does he not speak out against the wrong features of the tax system that brought about the results that I have corrected in this budget? I do not think this is the day for the Canadian House of Commons to go back on justice in the tax system.

Some hon. Members: Hear, hear!

Hon. Michael Wilson (Etobicoke Centre): Mr. Speaker, someone who appeared before our special committee on the budget said that arguing numbers with anybody from the Department of Finance is like a shell game in New York City. I think we have had a good demonstration of that in the minister's speech this afternoon.

Some hon. Members: Hear, hear!

Mr. Wilson: I listened carefully to the numbers that the minister was throwing out on the question of 12 million Canadians paying lower taxes. I say to you, Mr. Speaker, that the minister has perpetrated borderline fraud on the House of Commons and the Canadian people by making this statement in the House today. It is a total misrepresentation. He is completely ignoring the fact that Canadians will be paying $1,400 per family per year for the next five years in energy taxes and that that will totally wipe out any reduction that might result from the indexation of personal taxes. Anybody who owns a home or who drives a car knows that the minister has misrepresented this situation because they have to pay the bills every time they go to the pump and every month to the gas company.

Every time the minister says that, he reduces his credibility even further. This makes no allowance for the increase in taxes that all Canadians will pay as a result of the taxation of benefits, such as dental and health plans, and from the taxation of pensioners, that come directly from this budget.

Yesterday the minister defended his budget in front of a blue chip audience in Toronto. His speech made interesting reading and I read it very carefully. He blamed the United States and he blamed international economic weaknesses for our problems. His main conclusion was that Canada must not spend its way out of this current recession. He stated this as if it were the only alternative available. The speech is remarkable for its superficiality. It is the most shallow, superficial speech by any minister of finance that I have read or heard in the 20 years that I have been reading and listening to them.

The Canadian Club looks forward with great anticipation to this annual event when the incumbent minister of finance states what is on his mind. Mr. Speaker, next year it will have to peddle the tickets on the corner of King and Bay because no one will want to go to hear a speech like this one.

This reinforces one of the underlying themes that ran through the meetings of our special committee on the budget. Time and again we were told that the government does not know what it is doing, that the government and the minister are totally out of touch with what is going on in the real world. We all know that 200,000 Canadians have been laid off and we have heard from the Canadian Manufacturers' Association that another 100,000 will be laid off within the next two or three months. I hope I do not have to remind the minister that this represents human tragedy for each of those individuals.

All MPs, whether on this side of the House or on the side opposite, know of instances where individuals have lost a job. In my riding I saw a student who was laid off after three months in his first full-time job. Another gentleman came to my office. He is 62 years old and was laid off, and now he does not know where he will get another job because of his age. A young couple came to see me who were frightened that the wife would become pregnant and have to quit her job and as a result they would lose their house. That is the sort of thing that is going on in the country today. People cannot afford to do the things that they want to do. They want to own a house but feel they need two jobs in order to finance a mortgage. If only one has a job then they feel they might have to leave the house.

All these people are worried and frightened about the future. Fishermen, small businessmen and farmers told the committee that they were worried about losing their businesses and that the dream they had built up over the years would be shattered before their eyes because of the policies of this government. These people fear that they may soon become a statistic, one of those unemployed numbers or one of those bankruptcy numbers. That is the nature of what is going on in the country today, Mr. Speaker. That is the nature of what we heard before our special committee.

The speech the minister made yesterday represents the sum total of his explanation to the Canadian people of why he is following these policies. The minister makes no attempt to explain why revenues have to go up 31 per cent this year or why that additional burden has been laid on the economy in this time of the deepest recession we have had in the past 30 or 40 years. He does not explain why it is necessary to disrupt the personal and business lives of people with the so-called tax reform that is undercutting many of the good social and economic objectives which we have in this country. I will come back to that later, Mr. Speaker.

The minister gives no explanation why business is being totally undermined by this government and this budget. Investment is what would create the jobs we need so desperately in this country today. There is no secret in this. It has been proven time and again that job creation is directly linked to investment of funds by individuals and companies, and that when the investment process is undermined by government tax policies which destroy the confidence of the individuals making the investment decisions, all those people who are looking for jobs are affected. Investment is what we need in this country today.

Some hon. Members: Hear, hear!

Mr. Wilson: In this budget the minister has compounded the human misery of one million Canadians. The policies that he has brought in display a total lack of understanding of the problems of the economy. They illustrate his inflexibility—and I repeat that word for his edification, Mr. Speaker. He did not show any flexibility on December 18. He was forced to make those changes or he would have brought a greater disaster upon this country than has been brought upon it already.

Mr. Peterson: Oh, oh!

Mr. Wilson: The hon. member for Willowdale (Mr. Peterson) knows that as well. Many of his friends have been making those representations to him and are still making them to him.

Mr. Peterson: Oh, oh!

Mr. Wilson: This is a little light interlude from the hon. member for Willowdale.

The inflexibility of the minister in not considering other alternatives displays a total insensibility to those who have been hurt so badly by his policies.

Investment and stability, and I have said before, lead to more jobs. High taxation and lack of confidence lead to fewer jobs. That is the nature of the economy we are living with today. That is the nature of the economy so seriously affected by the budget of November 12.

This budget is far worse than simply a misguided economic policy. It is more than a tax grab on many, many Canadians. No one in this House and no one in the country has any quarrel with equity in the tax system. People say that is a good thing and that we should have it. As a result of the budget many worth-while social and economic policies have been undermined. These are not policies which we hold exclusively in the Conservative Party. These are policies and objectives which are sought by Canadians represented by all parties in the House. This is why there has been such a wholesale condemnation of the budget.

● (1640)

I should like to review, for the benefit of the minister and also for the benefit of backbenchers, some of the broad social objectives which have been undermined by the budget, because I think this might be helpful in their caucus tomorrow. All Canadians are concerned that pensioners should enjoy a comfortable retirement, free from worry and as self-reliant as possible. But the budget taxes individual pensioners—and we heard this from the Consumers' Association of Canada—in seven different areas. Let me refer to one example of the ridiculous nature of these changes. A pensioner who earns a little extra money because his pension is not sufficient to finance his needs today will now lose his $1,000 deduction. The reason for this is that the department and the minister were going after an exclusive group of Canadians who happen to have indexed pensions, who retired at age 55 and are earning money as consultants to the government. That is the direction the budget has taken. Instead of just going exclusively after that group, they have drawn in all pensioners who are earning a little extra money. It is taking an elephant gun to shoot a mosquito. The minister should have the expertise and the sensitivity to work differently than that.

There are many other parts of the budget which affect pensioners in the same ill-conceived fashion. Many people told us that there was some abuse, but that the abuse could be caught if the government knew what it was doing. Let me leave the minister with a comment made by a group which we met in Halifax called "Canadian Pensioners Concerned". They said that these financial shocks to pensioners will lead to ill health and earlier death; the minister should recognize this. Also he should be encouraging people to save for their retirement. That is the Canadian tradition; we have always been good savers. We want to develop the maximum degree of self-reliance among pensioners and the least reliance upon the government, but the budget taxes life insurance and makes loan interest to purchase RRSPs not deductible any longer. The average loan is a little over $2,000. Is that a rich person's loan to buy an RRSP for one year? No, it is not. This loan is taken out by a number of low and middle-income Canadians who do not have the ready cash to put into RRSPs. Deferred profit-sharing plans have been ruled out for many small businesses. Farmers who had looked forward to the use of income-averaging annuities as their means of retirement income have lost an important element of their future financial planning. The result will be that more people will be relying upon the government for support in future years.

We heard in Kitchener that the thrust of the budget penalizes those people who save and prepare for the future. We heard from another group in Kitchener that there was no link between the minister's statements at the pension conference a few months ago and the budget. In short, they said that the budget undermined the basic Canadian tradition of saving for the future. In this area of financial planning for the future, people preparing for retirement, there are abuses, but those abuses can be dealt with without killing the tradition of Canadians to save.

Mr. Peterson: We have done that.

Mr. Wilson: We heard from both management and labour about the entire area of encouragement to Canadians to look after their dental and health care by participating in dental

programs. By the way, no federal public servant, with two exceptions in the postal union, has such a program. It makes one wonder why this has been attacked. The budget will tax these benefits. Today the hon. member for Rosedale (Mr. Crombie) noted the inflationary impact, but also the impact that the budget and its changes will have on the collective bargaining process, as both sides try to offset the cost of this at a time when there are many pressures in the collective bargaining process because of inflation and slow economic growth. The result will be more strikes and further slowdowns in the economy.

There is no doubt in anyone's mind that there is a housing crisis, but there are four areas in the budget which undermine the ability of people in the housing industry to do their job. The changes in the budget which hurt the housing industry compound the crisis and are not in any way offset by the $7,500 interest-free loan the minister announced in the budget. We hear time and again from people in the industry that it would not offset the loss of capital cost allowance, the loss of MURBs and so on. We were told by one builder who still has a sense of humour that he was not really concerned about the budget because he did not pay any taxes today; he did not make any money upon which he should pay taxes. This is the nature of things in the housing industry.

We heard yesterday the speech of the Minister of Agriculture (Mr. Whelan). He indicated that farmers are a great resource in the country. When one takes that speech and compares it with the attack of the Minister of Finance (Mr. MacEachen) through the high interest rate policy, through the change in the capital cost allowance, one realizes that the farmers have had incentive taken away from them in the farming industry. They see a very bleak future ahead. Someone in Regina said: "We see a real crunch coming." The budget must be withdrawn.

Also the minister referred to the Investment Dealers' Association as being associated with the letter from the president of the Toronto Stock Exchange. The association attended our hearings in Toronto and made a very eloquent representation for the reinstatement of a number of investment incentives as well as some of the basic saving incentives which have been an important part of job creation and economic growth to date.

Mr. MacEachen: What about interest deductibility?

Mr. Wilson: That industry is not in support of the budget.

Mr. MacEachen: Did they say anything about interest deductibility?

Mr. Wilson: I will answer the minister's question. The change in interest deductibility was welcomed by that industry as well as by the small business community. They welcomed it because if they had not received it the small-business community would have been killed. Many individuals and small businesses would have lost their operations completely; they would have gone bankrupt this year. This is why the minister was forced to respond. There was no flexibility: he was forced to make that statement in the House, and there is no other way to express it.

Mr. Peterson: We are the ones who made it deductible.

Mr. Wilson: Another witness indicated that charitable foundations are a source of major financial support for the total voluntary organization community within the country. One witness referred to them as the "bulwark of democracy", but the budget seriously undermines the capacity of charitable institutions to continue in existence. We were given the example of one foundation which in 1970 was capitalized at $14 million. At the end of 1980 it had grown, with inflation, to $30 million. During the course of that period it provided a significant amount of financial support for the voluntary sector. If this budget had been in place, we were told that that charitable foundation would have been capitalized at only $11 million compared with the $14 million in 1970.

Mr. Peterson: That has been looked after.

Mr. Wilson: That is what the budget will do to charitable foundations. I could refer to a number of other areas such as mining, the budget's impact on productivity, the impact on students and on universities of cuts in the established programs financing, and the impact on the Canadianization process. I have tried to make the minister understand that. I do not think he understands it. I do not think he understands that whole investment process at all. Canadianization will slow down. There will be fewer Canadian shareholders and less Canadian ownership in five years' time than there is today, directly as a result of this budget. There are no two ways about that.

• (1650)

Another theme was evident in our meetings, and that was the question of process. I was interested to read what the minister had to say about process in the speech he made yesterday in Toronto. The President of the Treasury Board (Mr. Johnston) was part of a committee when he was in the private sector that proposed changes to the process. They fell on deaf ears. It is only the tremendous embarrassment of the minister in these past two months that has caused him to rethink this whole question of secrecy in budgets. It is very unlike him. He likes to carry everything in his arms so that no one else will know what is going on. He likes to spring things on the country without any opportunity for comment and without any opportunity to understand their impact.

This is what has caused the frustration and anger among so many people who appeared before our committee, individuals as well as those representing organizations. We heard them all say that this process has to change, that the government is operating in an ivory tower in Ottawa, and that the individuals who are to bear the burden of these changes and feel the impact directly must therefore have an opportunity to be heard. In fact, one gentleman said: "I have a right to be heard, but I am not being heard." He asked how the process could be changed to allow individual Canadians to be heard when inequities such as those contained in this budget are brought

out which cause such tremendous upset and disruption to the lives of individual Canadians.

I should remind the minister that in the United States the Internal Revenue Service is required, any time it brings forth any changes equivalent to those in this budget, to hold public hearings. Following such hearings, the IRS is required to make a report to Congress, and it is on that basis that Congress acts.

Canada is doing it the wrong way round. Here we have the minister making a statement, setting an effective date on budget night, putting himself in a position where he cannot be pushed unless the tremendous groundswell of public opinion that we experienced over the past two months pushes him off the positions he has taken. This is the nature of the system right now. It must be changed.

The Acting Speaker (Mr. Blaker): Order, please. There is a bit of difficulty. The hon. member's time has expired. I have allowed him a few minutes extra because I was under the impression that he may wish to present a subamendment. I do not know whether that is the hon. member's intention or not. However, if it is his intention, then the procedural solution to the problem would be for him to put the subamendment as quickly as possible and I can then extend his time by an additional ten minutes. If it is not his intention to present a subamendment, then I have to give him notice that his time has expired and perhaps he can wrap up his remarks in the next moment or two.

Mr. Wilson: Mr. Speaker, you are clairvoyant. I do have a subamendment. It is an amendment that I felt was necessary to amend the New Democratic Party amendment. I believe that what the NDP has proposed in its amendment does require further study. The impact of what the NDP has proposed on the housing industry is not at all clear. It is for that reason that I move, seconded by the hon. member for Burlington (Mr. Kempling):

> That the amendment be amended by adding thereto the following:
>
> "Provided that before final implementation these measures shall be put forward and elaborated in a white paper on government economic policy which shall be referred to a special committee of this House, with power to travel and hear representations from Canadians".

Let me wind up my remarks by drawing a broad conclusion. This budget has clearly undermined many worth-while policy objectives. It has undermined the will on the part of individuals to save and prepare for the future. It has undermined the ability of businesses to exist, to succeed and to create growth in this country. It has undermined the voluntary sector. It has undermined many of the productive elements in our society. It is ominous that this should happen when the government is preparing to be more interventionist with its reorganization which places under the umbrella of the Minister of Industry, Trade and Commerce (Mr. Gray)—I believe that is still his title today—the Department of Regional Economic Expansion. That will involve a much greater degree of intervention, of direct hands-on, big-lever pulling by one minister who is well known to be a very interventionist thinker.

In addition, we have the Minister of National Health and Welfare (Miss Begin) making ominous noises about a greater degree of government participation and control of the pension industry.

Let me leave hon. members with the following thought. In 1975 the Prime Minister (Mr. Trudeau) said that the market system was not working. He said that we would have to become used to more government involvement and more government intervention in our lives. Many people at that time spoke out in opposition to that sentiment and the Prime Minister backed down. But this budget, when taken in the context of other things that have happened, other policy initiatives that have been instituted by this Liberal Party over the past few years, including the National Energy Program last year, indicates that what the Prime Minister said, and from which he backed down, is part of the underlying thrust and direction of this government.

This budget itself represents the greatest effort to undermine the private sector and to create a vacuum into which government will move, because it will say the private sector is not doing the job and that the government must step in and do it. There will be more government in our lives arising out of this budget than anything we have seen in the past ten or 20 years.

I ask you this question, Mr. Speaker: was this budget sheer stupidity on the part of the government or is it part of a desire by the government to undermine a successful economy and bring on an unprecedented amount of government intervention in our lives? Whatever the answer in either case, this budget should be withdrawn.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Blaker): Is the President of the Privy Council rising on a point of order with respect to the acceptability of the subamendment?

[*Translation*]

Mr. Pinard: Exactly, Mr. Speaker, I refer to Standing Order 61.

[*English*]

The Acting Speaker (Mr. Blaker): Perhaps I can save the President of the Privy Council from the difficulty. I will hear hon. members who may wish to make contributions on the subject of whether or not the subamendment is in order. I will first read it and then I will read a citation from Beauschene. I think the House will possibly want to come to the same conclusion the Chair has, and that is that the subamendment is out of order. The subamendment reads:

> That the amendment be amended by adding thereto the following:
>
> "Provided that before final implementation these measures shall be put forward and elaborated in a white paper on government economic policy which shall be referred to a special committee of this House, with power to travel and hear representations from Canadians".

I refer to Beauchesne's fourth edition, Citation 202(3), which refers to and deals with the matter of subamendments. It reads:

● (1700)

Since the purpose of a subamendment is to alter the amendment, it should not enlarge upon the scope of the amendment but it should deal with matters that are not covered by the amendment; if it is intended to bring up matters foreign to the amendment, the member should wait until the amendment is disposed of and move a new amendment.

I note that the subamendment put forth by the hon. member for Etobicoke Centre (Mr. Wilson) brings to the attention of the House three considerations. The first is that he attaches to the amendment now on the floor of the House, a condition. Second, he calls for a white paper on government economic policy. Third, he calls for creation of a special committee. In each of these cases his subamendment would expand upon the amendment of the New Democratic Party.

I will, as I indicated, hear contributions if hon. members see fit. Otherwise, the disposition of the Chair would be to rule the subamendment out of order.

[*Translation*]

Mr. Pinard: I would not want to complicate things, Mr. Speaker, but if ever you should reach the conclusion that one subamendment is in order I would respectfully submit that only one subamendment can be allowed under our Standing Orders when we are debating a business of supply motion. I draw your attention to Standing Order 61 which is quite clear on that subject and which reads as follows:

Only one amendment and one subamendment may be made to a motion proposed in the Budget Debate or to a motion proposed under an order of the day for the consideration of the business of supply on an allotted day.

Today happens to be an opposition day. It is a motion moved under Standing Order 58, so it has to do with the business of supply. It is covered by Standing Order 61, and only one amendment and only one subamendment are in order. So it matters little which amendment you will accept, it does not make any difference to me, but only one subamendment is in order and we object to any additional subamendment.

[*English*]

Mr. Nielsen: Mr. Speaker, I will be brief because I do not want to impinge upon the members' debating time. Had the Chair gone on to read from the fifth edition of Beauchesne's, not the fourth, in paragraph 439 it sets forth by implication:

—two amendments can be proposed at the same time to a question.

That is the limit. Paragraph 440 says:

As the proposal of an amendment to an amendment originates a fresh subject for consideration, the new question thus created must, to prevent confusion, be disposed of by itself. An amendment, when undergoing alteration, is therefore—

The form and content of subamendments is set forth in paragraph 441, four separate subparagraphs. With great respect to the Chair I submit that the subamendment moved here does not enlarge upon the amendment moved by the NDP; and there is no rule, with respect to the Chair, that prevents a subamendment from placing a condition even if it were to be interpreted as such.

What the subamendment is attempting to do is to enable the substance of the amendment itself to be tested by the democratic process of public hearings, so that what members of this party have been trying to convince the government on will be conveyed directly to the government through the process of public hearings in committee. That, Mr. Speaker, does not detract one iota from the substance of the amendment put by the leader of the NDP (Mr. Broadbent). Indeed, it would be my speculation that the NDP would welcome the kind of public hearings the subamendment calls for and, indeed, one would think that even a government as stubborn as this one would welcome the kind of public hearings which this party alone has been conducting of its own volition.

Mr. Cosgrove: We want action.

Mr. Nielsen: Well, we want action too, I might tell the Minister of Public Works (Mr. Cosgrove), and that action is to withdraw the budget.

With respect to the Standing Order quoted by the government House leader, that simply confirms that subamendments are permissible. It has long been the practice in this House, particularly on opposition days, to accept subamendments. I have never heard of an objection being taken, whether by the Chair or the government, to the right of the opposition to move a subamendment, because if the logic of the government House leader, and of the Chair with respect, is to be followed it would mean that our amendment in this instance, or an NDP amendment on an opposition day allotted to them, might be completely distorted and given an entirely different sense unless it could be rectified by the subamendment process.

So my submission to the Chair is that the government House leader has simply bolstered my argument by citing the order he does. I might point out to him, in the remote event that the Chair might consider his argument has any logic at all, that we are dealing here with an allotted opposition day, the right of an opposition to test the continued confidence of the House in this budget, this minister and this government.

The subamendment is one which I submit most strongly is totally in order because it does not harm by one iota the substance of the NDP amendment, but merely puts in place a process which, if we can anticipate the evidence to be gathered by such public hearings, if that is acceptable to the House, will do nothing but good and will perhaps finally convince the government of the inadequacy of their budget measures and the deep wounds being caused to the Canadian public as a whole. For those reasons I submit that the Chair accept the motion.

While I am on my feet, Mr. Speaker, I might file a caveat here with respect to the procedures generally that are apparently being followed by the Chair in its interpretation of Standing Order 58(13), where it appears that the Chair is not applying the 20-minute limitation because of an interpretation of the word "motion" in that Standing Order as including an amendment.

If the logic of that interpretation is followed to its ultimate, it would mean, in the case of an amendment and a subamendment, that you would have three 30-minute speeches from that

side and three from this side, which totally defeats the intent of the order.

I am not raising that as a point of order now; I am simply filing the caveat that I may raise it as a point of order in future. My inclination, however, is to discuss it with the House leaders to see if we cannot find a consensus on that question.

Mr. Bob Rae (Broadview-Greenwood): Mr. Speaker, I suggest to you that the question you have to decide is whether or not the substance of the subamendment is in fact hostile to the purpose of the amendment itself. I submit that, judging from the comments just made by the hon. member for Etobicoke Centre (Mr. Wilson), the reference of our proposed amendment to a committee is indeed hostile to the proposal itself.

What we on our side want to see is a direct vote on two particular proposals we have made. We are prepared to stand by a vote on those two proposals and we do not want to see the clarity of those proposals blurred by a decision to refer it to a committee.

Mr. Nielsen: You are not in favour of public hearings.

● (1710)

Mr. Rae: It is clear from the remarks which have been made by the hon. member for Etobicoke Centre that the purpose of moving the subamendment is to bury forever the proposals which have been put forward by our party. It is for that reason that I think we must consider whether the subamendment, in a sense, explains the substance of the amendment or whether it substitutes an entirely new proposal.

Citation 438(2), on page 155 of the fifth edition of Beauchesne, very clearly states that:

> A subamendment must attempt to explain the substance of the amendment and may not substitute an entirely new proposal.

I submit to Your Honour that the suggestion that a matter or a group of matters should be referred to a committee and should then be developed in a white paper, and so forth, is an entirely different suggestion from the proposal which was put forward by the hon. member for Oshawa (Mr. Broadbent), which is to say, a very clear-cut proposal that a matter be voted on in the House. We are prepared to stand up and be counted on those two amendments, and we want other parties to stand up and be counted on those two amendments.

We are not prepared to accept the argument that this is a purely procedural matter which will simply be referred to a committee for procedural reasons, because we can distinctly tell, from what the hon. member for Etobicoke Centre said, that he is in fact hostile to the substance of our amendment. For that reason, I think that in following Citation 438(2), Your Honour should find that the subamendment is out of order.

Mr. Clark: Very briefly, I must register some dismay that the New Democratic Party would consider that the process of public hearings is—

Mr. Rae: You guys are just afraid to say where you stand on the banks, that's all.

Mr. Clark: —hostile to their interests or to the viability of any proposals which they would put forward. What is at issue here is whether or not it is in order for the Progressive Conservative Party, the official opposition, to move a subamendment on a separate matter, namely, the matter of the opportunity for the public to consider the measures proposed in the amendment moved by the New Democratic Party, which amendment, in itself, is a separate item from the substance of the motion which I had the honour to move earlier today.

It may well be that the New Democratic Party understands that the motion which it has introduced, in so far as the banks are concerned, goes much more easily on the banks than could be the case resulting from some amendments which might arise through a public hearing process. That might be the reason they are opposed to this procedure.

Mr. Rae: Is that what Bill Neville told you?

Mr. Clark: But the question—

Mr. Rae: Is that what he told you?

Mr. Clark: I got that from Tommy Douglas.

Mr. Rae: How much tax does the Canadian Imperial Bank of Commerce pay, Joe?

Mr. Clark: The question for the Chair to decide is whether or not, in the separate measure proposed by my colleague, the hon. member for Etobicoke Centre (Mr. Wilson), there is anything hostile to the measure proposed by the leader of the New Democratic Party (Mr. Broadbent). I submit to Your Honour that they are separate measures. Just as the motion of the leader of the New Democratic Party is separate from the substance of my motion, so is the subamendment proposed by my colleague, the hon. member for Etobicoke Centre, separate from the amendment proposed by the leader of the New Democratic Party. There is no hostility between them. I hope that the Chair will respect the procedures which have been followed, by my understanding, in allotted days on previous occasions, will allow the motion to be put, and will require that the New Democratic Party go on the record as to whether or not it is in favour of or opposed to public hearings.

Mr. Rae: We've held more hearings than you have, turkeys.

Mr. Mayer: Don't talk about turkeys.

The Acting Speaker (Mr. Blaker): I think perhaps the Chair might first deal with the intervention made by the President of the Privy Council (Mr. Pinard) referring to Standing Order 61. I was left uncertain as to the purpose of the intervention. So far as I can understand, the point made by the President of the Privy Council can be satisfied if I review it in the following fashion; that is to say, if the subamendment offered by the hon. member for Etobicoke Centre (Mr.

Wilson) were found to be out of order, then it would still follow that only one subamendment would be permitted to the main motion before the House. That is clear in the Standing Orders.

I refer back to the comments made by the hon. member for Yukon (Mr. Nielsen), who said that there has been some standing practice which might permit an exception to Standing Order 61.

If the Chair sees more than one subamendment coming to it, there will certainly be immediate research done to determine whether or not there are precedents to permit that. However, at the moment the Chair will be guided by Standing Order 61, which indicates that there is a limit of one subamendment. That does not preclude an effort by some hon. member to make a try at that. I will take a look at some of the texts on the subject while debate continues.

I now want to refer to the next point raised by the hon. member for Yukon relating to Standing Order 58(13). That is the question of allowing each person, each Member of Parliament who replies to an amendment, a motion or a subamendment, a time allotment of 30 minutes. I understand quite well the point made by the hon. member for Yukon. The issue focuses on whether or not an amendment and subamendment are to be considered as motions within the meaning of Standing Order 58(13).

However, at the moment it is the Chair's view, after consideration, that this is obviously an opposition day with an opposition motion and an opposition amendment to that motion, and now an opposition subamendment to the motion. In the circumstances, each of these motions will be considered to entitle—because of the word "reply"—the government members to my right to reply for 30 minutes to each of the motions: the motion, the amendment and the subamendment. The Chair has some question as to that ruling.

I appreciate the courtesy shown by the hon. member for Yukon in alerting the Chair that he wanted to raise that caveat. I have simply put my own words on record so that in future discussions between the hon. House leader for the opposition and other House leaders, perhaps those words will be of some use as being the thoughts of the Chair with regard to that matter.

I can now deal with the matter of the subamendment presented by the hon. member for Etobicoke Centre. Both in the case of the Right Hon. Leader of the Opposition (Mr. Clark) and in the case of the hon. member for Broadview-Greenwood (Mr. Rae), some discussion took place as to whether or not the subamendment is hostile or inimical to the amendment, and I will deal with that in a moment.

The hon. member for Yukon quoted a number of citations from the fifth edition of Beauchesne. In particular, he quoted Citation 440, which I have read with some attention. I do not find that the Chair is helped by a review of that citation. I might, in return, suggest to the hon. member for Yukon and other hon. members that they look instead at Citation 438(2), which states:

> A subamendment must attempt to explain the substance of the amendment and may not substitute an entirely new proposal.

Therefore, we are now back to the issue as to whether or not the subamendment constitutes or puts forward an entirely new proposal. When I look for further assistance with regard to that matter, I go back again, as I did earlier, to Beauchesne's fourth edition, Citation 202(3), which states that a subamendment "should not enlarge upon the scope of the amendment".

I find some further support in Beauchesne's fourth edition by going to Citation 203(5), which states:

> An amendment was ruled out because it raised a new question which could only be considered on a distinct motion after notice.

Therefore, in one way or another, I am faced with the issue as to whether or not the subamendment raises a new question, a new issue or enlarges upon the amendment. I find that the proposition that there ought to be a government white paper and the proposition that there ought to be a special committee both constitute new matters, an enlargement upon the amendment. I invited hon. members to comment and I saw that there were no further hon. members who sought to be recognized by the Chair.

Accordingly, with regrets to those who may not be well satisfied with the decision, it is the decision of the Chair that the subamendment is out of order.

● (1720)

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Mr. Speaker, after listening for several hours to the debate on the motion by the Leader of the Opposition (Mr. Clark), I am tempted to establish at least a preliminary diagnosis, and that is that our colleagues on the opposite side are afflicted with chronic myopia. If we consider the speech by the Leader of the Opposition on presenting his motion and the speech made by the member for Etobicoke Centre (Mr. Wilson), they both concentrated mainly on specific tax measures contained in the budget. The attitude of the Leader of the Opposition, at a time when our primary concern is with the basic problems facing the economy, reminds me of the forester who was sitting on top of his fire tower and was so busy counting the different species of trees and calculating how much each had grown, that he did not notice the whole forest was on fire and suddenly realized that he should be warning the fire wardens. Because he was too concerned with details he forgot what he was actually supposed to do, which was to look at the general situation and, if anything was wrong, try to do something about it.

As for our colleagues farther to the right, I think we can say they are also suffering from chronic shortsightedness, since they were only too eager to pounce on the first scapegoat they could find and blame it for all our problems, that is, our financial institutions and especially the banks. If we look at the suggestion made by the member for Etobicoke Centre, who

was describing specific cases, we find that he did not draw the right conclusions from the specific cases he was using as an example. After enumerating various tax measures, he concluded that a white paper on the government's economic policy was necessary and that hearings should be held on the basis of this white paper. I would suggest that he first refer to the document he and his leaders are so eager to have withdrawn—the budget—which is in fact concerned with the government's economic policy. He should take another long, hard look at this document and if he wants to continue his so-called hearings, let him ask the people who come to the hearings what they think about this basic document. I would also draw his attention to the document on the government's economic policy for the eighties which accompanied the budget speech by the Minister of Finance (Mr. MacEachen). It describes how the government intends to support activity in the private sector to provide for the economic and industrial development of our country during the next ten years. It is an extremely interesting document which provides a perspective on the future and will help us to provide for our country's economic development as soon as the economy has been put back on the right track.

In my speech I would like to address myself to our budget policy and its orientation, in order to clarify its relevance as a solution to the problems facing the Canadian economy. My colleague, the Minister of Finance, has referred to the budget's general objective and the philosophy underlying the various tax measures introduced in this budget. The House will recall that the November budget contains three major themes: restraint, equity and economic renewal. These three themes form the basis for the budget's primary objective which is to fight inflation. Many Canadians and many members of this House have been wondering why this objective was chosen at a time when interest rates are extremely high and unemployment is particularly severe.

The decision to fight inflation was made after carefully weighing the pros and cons of the budget policy's orientation. In fact, this decision was dictated both by common sense and by the conclusions reached after an analysis of various economic indicators. Economic observers have recognized that inflation has become a way of life for Canadians, and that this inflationary context creates an attitude of uncertainty regarding the future. The result of this lack of confidence is that people are inclined to think twice about any investments they might want to make. As a result, investment projects that are necessary if our economic potential is to be utilized at full capacity are not carried through, which means there is a negative impact on the real growth of the economy and thus of employment.

There is therefore a direct relationship between the inflationary forces present in the economy and the underutilization of the factors of production in that same economy. The higher the inflation rate and the more unstable the inflationary pressures, the stronger this relationship. We must also remember that inflation did not appear all of a sudden in our economy. Just as it took some time for inflation to permeate into our economy, we shall need time and constant efforts to get rid of it.

What does this direct relationship between inflation and production imply for the government when it prepares and develops its budgetary policy and strategy? Recognition of this relationship causes a time-related dilemma for the government. It must choose between a necessarily restrictive anti-inflationary policy which could increase unemployment in the short run while failure to fight inflation would jeopardize economic growth in the medium term, thus intensifying unemployment in the medium and the long term, bringing about permanent unemployment. The government must therefore choose between a short-term strategy and putting aside the fight against inflation, which would temporarily relieve pressures on the labour market, and a medium-term strategy including a short-term restrictive policy which will go to the root of the problem, bringing about a firmly based economic recovery.

When I listen to the comments of opposition members, I am forced to put them among those who favour the first option, namely, the short-term, short-lived, ephemereal solution. Perhaps for the sake of expediency they would rather promote the creation of temporary jobs instead of facing facts and supporting policies which go to the root of the problem and through which we shall be able to acquire all the assets necessary to achieve the full potential of our economy. I would be tempted to describe this short-term strategy as myopic, just as I said that certain comments were myopic in my earlier conclusion. It is economic myopia. Opting for this strategy reflects either a sense of political expediency or an unawareness of the effects of long-lasting inflation on medium-term employment. I use the word myopia because sooner or later, anti-inflation measures will have to be put into place and the effects that we would refuse to see today would then be only too obvious.

The second strategy, which was proposed by the hon. Minister of Finance and the government, aims on the one hand at putting an end to the vicious circle of inflation, and on the other hand, at putting in place the mechanism which will enable us in the medium term to better face the challenge of international competition and to put our productive potential to full use. By choosing this anti-inflation strategy and accepting responsibly its consequences, the government is not deceiving Canadians with irresponsible promises. It is not deluding them or giving rise to false hopes. Those who suggest that we can go on living unconcernedly in these inflationary conditions are nothing but dream peddlers and in fact they are merely advocating conventional remedies. It is quite hopeless to dream that it will be easy to come back to a situation of high growth. On the contrary, restoring a climate of comparative prosperity

will be rather difficult and will require determined and constant efforts from each economic sector.

● (1730)

I should bring up again that problem of coexisting inflation and sluggish economy and dwell briefly on a special feature of the Canadian economy, that is the very wide and determined opening of our economy on international markets. We have to outdo our trade partners in our fight against inflation. So long as our inflation rate keeps higher than that of our partners, our competitive position is deteriorating and preventing us from reverting to the full use of our productive resources. Our industrial and economic structure is such that 25 per cent of our production is sold on the international markets compared to an average of 18 per cent in the case of our major partners. This feature of the Canadian economy compels us to strive harder to control inflation because the deterioration of our competitive position has tremendous impacts on employment in Canada. To show—

I find it rather strange, Mr. Speaker, that members should let themselves be easily carried away and lose their temper.

Mr. La Salle: This has been said ten years ago.

Mr. Bussières: To show the effect of the above phenomenon on employment, the impact of exports, may I only indicate that during the last quarter of 1980 and the first quarter of 1981, and not ten years ago, our excellent performance abroad has enabled us to reduce significantly our unemployment rate and to reach very high rates of actual growth during those quarters. To the extent that we are competitive, we create jobs. The opposite, however, is also true. To the extent that we allow our competitive position to deteriorate because of a galloping inflation, we lose markets and permanent jobs in the short and medium term. The less competitive we become, the more jobs we lose. In 1980, our gross national product reached nearly $290 billion; $76 billion of which represented the value of our exports. Some 65 per cent of our total exports go to the United States. On the other hand, inflation in the United States reached 8.9 per cent, compared with 12.5 per cent in Canada over the same period. Should this trend continue, it is clear that we would lose ground in terms of the capacity of our own production to compete with foreign goods both on our domestic market and on the American market.

One must also realize that the recession, the economic slow-down of which affects Canada also affects our trading partners. I am not saying that we should rejoice at other people's misery. I am not saying either that we need only explain the phenomena to suppress their effects. I am merely saying that the economic slowdown is worldwide and that most leaders of industrialized countries are faced with the same dilemma as to the direction of their budgetary policy.

One must keep in mind that at the International Monetary Fund and OECD meetings, many participants have insisted on the need to check inflation before tackling unemployment. It is also interesting to note the relationship between inflation and unemployment in every industrialized nation. For instance, in some cases where inflation is very low, so is unemployment. Although the immediate thrust of the budget policy is to reduce the inflationary pressures, one should not conclude that the government disregards the social consequences of the current economic situation. This government has deliberately opted for a gradualist strategy in the strength of the fiscal and monetary restraints it has implemented. It would have been socially unacceptable merely to eliminate a certain number of social programs with a view to drastically reducing the government's expenditures and deficit. Indeed, it has reinforced its inflation strategy by limiting the growth of expenditures and aiming at a gradual reduction of its deficit.

Despite the outcries of the opposition, the last budget leaves untouched the tax and social programs indexing system, which represents a purchasing power of more than $2.5 billion available to the taxpayers for the year 1982. The Minister of Finance has also given many examples of lower marginal rates of taxation and of other measures contained in the budget which will boost the purchasing power of Canadian taxpayers during fiscal year 1982. I hasten to point out as well that Canada is one of the very few countries that offer their taxpayers such an extensive indexation system as applied to tax schedules and basic exemptions. For instance, the United States have no tax rate indexation.

This budget also features an economic development strategy the purpose of which is to promote the long-term expansion of the Canadian economy. That strategy is aimed at making it possible to distribute equitably the benefits stemming from growth and development among regions, social groups and individuals as well. Hon. members will recall that it bears on five priority fields: industrial development, resources development, transportation, export promotion and maximum use of our human resources. Our approach is synchronized with the economic objectives of the provinces, since it is aimed at promoting the natural resources development industries and revitalizing the industrial structure in light of an ever stronger international competition. Our strategy also takes into account regional and national economic development, hence the expected closer co-operation between the Government of Canada and the provincial governments. In spite of the restrictive policy, the anti-inflation policy, between now and 1986 the Canadian government will spend about $60 billion for economic development. This includes close to $19 billion that will be allocated to energy development.

● (1740)

Some references have been made today to the difficulties faced by the manufacturing sector in Quebec and elsewhere in Canada. If I may, Mr. Speaker, I would like to refer to a number of measures taken by the Canadian government to help consolidate Quebec's and Canada's industrial structure.

Hon. members are aware that in Quebec some industries are particularly sensitive, the so-called "soft" sectors, namely, the textile industry, the clothing industry and the footwear industry. This government announced a major program, a five-year program. A budget in the area of $250 million that will be managed by the Canadian Industrial Renewal Board.

Mr. La Salle: Tell us about the footwear industry!

An hon. Member: He knows nothing about it.

Mr. La Salle: Are there industrial losses in the footwear industry?

Mr. Bussières: The hon. member for Joliette (Mr. La Salle) refers to the footwear industry. It seems the hon. member for Joliette does not know much about that industry. If he examined the anti-dumping tribunal's report, if he stopped speaking through his hat, like the Quebec minister of trade and commerce who contradicts Mr. Parizeau, he would know that the government policy concerning the footwear industry is a sensible one, one that will allow the Canadian footwear industry to step up its modernization drive and to become more and more competitive. The hon. member should stop howling and look at the programs put forward by the Canadian government in the past, like the Canadian Industrial Renewal Board, to ensure the development and survival of the footwear industry in Canada. He will find his rhetoric does not—

Mr. La Salle: The hon. member for Drummond (Mr. Pinard) has admitted this, although he sits on the government side.

Mr. Bussières: —he will find his rhetoric does not come anywhere near this government's economic policies.

Mr. La Salle: Have there been losses in the footwear industry? Eight thousand jobs lost?

An hon. Member: He has led the Union Nationale to bankruptcy!

Mr. Bussières: Mr. Speaker, the hon. member for Joliette is well known for his ignorance—

An hon. Member: His rudeness.

Mr. Bussières: —his rudeness.

Mr. La Salle: Mr. Speaker, on a point of order.

The Acting Speaker (Mr. Blaker): The hon. member for Joliette on a point of order.

Mr. La Salle: Mr. Speaker, I do not accept those remarks. I am simply asking the minister to tell us whether or not, in the footwear industry, thousands of jobs have been lost. The hon. member for Drummond—

The Acting Speaker (Mr. Blaker): Order, please! I suggest the hon. member for Joliette knows full well he does not have a valid point of order. The Minister of State for Finance.

Mr. Bussières: Thank you, Mr. Speaker. I should also like to remind the hon. member for Joliette that the Canadian Industrial Renewal Board is concerned not only with ensuring that those industries, those vulnerable sectors, are brought up to date, but it also sees to the well-being of those Quebecers whose communities live off those industries. The Board was entrusted the care of creating new permanent jobs for the workers who might be affected by the over-all economic situation that deals a harder blow to those industries which by their very nature are more exposed to setbacks.

We are also very much aware that the Quebec shipbuilding industry, especially in the Sorel-Tracy area, is facing rough times. The pulp and paper industry, the primary processing of metals in the Schefferville, Port-Cartier and Sept-Iles regions must also face tougher competition on world markets. In order to help those industries and their workers to adapt, the Canadian government set up last January an industry and labour adjustment program which was allotted a five-year $350 million budget. That amount is in addition to the $135 million the Canadian government has earmarked for the updating of the Quebec pulp and paper industry throughout the province. The financial assistance provided through the industrial and labour adjustment program is also in addition to the amount of $225 million to be paid until 1982-83 under the shipbuilding assistance program to allow for the modernization of the shipyards.

I may add, Mr. Speaker, that thanks to the Canadian government's energy policy, Dome Petroleum has acquired the Davie Shipbuilding shipyards in Lévis, which will double the number of permanent jobs at the Davie shipyards within the next few years. This, Mr. Speaker, is an example of the benefits of a realistic economic development policy.

In the high technology sector, where permanent jobs are being created, Quebec is one of the main beneficiaries of federal government aid. Between now and 1985, the Government of Canada will spend $476 million on the Canadian space program. Important projects for Quebec include the Canadarm for American space shuttles, the manufacture of satellites and also antennas and components for earth stations. Most of this equipment will be manufactured by Spar Aerospace Limited located in Sainte-Anne-de-Bellevue. Last month, $132 million was committed to the program and $50 million has been earmarked for Quebec. About 500 new jobs in the high technology sector will be created in that province. Here, Mr. Speaker, I am referring to permanent jobs. These are not stop-gap measures and certainly not a *cataplasme sur une jambe de bois* as Réal Caouette used to say.

The Canadian government will spend more than $32 million between now and 1983 on improving the Telidon two-way videotex system developed by Canadian government research-

ers and successfully transplanted to the private sector. Quebec companies are taking part in certain aspects of the system's production and testing. Montreal cable subscribers are already receiving televised pages of *La Presse* via Telidon. A special fund of $70 million established to promote the development and use of microelectronic equipment was used to help the Mitel company build a major plant in Bromont, in the Eastern Townships, thus creating 640 permanent jobs, again in the high technology sector.

An hon. Member: That's in Quebec!

An hon. Member: Hear, hear!

Mr. Bussières: I would like to add that the Canadian government is also taking major steps in other industrial sectors, for instance, at Pratt & Whitney on the South Shore, where $50 million in Canadian government funds will be used to develop a new engine that will be used in the DASH-8 aircraft. Mr. Speaker, I could go on for some time to show how investment and the strategy for industrial economic development presented by the government in this budget are enabling Quebec and the Quebec and Canadian Economy to benefit from this development strategy and how many permanent jobs are being created. We must not let ourselves be tempted by short-term solutions and we must continue to develop policies that will enable the economy to become more and more productive and so bring down interest rates and unemployment.

[*English*]

Miss Pat Carney (Vancouver Centre): Mr. Speaker, I am proud to have this opportunity to speak to this motion to withdraw the budget, as it allows me an opportunity to present to the House the views of many ordinary Canadians affected by this budget. These views were heard by our Conservative special committee on the budget and the economy, which visited 16 cities across the country and heard from 168 individuals and groups. As vice-chairman of the committee and looking back on the experience, I think our hearings had a twofold benefit. It gave members of our caucus who participated in these hearings an opportunity to learn how the budget affected individual Canadians and sectors of our society, and it also gave Canadians a forum in which to express their anger and their concern about this document which drastically altered the lives of many Canadians. Let me tell you what they told us. I will quote the comments of the people I report on.

• (1750)

The Canadian Consumers' Association declared it "outrageously unfair" to seniors. An Ottawa businessman said it was "an amalgam of stupidity and deceit." The Quebec Federation of Labour termed it "devastating." The B.C. Federation of Labour termed it "disgusting." The Association of Chartered Accountants in Alberta said, "It has created anger, frustration and hostility among our members." An Ontario dairy farmer said, "It stinks."

Probably the best capsule summary of the budget came from B.C. entrepreneur Herb Capozzi who said: "This budget is a cure for which there is no known disease".

In fact, it is a disease for which there is a cure—and that cure is to withdraw the whole devastating document, to withdraw the entire budget, and bring in a new economic plan which reflects the realities of the current conditions in this country, which reflects the realities of crippling interest rates, massive unemployment, eroding consumer confidence, and the shambles of foreclosures and bankruptcies which are strewn over the economic landscape of our country.

The overwhelming hostility toward this budget reflects the two key emotions which it has generated in Canadians. One is fear and the other one is fury. Under the economic mismanagement of the Liberals, Canadians today increasingly fear for their jobs, for their homes, and for their future—both their own and that of their children.

They are faced with the realities of more than one million Canadians unemployed, the realities of unprecedented interest rates, the realities of closing businesses and bankrupt farms, and they worry about whether or not they will have a job next week, next month, or whether they can pay the mortgage.

One Ottawa resident who attended a town meeting summed up this prevailing fear when he told us: "To be honest, I'm scared. I'm scared because I do not know if I can keep a roof over my head. I'm scared because I'm just an ordinary Canadian and this budget considered me to be a wealthy one."

But along with this undercurrent of fear was the outright expression of fury and anger that a government could wilfully introduce so destructive a budget.

There are the people whose jobs have effectively been wiped out by the budget. One man, a life insurance underwriter for 28 years, told us, "I paid my price and I did my thing and now all of a sudden the curtains are falling."

And there is fury that the Liberal government could introduce a budget clearly designed, as one Canadian told us, "to break the pride and will of the Canadian people." This man, a car dealer whose business has just collapsed, told us in a town meeting, "I don't feel good. I don't feel like getting up in the morning and going to work. But I feel proud to live in this country which has so much to offer."

Referring to this attempt by the Minister of Finance (Mr. MacEachen) and his officials to break the pride of people in their jobs, in their businesses, in their country, another Canadian told us, "What an insult to a wonderful people and a wonderful country. What an insult this budget is to us."

There was the fury of the Albertan when she learned that the government planned to tax her life insurance before she even received the money, and she asked us, "How can you tax what you haven't received? How can that be?" It can be, if you are the Liberal finance minister.

There was the fury of the Albertan engineer who told us that under this budget he could see the economy grinding to a halt. He said, "All my work will be foreign, and I want to stay here at home."

In B.C., the Interior Forest Labour Relations Association told us that Canada is a country with probably the greatest potential for sustained economic growth of any developed country in the world. Yet, said its spokesman, as a country we appear to do our best to stifle this potential.

Town after town, meeting after meeting, the message was unrelentingly the same. Let me summarize some of the themes which came through the western hearings which form a kind of western perspective. It is interesting that they are very similar to those dealt with earlier by my colleague, the hon. member for Etobicoke Centre (Mr. Wilson).

One theme is the damage being done to the economy by the uncertainty introduced in the budget. Since the budget was first introduced by the finance minister on November 12, he has been forced to announce major revisions. Still more are expected in the future.

Many people have been doubly affected; once when they tried to adapt to the changes that were originally introduced and then again to the revisions to the budget.

A small-business man in Vancouver told us how he was unable even to make out his payroll for this month of January since the Department of National Revenue and the income tax branch could not clearly state the nature or the amount of the benefits to be taxed or how other rules should be implemented. He said: "Uncertainty is the most horrible risk you can experience and it can ruin a business because you can't plan your affairs ahead of time."

Today the Minister of Finance asked Canadians to check their paycheques to determine whether their taxes will be lower. A lot of people will not know yet, because their employers cannot figure out the new taxes. For hundreds of thousands of people, unemployment insurance cheques have replaced paycheques.

Another businessman told us how he had been forced to lay off staff before new revisions were introduced because, as he explained, "You can't keep bodies in a holding pattern."

An Ottawa businessman at our town meeting told us how he and his staff had exactly four working weeks to wind up their company's deferred profit-sharing employee-incentive plan and then had four working days to make new changes when the minister revised his budget. He told us, "This continual changing of the rules leads to so much uncertainty that it is much easier to move the whole damned company somewhere else."

Another theme which we heard continually was the budget's blow to the whole spirit of incentives—the incentive to take risks, to create, to reap rewards. But this loss of incentive does not apply only to business; it also applies to our incentive to save money or to provide for our own retirement.

Borrowing money from a credit union to invest in the future through RRSPs was very prevalent among middle-income Canadians, we found, because they do not have $2,000 or $3,000 in cash in the early months of the year after paying their Christmas and their winter heating bill.

We were continually told how the budget measures had devastated people's retirement incomes or their retirement plans by changes to the capital gains reserve or to the taxing of retirement income and the ending of income-averaging annuities.

One westerner perceived the budget as a document which gave little incentive to provide for oneself. She added, "We will all see welfare in place of pensions."

There was also the perception that the budget is anti-Canadian because it actively permits foreign investors to carry out activities which Canadians cannot. This is particularly worrisome in Alberta which went through an era when Americans and other foreign investors had more ability to invest in Alberta's resources than did Canadians. They do not want to see that repeated. This fear arises from the restrictions on interest deductibility, a measure which no other western country has ever imposed on its citizens. We were continually asked why Canadians should be discriminated against while the new rules favour foreign investors.

Another theme is that this budget is unfair in that the wrong people are being hit. The Alberta Cattle Commission summed up this feeling in its brief when it said, "It appears to us that the budget has chosen the wrong target, the wrong weapon, and the wrong time."

It has chosen the wrong target, because the bulk of the measures in the budget will affect low and middle-income people who will find that their social benefits, such as their health and their dental plans, are now subject to tax.

It has chosen the wrong weapon, because budget measures such as limits to interest deductibility will quite literally starve industries of their lifestream of cash flow.

It has chosen the wrong time, because this restrictive budget, which adds to government revenues at the expense of the ordinary taxpayer, has been introduced in the most unprecedented hard times since the Great Depression.

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

The Acting Speaker (Mr. Blaker): Order, please. It being six o'clock, I do now leave the chair until eight o'clock this evening.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

The Acting Speaker (Mr. Blaker): Order, please. When the House rose at six o'clock, the hon. member for Vancouver Centre (Miss Carney) had the floor.

Miss Carney: Mr. Speaker, earlier I was talking about our Conservative task force visiting 16 cities to talk with people about the budget. I was reviewing some of the themes which had been brought to our attention about the budget. Also I was reviewing the assessment of the Alberta Cattle Commission that "the budget has chosen the wrong target, the wrong weapon, and at the wrong time." I outlined some of the reasons for that in discussing the themes which emerged from our hearings with Canadians. Another theme which emerged was the perception that under the direction of the Minister of Finance the government simply did not know what it was doing when it introduced some of the measures. This perception has been heightened by the forced retreat of the government on such measures as ending the MURB program which, of course, threw thousands of workers off the job and shut down construction sites.

In British Columbia representatives of the Interior Forest Labour Relations Association told us:

> The budget is a prime example of the impact of a change in government policy and the failure to understand the impact before implementing the policy.

I think this viewpoint was stated in its simplest terms by the Ontario dairy farmer who said:

> The perfect tax system is one which I don't even have to hear about, let alone think about. It is incredible that a family farm has to hire a tax consultant just to stay farming.

A major complaint about the budget regards the retroactivity of its measures. These have been well documented in the House by my colleagues. These measures affect the retirement plans of ordinary Canadians, the investment decisions already made by Canadians, the construction and equipment plans of Canadian companies, just to give some examples.

The Vancouver Real Estate Board appeared before us in Vancouver and made the point that taxpayers who have relied on well-established government policy as set out in the Income Tax Act should be morally entitled to proceed with their plans without being forced into crash programs to rearrange their affairs because of the proposed sweeping changes. Of course, that is what they have been forced to do. It is generally conceded across the western region of the country that the transitional measures proposed by the Minister of Finance do not resolve the problems which he created. The issue of taxation of employee benefits is of particular concern to the west because the booming western economy must be able to attract skilled workers if it is to develop its potential.

One man appearing before our town hall meeting described how his job had taken him to four different centres in the last two years and how adversely the budget measures could affect him in the future, particularly in regard to the proposal to tax housing loans made by employers to compensate employees for the high cost of shelter in the west. The Vancouver Real Estate Board indicated:

> The minister proposes in one fell swoop and without warning to use a sledge-hammer to kill an ant. Countless employment arrangements are being disturbed without warning in the name of equity, and the small amount of the tax which would be collected is insignificant in relation to the unhappiness and unrest which have been created.

Labour unions and organized labour groups have attacked the failure of the budget to deal with job creation or to offset rising unemployment which is causing so much misery in the country. In British Columbia, unemployment increased last year by nearly 50 per cent, to 115,000 people. I would have thought this statistic would have been of some interest to my colleagues across the House.

Another recurring theme was the interventionist philosophy which the budget represents. One alarm bell was rung by the British Columbia & Yukon Chamber of Mines which wondered out loud whether the government was deliberately hammering the mining industry particularly by discouraging investment in order to promote an excuse for government participation in a "Mineral-Can" to stimulate the industry. The chamber suggested that the budget paper which outlined an economic development study for the eighties hinted that the government may want more direct involvement in the resource industry than is necessarily prudent or desirable. The chamber of mines pointed out that the experience of the mining industry is that its survival is not dependent upon any direct government action other than deregulation of legislation which has inhibited the industry's ability to be competitive.

This concept that the federal government will set the goals, the federal government will provide the investment vehicle, the federal government will be the operator and manager of job creation and resource exploitation, is particularly repugnant in the west. Of course, one reason is the depressing effects which the national energy policy has had on the petroleum industry in Alberta. The Canadian Petroleum Association told us that in 1981, following the introduction of the National Energy Program, exploration and capital expenditures fell by about $3.5 billion from their forecast level. The CPA indicated that this sharp decline in the level of activity was a reaction to the realities of the pricing and taxation regimes introduced in the National Energy Program in October, 1980. One result was the decline in the industry's cash flow by 35 per cent in 1981 and, as independent operators told us, cash flow is the industry's lifeblood, particularly for smaller companies which have no other profit centres from which to draw their capital requirements.

The negative impact of the NEP was further explained by the Petroleum Services Association of Canada which represents the service and supply sector of the petroleum industry. Its survey showed that 32 of the 85 companies which responded will have to close down if activity does not pick up. It estimated that nearly 8,000 people, or 20 per cent of the work force, will be laid off.

I should like to explain to hon. members that we are not talking about the oilmen who hang out at the petroleum club or the ranchmen's club in Calgary; we are talking about the people who build airstrips, drilling pads, roads and usually their trucks from the frames up. They are the lifeblood of the entrepreneur of the west. They estimate that 20 per cent of their work force will be laid off, particularly after spring breakup at the conclusion of this winter's drilling program. They described the impact of the slowdown in activity on the

western towns of Lloydminster, Grande Prairie, Fort St. John, Dawson Creek and Peace River. They described the auction yards in Edmonton filled with equipment salvaged from bankrupt companies. They told us that the oil and gas industry is taking an incredible bath. They told us that they are losing their trained personnel. They told us that they would lose their equipment and their technology. Who else should be developing the technology in the Mackenzie Basin to work offshore, to work in the Canada lands? Why is the government shutting down this industry and cutting off the lifeblood supply of cash? Those are some of the questions that we were asked when we held our hearings.

• (2010)

In Calgary we also heard from HUDAC, which represents the house builders. They told us there is lots of housing available in Calgary. In fact, there are enough homes to house everyone moving in who can afford to buy a home. In order to qualify at today's interest rates for the average home in Calgary, a buyer must have an income of $45,000 a year. HUDAC estimated that 80 per cent of the apartment starts in Calgary were undertaken through the benefits provided by the MURB legislation and similar tax deferrals.

I think at this point I should indicate my intention to move another subamendment, which I am certain will meet the requirements of the NDP and of the Chair.

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

That the amendment be amended by adding thereto the following:

and that

"(c) One year after the date of coming into force of these measures the government shall review the said measures to ascertain their effect."

May I speak to that, Mr. Speaker?

The Acting Speaker (Mr. Blaker): Yes.

Miss Carney: Mr. Speaker, I think it is clear from my description of the impact of some of these budget measures on the people and the industries in western Canada why we feel that a review after a year should merit the support of the NDP, the House and the Chair. For instance, just dealing with the withdrawal of the MURB legislation, it ensures that Calgary will lose 4,000 apartment and 2,000 rural housing starts. That is a loss of 6,000 units each year, capable of housing 10,000 people. In contrast, the Council of Forest Industries in B.C. told us that the federal government's program to provide 7,500 interest-free loans for some 15,000 units would keep one large plywood mill operating for about two months in B.C. and one large sawmill operating for three months. That is the effect of the government's housing program.

Finally, the major recurring theme throughout our hearings was the consensus that the timing of this budget could not be worse. Inflation, high interest rates, and previous government policies have put dampers on the booming western economy. The many harmful budget measures will only ensure that the recession will deepen.

In British Columbia, where the depressed economy has been created by market conditions rather than the federal government's interventionist energy policy, the frustration is just as deep as in Alberta. We were told by the interior lumber manufacturers that the Canadian lumber industry is facing the worst market slump in more than 30 years. We were told that at least one fifth of the forestry workers are on temporary or permanent lay-off. We learned that price levels for lumber are the same as they were six years ago, and for many operators they are operating at below cost. There is no clear indication if any recovery might be expected or the extent of the recovery.

If conditions do not improve, some companies will face bankruptcy and more lay-offs will become permanent. That is why the forest industry is concerned about a number of budget measures which will affect its economic viability. These include the 12.5 per cent dividend tax—the minister asked for specifics and we will give him some—the elimination of employee incentives, such as deferred profit-sharing plans for shareholders, capital cost allowances, loans to non-residents and restricted interest expense.

Of particular concern to British Columbians is the proposed taxation of employee benefits, such as room and board in remote camps. The International Woodworkers of America say that this measure alone will add $18 a day to the tax of loggers living in a remote camp, which will make it very difficult to attract skilled workers to remote work sites.

They say that this will force loggers to pay an additional $3,600 in income taxes for the privilege of living in logging camps.

The Vancouver Board of Trade told us that the extra cost to a mining operator for employees earning about $38,000 a year in the north would be about $18,000 in payroll costs to compensate for the housing and transportation subsidies.

Similarly, the measures to tax social benefits, such as extended health and dental care, will encourage people to opt out of these plans, which will create further burdens on the health sector of the economy in the future.

The whole issue of the taxation of employee benefits is expected to generate labour unrest in most heavily unionized provinces in the country. Many union leaders told us that these benefits have already been won by unions at the negotiating table, and their members will likely seek to recover any additional income taxes they are forced to pay from the employers themselves.

This will create a stormy environment for labour negotiations since the large resource industries of B.C. are unable to pass on the costs in their severely declining markets. This is acknowledged by responsible labour leaders in the resource industries. Similar pressures on the public sector are emphasized by John L. Fryer, President of the National Union of Provincial Government Employees.

Mr. Fryer says that as a result of the budget measure to tax social benefits, 95 per cent of the provincial government employees who have some form of health and dental plan

coverage will experience a reduction in their take-home wages. He said:

> For the vast majority of our membership who earn between $15,000 and $24,000 annually there will be no tax reduction whatsoever.

I challenge the Minister of Finance, who keeps insisting that 12 million Canadians will benefit from his budget measures, to dispute Mr. Fryer's assessment.

Mr. Fryer says these facts cannot be denied. He asks:

> Where is the equity for provincial government employees whose real wages have already declined in each of the last five years as a direct result of inflation. It is obvious that Mr. MacEachen's concept of fairness and equity differs sharply from those of working people in Canada.

Mr. Fryer admits that he is not a member of our party. However, he joins us in agreeing to the solution to the problems created by the budget. Mr. Fryer told us:

> People who pay my salary say that the budget is no damn good. Throw it away and start again.

That is the intent of the amendment before the House today and also of the subamendment, Mr. Speaker.

The Acting Speaker (Mr. Blaker): May I ask the hon. member for Vancouver Centre (Miss Carney) to provide a copy of the subamendment?

Miss Carney: Yes, Mr. Speaker.

The Acting Speaker (Mr. Blaker): After deep consideration, I find the subamendment to be in order.

Mr. Deans: Mr. Speaker, if the hon. member has time remaining, would she allow me to ask her a question with regard to her subamendment?

Miss Carney: Yes, Mr. Speaker.

Mr. Deans: Mr. Speaker, I would like to be able to support this subamendment, but I am curious about the section that says "shall review the said measures to ascertain their effect." May I ask the hon. member, their effect on what, the banks, the economy, or the people involved? We will then be able to determine whether or not we should be supporting this change.

Some hon. Members: All of those.

Miss Carney: Mr. Speaker, I would think that it was clear, even to the NDP, that the purpose of this subamendment is to review the effect of these measures introduced by the Liberal government on the people of the country and on the economy of the country.

● (2020)

An hon. Member: Nothing is obvious to them, Pat.

Hon. Bud Cullen (Sarnia-Lambton): Mr. Speaker, I welcome the opportunity to participate in this particular debate because I am satisfied, as are most Canadians who have read the budget and all the supporting documents, that home builders, small-business men, farmers and ordinary Canadians have the most to gain if the thrust of the budget is successful.

The Minister of Finance (Mr. MacEachen) indicated to us that his main concern and purpose in bringing in this particular budget is for it to have an impact on the invidious effects of inflation.

An hon. Member: I wish I had said that.

Mr. Cullen: Interest rates will not come down unless we get inflation under control. Recently, three leading economists appearing on that Conservative program "Canada AM"—

Some hon. Members: Oh, oh!

Mr. Cullen: —indicated, in answer to a question from Miss Pamela Wallen that the three leading indicators were such as to indicate that the cost of living as reflected in the consumer price index would in fact come down, much to the chagrin of the interviewer and of those who were trying to make a point that the inflation rate would rise even higher than 12.5 per cent. However, these three leading economists selected by the CTV network, not by the Liberal, Conservative or New Democratic parties, were unanimous in their view that the leading indicators indicate that the consumer price index would in fact be coming down; that the media were playing it all wrong by talking about the four tenths increase in the last quarter as being aberrational.

An hon. Member: Where else is it going to go? It has gone through the roof.

An hon. Member: It cannot go any higher.

Mr. Stevens: That was the U.S.; tell us about Canada.

An hon. Member: You are so bad we will give you more time.

Mr. Cullen: Mr. Speaker, I was here this afternoon and listened very intently to the leaders of the two parties opposite, and I did not heckle once. I do not know what they are afraid of over there. It is one thing to be running a road show across the country telling everybody, "Oh, gee, that is too bad. I am sorry to hear that. Yes, we definitely agree with you. We will sure hammer it to them when we get back in the House." However, when they come back, they are not prepared to listen to the other side. They do not want to have a debate; all they can do is heckle.

This afternoon the two leaders of the opposition spoke, the Minister of Finance listened very attentively, but when he got up to speak about some of the inaccuracies in their particular approach, he was, of course, howled and hooted down because they did not want to hear the other side.

An hon. Member: Poor fellow.

Mr. Cullen: Mr. Speaker, the fact of the matter is that both the Minister of Finance and I can stand a little heckling, but the opposition cannot stand the heat when they are faced with the facts.

Mr. Stevens: Well, try us.

Mr. Cullen: I do not think the opposition would know the truth if it hit them in the face judging from what I have been listening to today.

Now, in keeping with the request of Mr. McDermott and the Canadian Labour Congress I, along with a lot of other Members of Parliament, agreed to meet with members of various labour unions from across Canada to hear about their particular concerns on the budget and the present state of the economy. One individual came to me and said he has been working all this time trying to get a home, trying to get it together, and now the government is taking it away from him. So I said, "well, what is your situation?" He bought a home for $39,000, with a $38,000 mortgage and paid $1,000 down. He did not like the floors in the house—remember that this is his first purchase—and so he went out to a credit union and borrowed more money so that he could put in the kind of floors he wanted.

At that time he was earning the minimum wage, as was his wife. In fact, his wife was pregnant. They had two children, the wife had not worked since giving birth to the baby, and because he was now working for the minimum wage he could not meet his mortgage and credit union commitments. Now if that is the kind of management that individual exercises, it is nice to have a scapegoat like the government to blame for your particular problems.

I was serious today, Mr. Speaker, when I said I listened very attentively because I also did that when I was in my riding, and I have also read very carefully letters not only from my constituents but from across Canada. Some of the points made were excellent but, Mr. Speaker, members of the Liberal Party did not wait for that first wave of complaint or criticism which follows every budget. We looked at it ourselves, studied it—

An hon. Member: And said what a disaster.

Mr. Cullen: —and determined that if we were going to support the budget, we were going to make representations to the Minister of Finance. We did so, and I am proud to say that he showed the flexibility for which he has become famous by agreeing to something like 17 amendments after previously having made three different changes.

The opposition cannot have it both ways. Some of them say it is a massive retreat, there is no budget left, it is decimated. Then others get up and say, oh, they were very minor technical changes. That is why I say you cannot depend on the opposition criticism because we cannot hear and understand from them what side of the coin they want. They cannot have it both ways. They tried that when they were in government. When I say government, they were in government for nine months but in this House for only something like three. Their arrogance is rather incredible since they could not handle the House for any more than three months, and yet they are now going to tell the country how a particular budget should be drafted.

They are afraid to listen. If they were prepared to listen at that time, which they were not, if they were prepared to count at that time, which they were not, they might conceivably still be in power, heaven forbid, and we would have had that worst of all possible budgets foisted upon us, the one brought in by the hon. member for St. John's West (Mr. Crosbie). I think he is happy today that he does not have that particular responsibility and is not accountable to the Canadian public for that particular mistake.

Mr. Wilson: Ask your constituents which was better, Bud.

Mr. Cullen: Now, Mr. Speaker, it is my view that the criticism the Minister of Finance is receiving from this side of the House is more constructive and responsible. It is the sort of criticism which is appropriate for every budget, which is why some changes have been made and why some five or six items, if the minister can get the consent of the House, will be referred for further study, items such as insurance and corporate reorganization. I think that came about as a direct result of honest, solid representations, not only from Liberal members but from people who met with and wrote to the Minister of Finance who was prepared to listen.

Mr. Wilson: Who had to listen.

Mr. Cullen: Well, the hon. member says, "a poorly-thought-out budget in the first place." I think there are some items in the budget that could maybe have been looked at more carefully.

Some hon. Members: Hear, hear!

Mr. Stevens: Careful now, Bud.

Mr. Cullen: It was for this reason, Mr. Speaker, that a Liberal group on this side got together and indicated to the minister those areas where we thought changes should be made. The minister was very quick, and properly so, to respond to these responsible and constructive critical comments that were made. However, in listening to the opposition today, I was looking for something that might be helpful, something that we might use to buttress our arguments for further changes we might like to see. All we heard were misrepresentations: Sixty thousand women will no longer qualify for a particular credit. We hear all of these tales of gloom and doom but we do not hear one solid, constructive thought.

We have heard from the NDP about exchange controls, but when they are challenged, it is not really exchange controls they are in favour of; it is a modified form of controls, without identifying what they mean by "modified". That is the old NDP trick, because when you do bring in something of that nature, and there are modifications made, those are not the modifications they were talking about, they would not have done it that way if they had been in power. They always leave that convenient loophole.

I listened very carefully, Mr. Speaker, for something positive from the opposition today which might be used in this particular budget.

Mr. Nielsen: Withdraw it.

Mr. Cullen: Remember the "con" in Conservative, because they are endeavouring to do that to the Canadian public, trying to tell them that everything in this budget is bad. It is not, Mr. Speaker, and the thrust of this budget can be good if it has the impact the Minister of Finance wants, that of bringing down the cost of living.

An hon. Member: Bud for cabinet.

• (2030)

Mr. Cullen: A little louder? Now there is something to which I would like to refer, a change of emphasis, if you will, and that is the method which is used to bring in budgets. I do not care whether that is under a Conservative regime or a Liberal regime. The fact is that the present system is not working properly. It did not work very well for the Conservatives, so they have a little to be humble about, and we can be humble, too.

Some hon. Members: Oh, oh!

An hon. Member: You've got a lot to be humble about, Uriah Heep!

Mr. Cullen: What I am suggesting is that the present system is not appropriate. There must be some changes. Frankly, when Walter Gordon brought in his particular budget, he tried to open the door a little bit. He tried to bring a little bit of light on the subject by bringing in people from outside.

Mr. Nielsen: He did the respectable thing!

Mr. Cullen: If that particular budget had not been such a bummer, and if individuals had not been subject to criticism that they might have been still on the payroll, that step would have been applauded by any responsible Member of Parliament. There was a minister who was prepared to go outside the civil service to bring in people with some knowledge of the subject and to use them to buttress arguments from civil servants and to help the minister in making up his mind concerning the kinds of programs that he wanted to bring in. I think something like that would have been appropriate, and I think it would have been applauded.

However, that particular budget was not a good one, and there was criticism that maybe one or two of the members might still have been on the payroll of the company for which they had worked. Therefore, all of the criticism was directed that way. Then, of course, when the budget turned out to be a bad one, as my history books seems to tell me it was, that whole process was lost. Therefore, there was a kind of a backing off or a kind of a closing in, and ministers of finance became a little wary and got back into this secrecy bit again, believing that everything had to be very secretive.

My next personal involvement with a budget was as parliamentary secretary to a former minister of finance, Mr. Turner. As a parliamentary secretary, one has the privilege of sitting around where these ideas are discussed. On and before the presentation of that particular budget, we were unundated with this concept of secrecy. I know what I felt sitting in there when I looked around and members said, "We have never had a budget leak." I knew that I was the only new boy on the team and I thought, "My golly, if it happens, I know where the finger of blame will be pointed." Mr. Benson tried the white paper approach, covering a lot of territory. That approach was criticized because it was suggested that everything that was in there was what the government wanted to bring about. As a result of that, rather than having a dialogue about whether we should or should not put something in, with possible ramifications, we got into a political argument which simply destroyed, at least for the time being, the idea of putting something out to the general public for discussion.

All ministers of finance with whom I have dealt, including, I am sure, the hon. member for St. John's West, have shared the idea that there must be a better way to bring in a budget. There must be a better way to have a dialogue before a budget is brought in.

An hon. Member: Right on.

Mr. Cullen: Because with every budget, no matter which party brings it in, we have a situation where something comes down on budget night, and if we have a discussion afterwards, it is always with the idea that a Damocles Sword is hanging above us, that sooner or later things will take place, no matter what. In my opinion, that is not the right atmosphere for bringing in a budget which can be beneficial to all Canadians. I believe that everyone, perhaps with different emphasis, has that in mind concerning the manner in which budgets should work.

The present Minister of Finance used an approach, if you will, an econmic statement which is also a good move, in my view. It is a step in the right direction. I think we must find a way in which we can get the general Canadian public into the discussion about the kind of tax system we want. By that I do not mean right across the board; but we can surely pick the kind of representatives, who are making representations today and who have made representations in other budgets, who will be able to find out the ramifications of particular moves. If we do that, it will be for the benefit of all Canadians. I think it would be an appropriate step or an appropriate move to set up a group which could come up with some ideas about how we might better present budgets in the House of Commons.

An hon. Member: Have us do it: That's the way!

Mr. Cullen: We had you do it, and it lasted one day, I think.

An hon. Member: Well, that was your fault.

Mr. Cullen: It was not my fault. I was out earning a living.

An hon. Member: Why don't you go back to making a living?

Mr. Cullen: I think it was the hon. member for Yukon (Mr. Nielsen) who said to me when I came back that he could not believe it. There are only two ways out of here: to be defeated or to die. I came back, notwithstanding. That is the first piece

of advice I received from the hon. member for Yukon when I got back. I feel very much alive and very happy to be a part of this particular party.

However, I say to the hon. member, my friend across the way here, that if we do not find a better system, we will lose the confidence of the people, and we will make the House of Commons in effect irrelevant. Federal-provincial conferences, ministers' meetings, regulations, newspaper comments and all kinds of things will take precedence over the House of Commons unless we get the focus back here where it belongs.

For my part, if I were a minister of finance, there would not be an earlier lock-up. The Minister of Finance would deliver his speech on the night of the budget and let all of the Canadian people hear the comment, and then deal with them after. That is only a minor thought, but it seems to me that if we have a budget which is being presented by the Minister of Finance and it is meant for the Canadian public, surely it should not be discussed out here two minutes after the Minister of Finance is on his feet.

I heard a comment by Dian Cohen. She was almost drooling over the idea that she would be able to get out there and attack this particular budget. Two minutes had not gone by after the minister stood up.

An hon. Member: She's on your side.

Mr. Cullen: If Dian Cohen is on our side, we are picking the wrong friends.

An hon. Member: You're learning, Bud.

Mr. Epp: Better take what you can get.

Mr. Cullen: I think we have had good representation in some areas of this particular budget. I think the insurance industry, particularly the Canadian life underwriters, have been responsible in the kinds of representations they have made. They are a very well organized group. They know how to approach their policyholders. They have come up with some ideas which warrant consideration. It is my personal view that no one really purchases life insurance for the purpose of saving. If one wants to save money, one will do it in a different way. That is something we can consider, and that is why I welcome the minister's indication that this was an area he was prepared to consider.

I would like to refer to capital cost allowance. Here is an area in which there is no reduction in the capital cost allowance, but in the first year we are saying to Canadians, "You cannot have a full capital cost allowance. It will only be a portion of that. But you will stretch it over a longer and more extended period of time." There is nothing wrong with that approach.

Mr. Taylor: Do you have a farm?

Mr. Cullen: As the minister indicated, and as anyone who has studied this knows, in the United States the capital cost allowance does not commence when one buys a machine. It does not commence until one begins using the particular machine. That is when the capital cost allowance begins applying.

Mr. Taylor: That's what happens on farms!

Mr. Cullen: Our system will still allow a capital cost allowance but it will be spread over a longer period of time.

Mr. Taylor: Oh, baloney! Did you have a farm? Did you have a farm?

Mr. Cullen: If the hon. member would listen for 30 seconds and let me finish my point, which he has not had the courtesy to do—

Mr. Taylor: Tell the farmer that when he is buying a combine!

Mr. Cullen: One cannot deal with a dinosaur in the House of Commons. I guess that is the way it works. I will just carry on and ignore him.

My view on the capital cost allowance is that it may impact on people who are leasing equipment.

Mr. Taylor: Oh, baloney!

Mr. Cullen: Because here is an area where an individual buys a car at the beginning of the year or leases it through the whole year, and there is a capital cost allowance feature in the first year which may be appropriate, and I think is something we should be considering.

Mr. Taylor: You fellows tell your farmers that!

An hon. Member: Easy does it, Gordon. Watch your blood pressure.

Mr. Taylor: Tell your farmers what he is saying!

Mr. Cullen: I think the hon. member must have worked in a big field because we can hear him all the way across the back forty. There was a time when we understood that we would be courteous in the House of Commons and at least listen to what another individual had to say; but he is a new hon. member in the House, and I guess he has not learned his rules yet.

Mr. Stevens: You should listen to him. He's right, Bud. Listen to him.

Mr. Cullen: Mr. Speaker, I understand that under the rules, and they are still being debated here, I would have approximately one-half hour in which to speak; but I know other hon. members want to make comments. However, I feel very strongly that there must be a better way to present a budget, one in which there is more input prior to the budget coming in than after the budget is already introduced. It is apparent to me as a person who loves this place, the House of Commons, that, as with every other single piece of legislation, a minister must bring that piece of legislation to caucus and get it

through that caucus; and if he or she cannot get it through the caucus, that particular legislation does not see the light of day. However, if it gets into the House, and we are defeated on a section, or a part of it, it does not result in the fall of the government.

● (2040)

What is mystifying to me is that when the budget is introduced at eight o'clock in the House of Commons on a Thursday night or any other night, it is only at that time that the members of the party in power have the full information as to what is in the budget, yet we are expected to support that budget. When we find that we cannot, we move as quickly as we can to make whatever changes we are able to bring about. What a foolish way to do something. It is a bill that, if it were defeated in the House, could result in an election.

There should be more input and more discussion among Members of Parliament. I do not care which party is in power, it is not a good system for introducing a budget. I believe it should be changed. That is one point I wanted to make tonight.

The other point is that we are still, and this is an ongoing process, meeting with our constituents, with constituents and representative groups in Ottawa, in an endeavour to get as much information as we can in order that we can talk in a knowledgeable way about the panopoly of issues covered in this budget. That is a good and appropriate process.

I believe we would do a better job if there were a better way of introducing a budget so that when it comes into the House, if it does not have unanimous approval, at least we could debate the issues with some degree of knowledge or information and with some degree of dedication to a particular process.

I know that others want to speak. I understand the bells will ring in about an hour, so I will leave it at that. Maybe the member who has been shouting will make a speech and tell us how great this budget is.

[*Translation*]

Hon. Roch La Salle (Joliette): Mr. Speaker, I have a few comments to make, and first of all, I want to tell the hon. member for Sarnia-Lambton (Mr. Cullen) that I was very interested in what he had to say. I have the impression that his cabinet experience has been beneficial. This evening he has been giving us advice on how to present budgets, and I feel he would have no trouble stepping into the shoes of the Minister of Finance (Mr. MacEachen). We would certainly have no objection.

Mr. Speaker, I would like to make a few comments. A lot of statistics have been quoted on both sides of the House, but the fact remains that this afternoon the Minister of Finance solemnly stated that the situation was very serious. He did not, of course, go on to wonder who was responsible. Perhaps the Canadian people and perhaps the House should try to find out who is to blame for this disaster. And indeed it is one. We have heard thousands of Canadians and hundreds of organizations discuss the absolutely pitiful performance of this government with respect to the economy. Again, we are being told about long-term projections. We are being told about government proposals and commitments, which is an attempt to have us believe they are willing to clean up their act which, to my knowledge, they have not done for 15 years.

How do they expect the Canadian people to believe projections which for 15 years have proved to be utterly wrong? And the Minister of Finance is talking about tax rebates as if he had managed to find some nice presents for Canadian taxpayers, but not a word about indirect taxes and increased energy costs which are making all these rebates cost so much more. In any case, the Minister of State for Finance (Mr. Bussières) may have had the audacity to say that the member speaking to you now does not know what he is talking about, but at least we do not indulge in hypocrisy, Mr. Speaker. Hypocrisy is not on this side of the House. I feel this government should be made to show its true colours and that its actions should be made clear to all Canadians. At a time like this, Canadians are beginning to realize the kind of hypocritical policies this government has been churning out for 15 years, Mr. Speaker. There is a saying: Beware of Greeks bearing gifts, and Canadians have just about had enough. We are aware of this, Mr. Speaker, in my own riding as well as anywhere else in Canada. In my own province, the economy's performance has been pitiful during the 15 years this government has been in power, and the majority of government members are well aware of this. They feel uncomfortable and I would say depressed when faced with questions put to them by certain reporters. Last night, Mr. Speaker, I saw four Quebec Liberal members on television who had no idea what the solution should be.

What suggestion could they make to the House of Commons to get Canada clear of this fix, of this disaster of this abyss in which the government has hurled us? I will not mention any Liberal members this evening. I will come back to that later. These Liberals have been most outspoken with me. I wish to point it out to the Minister of State for Finance that Quebecers are concerned. They are dissatisfied with the behaviour of the Minister of Finance and would have paid a high price to have him stay in Toronto another three months or even another three years. Liberal members do not hesitate to say that they are unhappy about their present situation. They are unable to answer the questions asked by their constituents. What will the government do? We do no longer know. The government is exhausted, empty and devoid of ideas. This government is asking Canadians to remain confident. No way, Mr. Speaker, since more especially during the past two years this government has shown gross carelessness in the economic field. During the past two years, this government has been playing petty politics in its dealings with the provinces, especially in the field of energy.

This government could have brought about the oil agreement two years ago and given back some much needed strength to our economy and bolstered the Canadian dollar on world markets. This government preferred playing petty politics, through the minister concerned, the Minister of Energy, Mines and Resources (Mr. Lalonde), and confronting a government which could also justify its position. We must now pay very dearly for all this. This government scrapped the private sector policy that we, on this side of the House, had developed for Canadian businessmen. This government refused to support an interest rate policy that would have stimulated the construction industry which is the mainspring of our economy. And now, these people who defeated us because our proposal for home owners did not directly affect the tenants—

An hon. Member: Ignorant!

Mr. La Salle: Ignorant? Which side was the most ignorant, when we knew quite well that a policy favouring home owners would help to maintain normal rental costs? Because the government refused to grant a preferential interest rate to such an essential sector of our economy as the construction industry, we now have major problems and thousands of unemployed people in Canada. And these people say that we are playing petty politics when thousands of Canadians urge us to fight against this government. This is what Canadians are asking us to do today, Mr. Speaker.

● (2050)

The Minister of Finance says that he is flexible because he has been forced to back up on 18 points. This is gross incompetence, Mr. Speaker! I was on an open line program this morning with a Liberal Member of Parliament. I shall not give his name yet. I bet that you also know who he is, but you will not mention his name either. He admitted that the Liberal members had not been informed of the projections made by the Minister of Finance. They knew nothing about what the budget would contain. Is it possible that these government members were not at least aware of the main thrust of this budget? He confessed to it on an open line program on CKVL, Mr. Speaker, if this can help you identify this hon. member. This is impossible. These same people are now saying that they have succeeded in convincing the Minister of Finance to reverse his decisions. Mr. Speaker, this so-called flexibility is simply unacceptable incompetence which reflects on the whole Liberal Party. In the last two days I have noticed that the Prime Minister seems a bit out of sorts. He is not happy with his Minister of Finance. In view of the opposition that is felt everywhere, of the pressures which are exerted and of the comments which are heard from all sectors, I wonder how the government members can still honestly support, endorse and encourage this Minister of Finance. Only 20 of them were here to listen to his speech this afternoon. That is very few! Only 20! I understand that the great majority preferred to remain in their offices and I wonder if these same people will not remain in their offices when we vote this evening, and I believe that it would be the best thing they could do for Canada.

An hon. Member: Do not count on it!

Mr. La Salle: I believe that it is the hon. member for Saint-Jacques (Mr. Guilbault) who said that I should not count on it.

I know them, Mr. Speaker. Even if it hurts them, even if this is against the interests of their constituents, as they have been doing for the past 15 years, they will behave like sheep and blindly support the Minister of Finance whom they are not particularly fond of, something I can quite easily understand. But the example is a good demonstration of this and could not lie, in my opinion. This afternoon I merely asked the Minister of State responsible for finance, who was bragging about the fact that his government had taken steps to streamline the footwear industry—basically, that is a good thing, and we were quite happy about that. The Minister of State responsible for finance did not allow me to finish—

An hon. Member: Are you not pleased now?

Mr. La Salle: Of course we are pleased to see Canada promote the Canadian footwear industry. I simply and honestly asked the minister to tell us why—instead of calling us ignorant—I repeat that I have never been guilty of such hypocrisy—why it had suddenly decided to revive this industry, after waiting so long that jobs were lost by the thousands in Quebec. But the Minister of State would not answer. I was not asking anything else, Mr. Speaker. And the Minister of State is perfectly aware that we have indeed lost jobs by the thousands not only in Quebec, but in other parts of Canada as well, in the footwear industry. Jobs by the thousands! Because the government has procrastinated. It has waited so long that it will cost more jobs, especially in the province of Quebec. I remember that the hon. member for Drummond (Mr. Pinard) had given the Minister of Industry, Trade and Commerce a tongue lashing in public and, in my opinion, with good reason. And there is another member, I believe it is the hon. member for Shefford (Mr. Lapierre), although I am not sure—I believe he too is concerned with the problems of the footwear industry. We certainly are also affected by those problems in my riding.

The lack of action on the part of the government is costing us a pretty penny in that sector, and there are also others that are suffering. The Minister of State for Finance gave us a course in economics today. I had a feeling I was hearing again the speech the former minister of finance and present Minister of Justice made seven or eight years ago. He told us then about the same things. Still, the present minister did a better job of it because when the former minister of finance, now Minister of Justice, gave us that speech, I had a feeling he understood absolutely nothing about what he was reading. Today, the Minister of State for Finance gave me the impression he understood what he was reading. He tried to show us that two

and two are four, and four and four are eight. I am convinced several members on this side are already aware of those mathematics.

But the Minister of State for Finance did not tell us that with projections over a five-year period, because that is what we are given here, projections over two, three or five years—the Minister of State seems to have forgotten it. We well remember that the last two or three ministers of finance, including the one I see before me and this will not be the first time we have been given projections that prove wrong later on, and not only false but so far from reality that they border on scandal, on hypocrisy; they even smack of lies. Of course, I am not accusing anyone of having lied to us deliberately. They did not know what they were saying: May God forgive them! But obviously we are dealing here with false projections. We are constantly told about the hundreds, the thousands of jobs that have been created right and left. But I say to you that in 1968—I believe we came to this House at the same time—there were 300,000 unemployed, while there are now a million of them. It is a fact that over the last six months 235,000 jobs have been lost in the manufacturing sector, and 100,000 others will be lost according to the projections made by a very responsible association. I ask this government to come up with something positive, an emergency plan. Of course, they will ask whether we want the deficit to be reduced, inflation to be wrestled down. For the past ten years I have been hearing about wrestling down inflation. Unemployment is created to fight inflation, and inflation is created to fight unemployment. We are having both anyway.

Mr. Guilbault: Read your sentence in *Hansard* tomorrow.

Mr. La Salle: I submit we have both. Do we not? Of course, we do. And this is the result of projections as brilliant as those the hon. member for Saint-Jacques (Mr. Guilbault) should have made, but I am not aware he has made any for quite some time. Today we heard the Minister of Finance. I think we are in a serious predicament, a catastrophic one. There will be 100,000 jobs lost and the government gives us nothing. There is nothing in the budget to ensure that in the short term our economy will be redirected and strenghtened. The Minister of Finance confirmed this yesterday in Toronto. Such proposals will result in increased unemployment, to wrestle down the inflation we never could control these last ten years. Can we afford in Quebec to lose 100,000 jobs at this point? Should we not reassess our priorities and make political choices based on our moral and political responsibilities? On the humane level, Mr. Speaker, we have a hard-hearted government. It is willing to add to the misery of those who already are suffering and to add thousands worse to their numbers. This is unbelievable and unacceptable, Mr. Speaker. All categories are affected: farmers are unhappy, businessmen are dissatisfied, workers are penalized, the young are worried, and rightly so. And these people across the aisle are asking us to trust them. The Minister of Finance and the Minister of State for Finance would have us believe there is a solution in the budget. Nothing could be further from the truth. They say we are making misleading statements. I am sorry, but I would like the government to prove the opposite right now.

I see on the government side, Mr. Speaker, hon. members from a province faced with those problems. I have in front of me members from Quebec who know perfectly well the budget does not meet the expectations of Quebecers. In front of me I have 74 members who, as usual, will not have the guts to face up to their basic responsibilities and their duties as Members of Parliament. And this is not the first time. I may be lucky to be the only one, but it is Quebec's tough luck to have 74 members on the other side. That is Quebec's tragedy, to have six dozen members of Parliament who do not meet their commitment and their promise.

Before concluding, I would like to recall that two years ago the same people were supporting their great leader who was saying in a short commercial: With an 18-cent increase in the price of gas, farmers cannot even afford to crank their tractors. In a second commercial aimed at another group, the Prime Minister (Mr. Trudeau) repeated this a hundred times during that campaign. With the 18-cent tax on gas, fishermen cannot afford to go where the fish are. So where are the fish today? How are the fishermen and the farmers doing? You people from Quebec and from ridings in other provinces, how are your farmers doing? At least we were honest enough to say exactly how much it would cost, but the previous government did not have the courage to apply those increases to meet the needs and the objectives we had set for ourselves, namely, self-sufficiency by 1990. You have failed there. Mr. Speaker, I would have many other comments to make. If they had honoured the agreement we had already concluded with Alberta, Canada would not be in the position it is in today. I conclude, Mr. Speaker. This is a catastrophic budget. This government has led us to the brink. We are in an economic slump the likes of which Canada has never seen before, thanks to the support of the Quebec Liberal members. I would urge those six dozen members, at least one dozen, to grasp the significance of their responsibilities and to act in such a way that this minister will not go on doing so much harm to Canadians and Quebecers.

• (2100)

[*English*]

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, it gives me a great deal of pleasure to speak in favour of the motion before us tonight. The motion refers to the budget of November 12 and its amendment on December 18 and suggests that the budget should be withdrawn and replaced by a new budget. We in the New Democratic Party certainly support that and would look forward to a budget which would deal effectively with some of the economic challenges facing this country instead of the rather limp wrist budget we have before us presently.

I have also had an opportunity to peruse the amendment to the amendment which the Tories have put forward. We find it rather unnecessary, assuming that legislation is evaluated on a continuing basis. However, if in fact the Tories would like us to review it annually, we are quite in favour of the suggestion that profits taxes imposed on Canada's chartered banks should be restored to their marginal tax rate at the 1970 level. I think the point is that if this is what is required, we like the idea of this evaluation because we feel that perhaps after one year we will find that the excessive profits of 1970 were just that—they were excessive—and that they should be taxed even further. Or, perhaps the rate of 1970 will be recognized as an obscene and excessive rate. Perhaps it should be reduced even further, so we are certainly in favour of reviewing that at the end of the year.

As I watched the Minister of Finance (Mr. MacEachen) in the House today and as I listened to his statements on television the last time, I was reminded of a French monarch of the fourteenth century who was also out of touch with his country and countrymen. When approached and asked what he would do about additional hospital beds which were required throughout France, his response was, "Perhaps we should ask patients to double up in the beds." That was his "progressive" response, and I suggest that what we are hearing from the Minister of Finance today is similar.

Mr. Nielsen: There is no more room.

M. Riis: With whom did the Minister of Finance consult regarding this budget? Who supports this budget? Opposition members certainly do not. The provincial governments and local governments certainly do not. Industry, business, labour, students, the elderly and home owners certainly do not. Even a number of backbenchers in the Liberal party have indicated on a number of occasions that they do not support it. Who on earth does? I think it has become clear that there is probably only one person who supports this budget. It was brought in without the knowledge of his colleagues. Yet, in spite of overwhelming opposition, he continues to drive ahead like a lemming leaping into the sea. He gives the impression that the people of Canada are wrong and that he alone is right.

This reminds me of another man who sits quite near him, namely, the Prime Minister (Mr. Trudeau). When the Prime Minister was out in British Columbia recently, he made it very clear that as the Prime Minister of the country he felt that British Columbia does not understand Canada. I agree with him. We in British Columbia do not understand that Canada we see today, a Canada of 1.5 million unemployed, a Canada where business bankruptcies have increased by 22 per cent over last year, where farm bankruptcies are up 18 per cent and where in the interval between August and December of last year 235,000 people lost their jobs. As we heard earlier today, the Canadian Manufacturers' Association says that another 100,000 people will lose their jobs. We do not understand that Canada. We do not understand a Canada where there are all kinds of discouragements to investment and expansion, a Canada which has policies now to strangle growth, development and progress, a country where productivity is decreasing, a country where Canadians see their purchasing power in decline year after year, where there is a deterioration in the distribution of income among Canadians and a country which has a current account balance which has fallen to record deficit levels. No, we do not understand that Canada.

The Economic Council of Canada outlined five goals for our Canadian economy. Those five goals in a sense provide a signal to the government. One goal is to bring about full employment. The council said that unemployment should not be over 3 per cent of the labour force. Another goal is price stability. Prices should rise at most by 2 per cent a year. With respect to economic growth, the council said that real production should increase by 5.5 per cent a year. We should strive for a viable balance of payments, and we should attempt an equitable distribution of rising incomes. Those are laudable goals. Unfortunately, those goals were set by the Economic Council of Canada back in 1964. Eighteen years of federal Liberal policy initiatives have seen none of these goals realized. None of these goals have even begun to appear to be fulfilled. That is the kind of success there has been. That is the kind of budgeting success we have seen for 18 consecutive years.

Oh, we have a great deal of gloom about us. There is a great deal to be disappointed about, but one sector is doing exceptionally well, and that is the chartered banks of Canada. In the fourth quarter of 1981, the profits of the chartered banks of Canada varied from 42 per cent higher than the previous year up to a high of 114 per cent. One has to ask—and I am certain Canadians are asking—why it is that the Tories are mute on this particular point. Why is it that the finance critic for the Tories never stands up and draws our attention to profits which must be recognized as being obscenely high? Why is it we never hear anything about this from hon. members opposite? One could speculate on a number of reasons. I wonder if this has anything to do with the fact that among those who made political contributions to the Liberals and the Conservatives, each of the five major banks in Canada contributed $50,000 last year. Each of the five major banks contributed $50,000 to the Liberal coffers and to the Conservative coffers. I wonder if that is one reason why we hear little or no comment from the Tories or the Liberals on this question.

Mr. Crosby: Have you checked Royal Bank stock on the stock market? If it is so great, why don't you buy it? Put your money where your mouth is.

• (2110)

Mr. Riis: While government spent $72 million on advertising the budget and the advantages of the budget, some of us had a different idea. We in the NDP decided that a task force on the economy and the budget would be appropriate. I am pleased to see that a few weeks later the Tories followed suit; we were pleased to provide the example. Our task force visited 11 different cities; we received 120 different briefs representing a wide spectrum of Canadian society and representing all of the critical economic sectors of our economy.

I should like to indicate why we did that, Mr. Speaker. It allowed us to hear, first-hand, from people throughout the country who were knowledgeable about their particular sector of the economy or about a particular region of Canada. They commented on the budget and the way that they felt the government was handling the economic challenges that faced it. Canadians were provided with a forum in which to speak out on the budget and to let parliamentarians know how they felt about the budget brought in on November 12.

Canadians were enabled to present positive solutions to some of our economic problems and positive, credible, proven suggestions and alternatives to some of the economic bottlenecks that face Canadians today. The people of Canada knew that at least some parliamentarians were prepared to listen to them. What became very obvious was the lack of any Liberal task force on the economy or the budget. Where were the Liberals? Why were they not out providing an opportunity for normal, everyday Canadians to present their views on the budget and on the economy? The Liberals were noticeable by their absence.

I should like to quote from a number of briefs that we received, Mr. Speaker. The Council of Forest Industries of B.C. indicated very clearly that all of their expansions had been placed on the back burner. As a result of this budget and considering the economic climate, $200 million worth of expansion projects will have to wait until there is some indication of economic leadership being provided. The council stated that 15,000 forest workers had been laid off in the last number of months and not only because of the slump in the lumber markets in the United States. We must recognize that 25 per cent of British Columbia lumber is for the domestic market and 85 per cent of the plywood is for the domestic market. It is in the plywood industry that the major lay-offs have occurred.

HUDAC of Canada says that the government has killed the housing industry. Indeed, it maintained that we have a housing crisis. It mocked the government's efforts to provide a subsidy for rental housing. There was a generous offer to provide 25,000 rental units. Perhaps that would be enough for the city of Vancouver, but it is not even a drop in the bucket compared to the housing demand across the country.

The Canadian organization of small business suggested that the present high interest rate policy is reducing the number of small businesses and believes that the only economic growth that is occurring in Canada is the merging of large corporations at the expense of the small companies.

The Energy Services Association of Alberta indicated that the federal government had no idea of the realities of western Canadian economic development. Its spokesman told us that they never see Liberals in western Canada unless they drop in for a quick press statement or a quick ribbon cutting and dash out again. We were told of small resource towns in northern and central Alberta that just a few months previously had been boom towns and now are virtual ghost towns.

The Saskatchewan Federation of Agriculture stated that the number of farm bankruptcies will inevitably continue to increase. At a time when Canada should be expanding its agricultural potential, instead, the farming community finds itself in a struggle for survival.

The City of Thunder Bay outlined to our task force the situation where nearly 1,000 employees in one firm had been laid off in the last few weeks due to the lack of any long-term planning for the country or the province.

The Council of Student Unions from Memorial University in St. John's indicated that there is no incentive for young people to continue post-secondary education. There are few jobs in their own province and fewer jobs beyond Newfoundland. Again, there is little incentive to continue.

It became apparent from the task force hearings that an aura of uncertainty prevails across Canada today. There is an atmosphere of declining confidence in our future. Recent Gallup polls have supported the view of some people that Canadians feel that things are going to get worse and that our economy will not improve in the near future. There is almost an atmosphere of disillusionment about the future, an atmosphere of distress, bordering upon fear. There is a recognition of the unfairness of this particular budget which is leading to a level of frustration that I do not think has ever been demonstrated before in Canada.

Time and time again at the task force hearings individuals who are used to public speaking would be so filled with amazement, anger and frustration that half way through their presentation they would be shaking and they spoke of the economy and the budget. They would have to stop to collect their wits because of the level of their anger and frustration which sometimes bordered on outrage.

There is no question that today our country is well on the way to an economic recession. All the indications are that this will continue for some time. Canadians are suffering; Canadian spirits have been dashed by increasing unemployment.

In the submissions made by the Tories so far today, they have not said what they would do about the situation. Indeed, I suggest it is clear that the Tory record shows that they support Governor Bouey and his high interest rate policy.

Mr. Broadbent: They reappointed him.

Mr. Riis: They reappointed Governor Bouey. The Conservative Party supports more cuts.

As was indicated by the hon. member for Oshawa (Mr. Broadbent), the NDP suggests that this is a time to stimulate the economy. It is not a time to spend more but to invest in the future of the country—in the infrastructure which is necessary to encourage the growth potential in western Canada in particular.

I recall with interest the remarks made on Wednesday, December 2, 1981, by the Parliamentary Secretary to the Minister of Finance (Mr. Evans) when he said that the Liberal government has no intention of trying to stimulate the Canadian economy, even if the current recession lasts until next summer. It has no interest in stimulating the economy, but we have, Mr. Speaker, because we recognize that inflation is a serious problem that plagues us.

There are two ways to counter inflation. One is to strangle the economy and drive it to its knees. That is essentially what this government and the Tories propose, but we have a different suggestion. We would provide the stimulus and provide the initiative needed to develop productivity in this country. I do not suppose there is another country in the world that has the economic potential of Canada. We have the ability to create a much more productive economy than we have at the present time. That is our proposal, Mr. Speaker.

Let it never be said that we have stood in the House of Commons and have not come up with very positive suggestions as to ways and means around our economic difficulties. Productivity is our way to fight inflation. Surely when we look at 1.5 million people unemployed, we realize that that in itself is fuel for inflation, with individuals draining the economy or draining the finances of our government and providing little productivity. Surely that is the inflationary process which must be fought and fought well.

Let me look at what the government is doing in terms of encouraging productivity. It is maintaining high interest rates in spite of the action being taken by Japan and a number of western European countries which, quite to the contrary, are saying that now is the time to make some changes and to stimulate their economies back to higher levels of productivity. The Minister of Finance taxes living-out allowances. How will this encourage people to go to the resource projects of western Canada and in the far north? Is that an encouragement or incentive for tradesmen to move up into the resource camps or for those in the forest industry to move up into the logging camps and be taxed an extra $18, $25 or in the far north perhaps closer to $50 per day, on income which they do not receive? Is that the kind of incentive which improves productivity?

We notice with interest that the government eliminated the development in the Small Business Development Bond program. Now in a sense it is just a bit of intensive care for ailing businesses and farmers, but it does little to encourage development and expansion. We know that $50 million went into the Farm Credit Corporation.

Mr. Deputy Speaker: Order, please. I regret to interrupt the hon. member, but his allotted time has expired. He may continue only with unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Deputy Speaker: The President of the Treasury Board (Mr. Johnston).

Some hon. Members: Oh, oh!

Hon. Donald J. Johnston (President of the Treasury Board): Mr. Speaker, I would hope—

Mr. Rae: Let us hear it for the loopholes.

Mr. Johnston: I hope that I am able to have the attention of the House.

An hon. Member: Only two glasses of water! Is that water in those glasses?

Mr. Johnston: I am sure I will have some difficulty with my friends in the NDP, but in any event I hope I have a certain amount of quiet and calm to make a sensible deliberation. I, for my part, have listened with great interest to a series of speakers.

Mr. Murphy: You were not here.

Mr. Johnston: I know I was not here, but I listened very intently in my office this afternoon to a series of speakers criticize the budget. I may have missed something, but I would ask my colleagues whether they heard any constructive criticism. I do not recall hearing any constructive criticism.

An hon. Member: You have a bad memory.

Mr. Johnston: I do not recall hearing any suggestions as to how the income tax system might be improved. The bombast and sometimes purple rhetoric mixed with the odd truth seems to have pretty much dominated the discussions and debate in the House this afternoon.

We have heard a great deal today about the Conservative touring budget committee. I gather that it listened to the complaints of taxpayers across Canada, but nothing we have heard indicates that those members learned anything from this experience. If there are any lessons to be learned, they are certainly keeping them to themselves. I must say that that is not true of my friends in the NDP. They have been consistent; they believe in throwing money at problems. The usual bin full of money and a big shovel seems to be the cornerstone of their policies.

Before I talk about some of the microaspects of the budget—

Mr. Rae: You are the microaspect.

Mr. Johnston: —particularly the amendments—

Mr. Rae: They do not come any smaller than you, Don.

Mr. Johnston: I am sorry that more of that wit is not used in developing policies. I am referring particularly to the amendments tabled on December 18—and I will come to those—but I should like to address what some might refer to as the big picture.

Mr. Broadbent: Leave Allan MacEachen out of it.

Mr. Rae: Is that the one with Roy Rogers and Dale Evans?

Mr. Broadbent: Is it on a 75 millimetre screen?

Mr. Johnston: I am sorry if I guffaw occasionally, but humour is about all they have to offer. The macroeconomic aspects of the budget appear to have either been forgotten or

largely ignored in the wake of specific criticisms by specific groups on specific provisions of the budget which affect them. Mr. Speaker will recall from the budget speech of the Minister of Finance (Mr. MacEachen) that the budget had as its principal theme the principle of restraint.

[*Translation*]

Mr. Speaker, this theme reflects the need for restraint, and I would like to quote the Minister of Finance who said in his budget speech before the House on November 12, and I quote:

The first is the need for restraint on the part of the government and restraint on the part of all Canadians. For our part, I believe we must reduce our deficit and our borrowing requirements substantially—even more than I proposed a year ago. This will take pressures off credit markets, ease interest rates and provide room for needy borrowers. The control of the money supply by the Bank of Canada is an essential element in our strategy to fight inflation, but it has to be supported by greater fiscal restraint.

While the increase in our energy revenues will make an important contribution to this objective, I have had to seek additional revenues from the personal and corporate tax, although there is tax relief or no tax increase in this budget for the vast majority of Canadians.

This is a point that should not be forgotten, Mr. Speaker.

Most fundamentally, we are committed to restraining the growth of our spending over the next few years to less than the growth of the economy as a whole while still exercising our responsibilities for leadership and for caring.

[*English*]

In the days, weeks and now months following the budget, I have yet to meet one businessman who disagrees with the macroeconomic thrust of the budget.

Mr. Fulton: Come to Winnipeg.

Mr. Johnston: Unless the problem of inflation is tackled as indicated in the speech of the Minsiter of Finance on November 12, unless inflation is controlled, any budget would be meaningless.

I am very pleased to see that the financial critic of the Conservative Party is present in the House this evening, the hon. member for Etobicoke Centre (Mr. Wilson). In fact, he reinforced the validity of that position in his speech this afternoon, albeit inadvertently, namely, the objective to control inflation. He told the House this afternoon the story of a businessman he met during his budget committee travels throughout the country, to which I referred a moment ago and about which we have heard so much in the House today. The businessman allegedly said to the hon. member for Etobicoke Centre that he was not concerned about the budget, that he had no income tax to pay, that apparently interest rates had brought his building business to a stop, and that he was losing money.

The very point of the macroeconomic stance of the budget, namely, to control inflation and to reduce interest rates, is the thrust of the budget. If inflation is controlled, interest rates will fall. I suggest to the hon. member for Etobicoke Centre that his friend, the businessman, will then have taxable income and be glad of it. Of course, if he is like the rest of us, once he has taxable income he will start complaining about the taxes he will have to pay.

In the absence of this macroeconomic stance, which I have described very briefly and which is so well described in the budget speech, more and more businessmen are bound to become unconcerned about taxes as they close their doors and join the list of the unemployed, and that will be solely because of inflation. Inflation is the villain that is being stalked by this budget.

• (2130)

Some hon. Members: Oh, oh!

Mr. Broadbent: Do not smile now.

An hon. Member: When did it happen?

Mr. Johnston: It is hard to resist smiling at my friends in the NDP, Mr. Speaker. But it is even easier for me to laugh at their policies.

Some hon. Members: Oh, oh!

Mr. Johnston: I ask you what sensible, thoughtful Canadian—

Mr. Broadbent: Would vote Liberal?

Mr. Johnston: —present company on that side of the House excluded—could conceivably disagree with that macroeconomic stance in today's economic plight.

Mr. Rae: Let's hear it from the heart.

Mr. Johnston: Let me talk for a moment about the tax measures themselves. Again, in a macro sense—

Some hon. Members: Oh, oh!

Mr. Johnston: As I stated in fact during my earlier speech on the budget on November 16, I am supportive of the over-all thrust of the tax measures in that macro sense, particularly the lowering of marginal rates to not more than 50 per cent.

An hon. Member: Especially for the rich.

Mr. Johnston: That, for me—

Mr. Rae: Yes, for you.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Broadbent: Tell us about those Liberals, Don.

Mr. Johnston: Mr. Speaker, if these jackals will hear me out, I will state again that there is much support, even probably from socialist economists.

An hon. Member: Who?

An hon. Member: I didn't know there were any.

Mr. Johnston: —for the view that a maximum rate of 50 per cent will have the effect of reducing efforts by taxpayers, as it has in the United States for many years, to circumvent the law and to take advantage of the wide variety of tax avoidance devices.

I also believe in the reduction of those tax shelters which have been part of our system for many years, the simplification of the statute, and I might say that in taking that position I am in no way critical of Canadians who have used tax shelters in the past and continue to use them—

An hon. Member: You used to advise people about them.

Mr. Johnston: —or to exploit what my friend from Broadview-Greenwood (Mr. Rae) refers to as loopholes. This is not a question of morality.

An hon. Member: It is immorality.

Mr. Johnston: But there is a very real question of productivity. I am talking about productivity of brains and productivity of money. Because of the high marginal rates that we have had in this country combined with specific tax shelters and combined with the loopholes, as defined by my friend from Broadview-Greenwood, too many intelligent Canadians have devoted their energies and creativity to paper transactions, paper transactions which are designed to avoid taxation rather than engaging in productive transactions which are there to produce wealth and produce jobs. That is part of the thrust of this budget, and a very important part. I suggest to you that the maximum rate of 50 per cent will go a long way to achieving that objective.

I might say that I have had some experience in the area of taxation in the past.

Mr. Broadbent: Tell us about the Prime Minister.

Mr. Johnston: Some, I might say, have even accused me of selling out, as they say, because I have not, they claim, defended principles which I am alleged to have defended in the past. I deny that categorically, Mr. Speaker. I have always been supportive of a more comprehensive tax base, simplification of the law, improvement of its administration and, as I said, a reduction of the marginal rate to 50 per cent, with a number of other matters. I will certainly continue to support those principles and improvements within the over-all framework to approach some day the kind of system that was described by the Carter commission, the system the commissioners concluded that Canadians want. I would like to quote from the commissioners' report as follows:

> A tax system can be judged from different points of view. Is the system fair?

Mr. Broadbent: Your government gutted that report.

Mr. Johnston: I shall continue:

> Does it contribute as much as possible to the growth and stability of the economy? Are the rights and liberty of the individual protected? Does it help strengthen the federation? These questions reflect not only the many facets of taxation but also what we believe to be the principal objectives that Canadians wish to realize through their tax system.

An hon. Member: What did Edgar Benson do with that anyway?

Mr. Johnston: Listen carefully, my friends.

Mr. Broadbent: Your party gutted that.

Mr. Rae: Are you reading from Xavier Hollander or somebody else?

Mr. Johnston: The paragraph concludes:

> They want equity, more goods and services, full employment without inflation, a free society and a strong, independent federation.

That is the kind of system that Canadians want. I suggest to you that the over-all thrust of this budget and of its provisions are completely compatible with those objectives. Canadians want equity, they want more goods and services and they want more employment without inflation and, as I said a few moments ago, that problem has been addressed head on in this budget.

Since budget day—

Mr. Broadbent: Things have got worse.

Mr. Johnston: —I, and others, have received representations from many people—

Mr. Rae: Richard Gwynn.

Mr. Johnston: —in my riding and from other parts of the country of concern about the budget and the impact that it might have on their particular circumstance.

Mr. Rae: We got some letters too.

Mr. Johnston: I, perhaps, received more than my share because I represent a riding which has a complete cross-section of business interests, people from all walks of life—

Mr. Lewis: Used to represent.

Mr. Johnston: —many of whom saw themselves adversely affected by the budget.

Mr. Broadbent: Let us hear it for Westmount.

Mr. Johnston: Saint-Henri-Westmount, I might remind the hon. member.

Some hon. Members: Oh, oh!

An hon. Member: They don't know much about Quebec.

Mr. Johnston: Perhaps because of my interests in the area, I received representations from former clients, professional colleagues, associates and so on from across Canada. I also met with business groups in a number of Canadian cities.

Mr. Lewis: All favourable?

Mr. Johnston: I received quantities of material—

An hon. Member: Name one.

Mr. Johnston: —individual letters and thoughtful briefs.

Mr. Keeper: What about Nassau and Maui?

Mr. Johnston: —such as that prepared by the joint committee of the Canadian Bar Association and the Canadian Institute of Chartered Accountants. From that review it seemed to me there were three areas—

Mr. Crosby: Think about the people, never mind about the Bar association.

Mr. Johnston: There are three general categories which these various representations addressed. Specifically, they addressed the retrospective application of certain provisions claiming that there were not adequate transitional provisions, the issue of the restriction on interest deductibility, some cash flow problems—

Some hon. Members: Oh, oh!

Mr. Johnston: —which arose where tax liabilities existed without there being cash receipts available to discharge those obligations. Any of you who paid any attention to the amendments tabled in the House by the Minister of Finance on December 18 will realize how responsive the minister was to all serious representations.

An hon. Member: All serious ones?

An hon. Member: If you step on a dog, it might bite.

Mr. Johnston: Hon. members might have a look at the document, which many of you clearly have not, judging by the comments I have heard here today. The document is entitled "Transitional arrangements and adjustments relating to the tax measures of the budget".

I have these changes here with me this evening. I will not take the time of the House to repeat what should already have been considered by members prepared to criticize the budget. In fact, I would point out that extensive transitional provisions were introduced in response to that first area of representation to which I made reference. Major adjustments were made in the area of the interest restriction, and a series of changes were also set forth in this document to address the cash flow issue. Yet, is it not true that we still hear accusations of inflexibility?

[*Translation*]

And in fact, most of the opposition's comments fail to reflect any awareness of the changes that were made, as I just pointed out, on December 18 by the Minister of Finance. In fact, when he brought down his budget, the minister said that he would be willing to refer some of the measures to a committee of the House, as appropriate. Now that is flexibility, in my view, and demonstrates the willingness of the minister and the government to examine all these specific measures that are of special interest to certain Canadians and to certain sectors of our economy and our society.

● (2140)

[*English*]

This, Mr. Speaker, brings me to the question of budget process. I know this was mentioned during today's debate. The hon. member for Sarnia-Lambton (Mr. Cullen) touched upon the subject this evening. It has been discussed at some length since the budget was tabled November 12, and I note that my colleague, the Minister of Finance, when he addressed the Canadian Club in Toronto yesterday stated: "I will have more to say in the near future not only about the impact of the tax measures, but also about possible improvements to the process of budget formulation".

Mr. Rose: So will the people of Canada.

Mr. Johnston: Now, by referring certain matters to committee as the minister has indicated he may do, certainly an important step will be taken in the evolution of that process.

The Minister of Finance produced this budget in the tradition of budget secrecy, and as independent observers have often said, a tradition is harder to kill than a law.

An hon. Member: Tell us about secrecy, Paul.

Mr. Johnston: Back in the mid-1970s, Mr. Speaker, this issue of budget secrecy was raised. I was then in private practice, and a committee was struck by the Canadian Tax Foundation to deal with the tax legislative process.

An hon. Member: You should have kept the whole budget secret.

Mr. Johnston: A number of recommendations were made, and the problem of budgetary process is well described in that report. Mr. Speaker, are you signalling me that my time is up?

An hon. Member: A long time ago, we hope.

Mr. Johnston: Do I have the indulgence of the House to—

Mr. Deputy Speaker: There does not appear to be unanimous consent, and the hon. member's time has expired.

Mr. Howard Crosby (Halifax West): Mr. Speaker, surely I have the greatest challenge of all the members who have participated in this debate, that of recording in a few minutes all the difficulties, deficiencies and defects of this budget. I cannot do that, so let me just take the time to credit the Leader of the Opposition (Mr. Clark) for providing to the Canadian people a process by which they can register their complaints and concerns about the budget through our special committee on the budget and the economy. I am very proud to have been a member of that committee. What we heard and now know is that the budget is based on a myth, a fiction, based on the idea that there is a class of people in Canada who, if they are taxed properly, will save the working people of Canada and will contribute to the economy in such a way that their taxes will be reduced.

We know that is not true. We found that out when the Canadian Trades Council and the Quebec Federation of Labour came before our committee and said that you are taxing the workers in this budget, not the rich. You are reaching out to the seven million Canadians participating in health benefit plans. You are taxing the 13 million people who participate in life insurance plans. The myth that the budget taxes the rich is false, and we found it to be false.

Mr. Broadbent: Faster, faster.

Mr. Crosby: That has given us the courage to come to the House and make that challenge that the Minister of Finance (Mr. MacEachen) is exposed in his budget, he stands before us naked—

An hon. Member: Oh, oh!

Mr. Crosby: —by his own words. In 1980 he came before the House and said in his budget speech, with respect to the taxation system in Canada, that on the whole our tax system is one of the best in the world. Canada's individual and corporate taxes are lower than in many industrial countries, including the United States. A year later, on November 12, he came before this same House and said that many Canadians find our tax system unfair, and I agree with them. That is what he told the House but he cannot tell that to the people of Canada because—

Mr. Deputy Speaker: Order. Order, please.

Mr. Crosby: The myth is defeated.

Mr. Deputy Speaker: Order. It being 9.45 p.m. it is my duty to interrupt these proceedings and put every question necessary to dispose of the supply proceedings now before the House under the provisions of Standing Order 58(9). The question is on the motion of the hon. member for Vancouver Centre (Miss Carney). All those in favour of the motion, please say yea.

Some hon. Members: Yea.

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

Some hon. Members: Nay.

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

And more than five members having risen:

Mr. Deputy Speaker: Call in the members.

The House divided on the motion (Miss Carney), which was negatived on the following division:

(*Division No. 142*)

YEAS

Messrs.

Althouse
Anguish
Baker (Nepean-Carleton)
Blackburn
Blaikie
Bosley
Bradley
Broadbent
Cardiff
Carney (Miss)
Clark (Yellowhead)
Clarke (Vancouver Quadra)
Coates
Cook
Cooper
Corbett
Crombie
Crosbie (St. John's West)
Crosby (Halifax West)
Dantzer
Darling
Deans
Domm
Elzinga
Epp
Fennell
Fraser
Fretz
Friesen
Fulton
Gamble
Gass
Greenaway
Gurbin
Gustafson
Halliday
Hawkes
Heap
Hees
Hnatyshyn
Hovdebo
Howie
Ittinuar
Jarvis
Jewett (Miss)
Keeper
Kempling
Kilgour
King
Korchinski
Kristiansen
Kushner
Lambert
La Salle
Lawrence
Lewis
Lewycky
MacKay
Malone
Manly
Mayer
Mazankowski
McCain
McCuish
McDermid
McGrath
McKenzie
McKnight
McMillan
Miller
Mitchell (Mrs.)
Mitges
Munro (Esquimalt-Saanich)
Murphy
Neil
Nickerson
Nielsen
Nowlan
Nystrom
Oberle
Orlikow
Paproski
Parker
Patterson
Rae
Reid (St. Catharines)
Riis
Robinson (Burnaby)
Roche
Sargeant
Schellenberger
Scott (Hamilton-Wentworth)
Scott (Victoria-Haliburton)
Skelly
Speyer
Stevens
Taylor
Thacker
Thomson
Towers
Vankoughnet
Waddell
Wenman
Wilson
Wise
Young
Yurko—107.

NAYS

Messrs.

Allmand
Axworthy
Bachand
Baker (Gander-Twillingate)
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Berger
Blais
Blaker
Bloomfield
Bockstael
Bossy
Breau
Bujold
Burghardt
Bussières
Caccia
Campbell (Miss) (South West Nova)
Campbell (LaSalle)
Campbell (Cardigan)
Chénier
Collenette
Comtois
Corbin
Corriveau
Cosgrove
Côté (Mrs.)
Cousineau
Cullen
Cyr
Daudlin
Dawson
de Corneille
Demers
Deniger
Desmarais
Dingwall
Dion
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Dubois
Duclos
Dupont
Erola (Mrs.)
Ethier
Evans
Ferguson
Fisher
Fleming
Flis
Foster
Francis
Frith
Garant
Gauthier
Gimaïel
Gingras
Gourde (Lévis)
Gray
Guilbault
Harquail
Henderson
Herbert
Hervieux-Payette (Mrs.)
Hopkins
Irwin
Isabelle
Johnston
Joyal
Kaplan
Kelly
Killens (Mrs.)
Lachance
Lajoie
Lamontagne
Landers
Lang
Laniel
Lapierre
Lapointe (Charlevoix)
Lapointe (Beauce)
LeBlanc
Leduc
Lefebvre
Loiselle
Lumley
MacBain
MacEachen
MacGuigan
Mackasey
MacLaren
MacLellan
Malépart
Maltais
Massé
Masters
McCauley
McRae
Nicholson (Miss)
Olivier
Ouellet
Parent
Pelletier
Penner
Pepin
Peterson
Pinard
Portelance
Prud'homme
Reid (Kenora-Rainy River)
Roberts
Rompkey
Rooney
Rossi
Roy
Savard
Simmons
Smith
Tardif
Tessier
Tobin
Tousignant
Trudeau
Turner
Veillette
Watson
Weatherhead
Whelan
Yanakis—129.

● (2215)

Madam Speaker: I declare the amendment to the amendment lost.

The question is on the amendment (Mr. Broadbent). Is it the pleasure of the House to adopt the amendment?

Some hon. Members: Agreed.

Some hon. Members: No.

Madam Speaker: All those in favour of the amendment, please say yea.

Some hon. Members: Yea.

Madam Speaker: All those opposed to the amendment please say nay.

Some hon. Members: Nay.

Madam Speaker: In my opinion the nays have it.

And more than five members having risen:

Madam Speaker: Shall I dispense with the bell?

Some hon. Members: Agreed.

The House divided on the amendment (Mr. Broadbent) which was negatived on the following division:

● (2220)

(*Division No. 143*)

YEAS

Messrs.

Althouse
Anguish
Baker (Nepean-Carleton)
Blackburn
Blaikie
Bosley
Bradley
Broadbent
Cardiff
Carney (Miss)
Clark (Yellowhead)
Clarke (Vancouver Quadra)
Coates
Cook
Cooper
Corbett
Crombie
Crosbie (St. John's West)
Crosby (Halifax West)
Dantzer
Darling
Deans
Dick
Domm
Elzinga
Epp
Fennell
Fraser
Fretz
Friesen
Fulton
Gass
Greenaway
Gurbin
Gustafson
Halliday
Hawkes
Heap
Hees
Hnatyshyn
Hovdebo
Howie
Ittinuar
Jarvis
Jewett (Miss)
Keeper
Kempling
Kilgour
King
Korchinski
Kristiansen
Kushner
Lambert
La Salle
Lawrence
Lewis
Lewycky
MacKay
Malone
Manly
Mayer
Mazankowski
McCain
McCuish
McDermid
McGrath
McKenzie
McKnight
McMillan
Miller
Mitchell (Mrs.)
Mitges
Munro (Esquimalt-Saanich)
Murphy
Neil
Nickerson
Nielsen
Nowlan
Nystrom
Oberle
Orlikow
Paproski
Parker
Patterson
Rae
Reid (St. Catharines)
Riis
Robinson (Burnaby)
Roche
Sargeant
Schellenberger
Scott (Hamilton-Wentworth)
Scott (Victoria-Haliburton)
Skelly
Speyer
Stevens
Taylor
Thacker
Thomson
Towers
Vankoughnet
Waddell
Wenman
Wilson
Wise
Young
Yurko—107.

NAYS

Messrs.

Allmand
Axworthy
Bachand
Baker (Gander-Twillingate)
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Berger
Blais
Blaker
Bloomfield
Bockstael
Bossy
Breau
Bujold
Burghardt
Bussières
Caccia
Campbell (Miss) (South West Nova)
Campbell (LaSalle)
Campbell (Cardigan)
Chénier
Collenette
Comtois
Corbin
Corriveau
Cosgrove
Côté (Mrs.)
Cousineau
Cullen
Cyr
Daudlin
Dawson
de Corneille
Demers
Deniger
Desmarais
Dingwall
Dion
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Dubois
Duclos
Dupont
Erola (Mrs.)
Ethier
Evans
Ferguson
Fisher
Fleming
Flis
Foster
Francis
Frith
Garant
Gauthier
Gimaïel
Gingras
Gourde (Lévis)
Gray
Guilbault
Harquail
Henderson
Herbert
Hervieux-Payette (Mrs.)
Hopkins
Irwin
Isabelle
Johnston
Joyal
Kaplan
Kelly
Killens (Mrs.)
Lachance
Lajoie
Lamontagne
Landers
Lang
Laniel
Lapierre
Lapointe (Charlevoix)
Lapointe (Beauce)
LeBlanc
Leduc
Lefebvre
Loiselle
Lumley
MacBain
MacEachen
MacGuigan
Mackasey
MacLaren
MacLellan
Malépart
Maltais
Massé
Masters
McCauley
McRae
Nicholson (Miss)
Olivier
Ouellet
Parent
Pelletier
Penner
Pepin
Peterson
Pinard
Portelance
Prud'homme
Reid (Kenora-Rainy River)
Roberts
Rompkey
Rooney
Rossi
Roy
Savard
Simmons
Smith
Tardif
Tessier
Tobin
Tousignant
Trudeau
Turner
Veillette
Watson
Weatherhead
Whelan
Yanakis—129.

● (2225)

Madam Speaker: I declare the amendment lost.

The question is therefore on the motion of the Right Hon. Leader of the Opposition (Mr. Clark). Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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

Some hon. Members: Yea.

Madam Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

Madam Speaker: In my opinion the nays have it.

And more than five members having risen:

Madam Speaker: Shall we dispense with the ringing of the bells?

Some hon. Members: Agreed.

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

(*Division No. 144*)

YEAS

Messrs.

Althouse
Anguish
Baker (Nepean-Carleton)
Blackburn
Blaikie
Bosley
Bradley
Broadbent
Cardiff
Carney (Miss)
Clark (Yellowhead)
Clarke (Vancouver Quadra)
Coates
Cook
Cooper
Corbett
Crombie
Crosbie (St. John's West)
Crosby (Halifax West)
Dantzer
Darling
Deans
Dick
Domm
Elzinga
Epp
Fennell
Fraser
Fretz
Friesen
Fulton
Gamble
Gass
Greenaway
Gurbin
Gustafson
Halliday
Hawkes
Heap
Hees
Hnatyshyn
Hovdebo
Howie
Ittinuar
Jarvis
Jewett (Miss)
Keeper
Kempling
Kilgour
King
Korchinski
Kristiansen
Kushner
Lambert
La Salle
Lawrence
Lewis
Lewycky
MacKay
Malone
Manly
Mayer
Mazankowski
McCain
McCuish
McDermid
McGrath
McKenzie
McKnight
McMillan
Miller
Mitchell (Mrs.)
Mitges
Munro (Esquimalt-Saanich)
Murphy
Neil
Nickerson
Nielsen
Nowlan
Nystrom
Oberle
Orlikow
Paproski
Parker
Patterson
Rae
Reid (St. Catharines)
Riis
Robinson (Burnaby)
Roche
Sargeant
Schellenberger
Scott (Hamilton-Wentworth)
Scott (Victoria-Haliburton)
Skelly
Speyer
Stevens
Taylor
Thacker
Thomson
Towers
Vankoughnet
Waddell
Wenman
Wilson
Wise
Young
Yurko—108.

NAYS

Messrs.

Allmand
Axworthy
Bachand
Baker (Gander-Twillingate)
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Berger
Blais
Blaker
Bloomfield
Bockstael
Bossy
Breau
Bujold
Burghardt
Bussières
Caccia
Campbell (Miss) (South West Nova)
Campbell (LaSalle)
Campbell (Cardigan)
Chénier
Collenette
Comtois
Corbin
Corriveau
Cosgrove
Côté (Mrs.)
Cousineau
Cullen
Cyr
Daudlin
Dawson
de Corneille
Demers
Deniger
Desmarais
Dingwall
Dion
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Dubois
Duclos
Dupont
Erola (Mrs.)
Ethier
Evans
Ferguson
Fisher
Fleming
Flis
Foster
Francis
Frith
Garant
Gauthier
Gimaïel
Gingras
Gourde (Lévis)
Gray
Guilbault
Harquail
Henderson
Herbert
Hervieux-Payette (Mrs.)
Hopkins
Irwin
Isabelle
Johnston
Joyal
Kaplan
Kelly
Killens (Mrs.)
Lachance
Lajoie
Lamontagne
Landers
Lang
Laniel
Lapierre
Lapointe (Charlevoix)
Lapointe (Beauce)
LeBlanc
Leduc
Lefebvre
Loiselle
Lumley
MacBain
MacEachen
MacGuigan
Mackasey
MacLaren
MacLellan
Malépart
Maltais
Massé
Masters
McCauley
McRae
Nicholson (Miss)
Olivier
Ouellet
Parent
Pelletier
Penner
Pepin
Peterson
Pinard
Portelance
Prud'homme
Reid (Kenora-Rainy River)
Roberts
Rompkey
Rooney
Rossi
Roy
Savard
Simmons
Smith
Tardif
Tessier
Tobin
Tousignant
Trudeau
Turner
Veillette
Watson
Weatherhead
Whelan
Yanakis—129.

[*Translation*]

Madam Speaker: I declare the motion lost.

It being 10.30 p.m., I do now leave the chair under the provisions of Standing Order 2(1).

At 10.30 p.m., the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Wednesday, January 27, 1982

The House met at 2 p.m.

● (1405)

ROUTINE PROCEEDINGS

[*English*]

ADMINISTRATION OF JUSTICE

DANGEROUS SUSPECT AT LARGE—MOTION UNDER S.O. 43

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, Randy Ludlow has been declared to be a danger to the public by two psychiatrists and one clinical psychologist. He is known to have associated with Clifford Olson for four months last summer. His appearance resembles the composite published of a suspected accomplice of Olson. He was due to stand trial yesterday on another charge, but never appeared. I therefore move, seconded by the hon. member for Central Nova (Mr. MacKay):

That the Solicitor General explain to this House why the justice system allows a dangerous suspect such as this to walk the streets.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EXTERNAL AFFAIRS

POLAND—SUPPORT FOR FREEDOM OF PEOPLE—MOTION UNDER S.O. 43

Mr. Bud Bradley (Haldimand-Norfolk): Madam Speaker, I rise under the provisions of Standing Order 43 to move, seconded by the hon. member for Halifax West (Mr. Crosby):

That this House express its profound regret at the Prime Minister's insensate comments regarding the imposition of martial law in Poland, remarks that have been widely used by the communist regime to support its position; that this House indicate to the people of Poland and to its government that Canada supports greater freedom in Poland, not less; that Canada supports the legitimate aspirations expressed by millions of Poles, through Solidarity, for greater democracy and a government responsible to Poles themselves, and that Canada opposes and will oppose in all possible ways the suppression of the Polish people by a government imposed by Moscow.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

METRIC CONVERSION

EXEMPTION SUGGESTED FOR RETAIL FOOD SECTOR—MOTION UNDER S.O. 43

Mr. Peter Elzinga (Pembina): Madam Speaker, I rise under the provisions of Standing Order 43 to commend the government for wisely not obliging the Canadian beef industry to participate in the forced metric conversion program. Allowing cattlemen to continue to buy and sell under the imperial system will protect our valuable trade with the United States and eliminate weights and measures confusion in the market place. I move, seconded by the hon. member for Athabasca (Mr. Shields):

That the government reconsider its forced metric conversion program in 1982 and extend the same exemption it granted to the beef industry to the retail food sector.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

AIRPORTS

MIRABEL—REQUEST THAT GOVERNMENT TAKE MEASURES CONCERNING LAND, INDUSTRIAL PARK, AND PROFITABILITY—MOTION UNDER S.O. 43

Mr. Cyril Keeper (Winnipeg-St. James): Madam Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43.

Considering that since the federal government has failed to take any action, more than 30 mayors of municipalities around Mirabel have decided to take steps in order to get a decision on the airport area problem, I move, seconded by the hon. member for Churchill (Mr. Murphy):

That the government take immediate action to deal with the problems of unused farmland, the industrial park scandal and the viability of the airport itself.

S.O. 43

Madam Speaker: Under the provisions of Standing Order 43, this motion requires the unanimous consent of the House. Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

THE BUDGET

WITHDRAWAL URGED—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, thousands of workers of all ages are sad, depressed, and frustrated. They were working hard at their jobs to build a good country and a heritage for their wives and children when suddenly, right out of the blue, on November 12, 1981, the Minister of Finance blasted their dreams and hopes—no more dental care for their wives and kids, no more trips each year on passes supplied by their company, no more chances to buy shares and become an employer, no more company homes at reasonable rentals, no more of anything but taxes, taxes, taxes. I move, therefore, seconded by the hon. member for Athabasca (Mr. Shields):

That this House urges the Minister of Finance to put a ray of sunshine back into the lives of these workers by immediately packing up his ill-begotten budget and vanishing into oblivion.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

MEDICAL CARE

EXTRA BILLING IN SASKATCHEWAN—MOTION UNDER S.O. 43

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, in a motion presented yesterday the New Democratic Party called for the government to outlaw extra billing in Alberta, to set up an inquiry to present proposals for the enforcement of national standards for health care, and to withdraw the finance minister's proposals for cutbacks in federal transfer payments to the provinces. I move, seconded by the hon. member for Provencher (Mr. Epp):

That this House call on the New Democratic Party to cleanse itself before telling others to clean up their act by calling on their Saskatchewan counterparts to ban extra billing in that NDP province.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1410)

THE BUDGET

EFFECT ON AUTOMOBILE DEALERSHIPS—MOTION UNDER S.O. 43

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, I rise under the provisions of Standing Order 43. As a result of the November budget, owners and employees of automobile dealerships across the country are beginning to experience severe financial difficulty. The dealers are losing revenue because of a drop in their leasing business. Employees receiving financial assistance from their employers for the lease of a car will now be taxed on almost the entire monthly leasing charge, and dealership employees provided with a demonstrator car to advertise their product will now be taxed on the use of the vehicle. In light of the fact that this industry is already suffering the financial woes of low sales due to high interest rates I move, seconded by the hon. member for Simcoe North (Mr. Lewis):

That the Minister of Finance make an immediate change to his budget and cancel these punitive measures which are hurting the people involved.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NUCLEAR ENERGY

CALL FOR PUBLIC INQUIRY INTO INDUSTRY—MOTION UNDER S.O. 43

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, I rise under the provisions of Standing Order 43. Whereas the government's policy of enticing the provinces with cushy financial deals into buying CANDU reactors for the production of electricity for export to the United States will result in unnecessary health, safety and environmental dangers for all Canadians—and perhaps some Americans as well—and whereas the government secrecy concerning financing agreements being offered to potential CANDU reactor customers abroad also shows a complete disregard for the rights of the Canadian electorate to know, I move, seconded by the hon. member for Winnipeg-Birds Hill (Mr. Blaikie):

That this House call for an independent public inquiry into the health and safety aspects of the Canadian nuclear industry, as well as to examine the squandering of billions of taxpayers' dollars by the government in a hopeless attempt to prop up this languishing loser.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

THE BUDGET

TRANSFER OF FEDERAL SALES TAX TO WHOLESALE LEVEL—MOTION UNDER S.O. 43

Mr. Charles Mayer (Portage-Marquette): Madam Speaker, the budget proposes to move federal sales tax from the manufacturing to the wholesale level. In addition to generating huge amounts of additional revenue for the government and causing retail prices to increase, this is an example of several measures in the budget that are bringing about major tax reforms without prior warning. Therefore I move, under the provisions of Standing Order 43 and seconded by the hon. member for Prince George-Bulkley Valley (Mr. McCuish):

That the government refer this topic to committee for proper consideration by everybody involved so that the full impact of this tax change can be fully discussed before the measure is finally implemented.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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EXTERNAL AFFAIRS

POLAND—VIOLATION OF HUMAN RIGHTS—MOTION UNDER S.O. 43

Hon. Steven E. Paproski (Edmonton North): Madam Speaker, I rise under the provisions of Standing Order 43. Because it is inconsistent for the Government of Canada to enshrine cherished human and political rights in our new Constitution and to be indifferent to violations of human and national rights of the people in Poland and generally in eastern Europe, I move, seconded by the hon. member for Vegreville (Mr. Mazankowski):

That the Prime Minister condemn the military junta in Poland for violating human rights in complete disregard of the provisions of the Helsinki agreement and for the suppression of the Solidarity trade union.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

SUPPLY AND SERVICES

PAYMENT OF OUTSTANDING ACCOUNTS TO SMALL BUSINESSES—MOTION UNDER S.O. 43

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity for small businesses in Canada. Small businesses are experiencing a growing problem of collecting accounts receivable, and one of the worst offenders

when it comes to slow payment is the federal government. Payment for goods and services sold to the federal government is often not received for three, four or more months and, to add insult to injury, no interest is paid on accounts outstanding more than 30 days. Therefore I move, seconded by the hon. member for Burnaby (Mr. Robinson):

That this House direct the Minister of Supply and Services to remedy this burden the federal government is placing on Canada's small businesses.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

THE BUDGET

PROVISIONS AFFECTING PENSIONERS

Mr. Howard Crosby (Halifax West): Madam Speaker, I have a question for the Minister of Finance concerning the tax measures which will affect senior Canadians who are receiving retirement income. The minister will remove the $1,000 exemption for those pensioners who receive other income and contribute to registered retirement savings plans. Many of these pensioners have retired from the armed forces, the police, and the public service, with very modest pensions.

Where is the justice in taxing senior citizens who are trying to provide for their old age? Will he explain how taxing a Canadian who must supplement his or her pension income and postpone real retirement can result in more equity in the tax system? Why should Parliament punish senior Canadians who want to maintain their independence? Do we really need that kind of revenue?

● (1415)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member has made a very stirring appeal to consider that particular case of the deduction that is available for retired persons. The main objective of that change in the budget proposal was to eliminate that deduction for persons who are not retired. I will certainly listen to the hon. member's representations very carefully when we have those matters in the committee of the Whole.

TAXPAYER STATISTICS

Mr. Howard Crosby (Halifax West): Madam Speaker, we are pleased with the conciliatory tone of the Minister of Finance, but I wish he would promise here and now to make a

change in that particular provision. Senior Canadians are the ones who are affected.

Some hon. Members: Hear, hear!

Mr. Crosby: I want to tell the minister also that it was not retired business executives who came to our special committee with this concern, it was the Consumers Association of Canada. It is the little man who can be hurt by this provision. That is what we are concerned with, Madam Speaker.

We want to know about the minister's statistics. The minister has said in this House that 12 million Canadians will pay less tax but seven million Canadians will pay tax on health plans. Whose statistics are right? The statistics of the Canadian Labour Congress, or the statistics of the minister? I would like the minister to confirm the statistics and tell us who will pay more taxes.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, all the facts are stated in the tables that were presented with the budget. They show that almost 12 million Canadians, as a result of the budget, will pay less tax in 1982 than in 1981, that about 3.5 million Canadians will pay about the same level of taxes, and that about 800,000 Canadian taxpayers will pay more taxes. Those are the statistics that are in the tax tables. They are public knowledge. If the Canadian Labour Congress and other bodies can contest these statistics, then I will examine their contestations. However, I believe the statistics to be accurate and to reflect the actual situation.

Mr. Baker (Nepean-Carleton): They have already contested them.

MINISTER'S BUDGETARY STATEMENTS

Mr. Howard Crosby (Halifax West): Madam Speaker, it is very difficult for any Member of Parliament to argue with the minister's statistics, but Canadians will know in ensuing tax years whether more Canadians or fewer Canadians will be paying tax, and that will be the test.

However, I want to know in a more general way how the minister can explain some items in the budget. In the minister's 1980 budget speech he said that Canada had one of the best tax systems in the world. He said that in 1980.

Some hon. Members: Hear, hear!

Mr. Crosby: Last year, 1981, the minister said that many Canadians find the tax system unfair, and he agrees with them. Who are those Canadians? Are they the backbenchers in the Liberal Party who thought the new tax measures were needed?

Madam Speaker: Order, please. I am afraid that we did not get the question. I would like the hon. member to repeat his question, but only his question.

Mr. Crosby: Madam Speaker, it is difficult to phrase a question when we have contradictory remarks in two budgets. I will simply ask the minister which remark is true?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, there is nothing contradictory, in my mind.

Some hon. Members: Oh, oh!

Mr. MacEachen: It seems to me that even the best can be improved. I stated that our system was among the best. It is among the best, but it still can be improved, and that is what I was attempting to do.

QUERY RESPECTING LIFE INSURANCE POLICYHOLDERS

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, my question is directed to the Minister of Finance. One of the areas in which the minister's November budget created unnecessary financial hardship for Canadians is the area dealing with life insurance. Could the minister tell the House why the approximately nine million low and middle-income policyholders who have life insurance are now being harassed by the government? Why are they being discouraged from protecting their families and their own security in retirement? Why are they being punished by being asked to pay tax on their policies before they receive any cash benefit whatever?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I am pleased the hon. member raised that question because it gives me an opportunity to straighten the record. The fact is that no existing policyholder in any part of Canada is affected by the budget provisions of November 12. Let me repeat that: no existing policyholders. That is the fact. I hope that the message gets out. I can assure the hon. member that no existing policyholder is harassed, punished, affected, or impacted by taxes because all of them, all of the existing policyholders, are not touched whatever. I would like that to be put out.

Mr. Pinard: Read the budget.

• (1420)

REQUEST THAT PROVISIONS BE WITHDRAWN

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, I am sure the minister is aware his predecessor brought in something similar and withdrew it. I hope the minister will decide to withdraw entirely any tax on the life insurance industry, RRSPs and the like, because no one—as a life insurance agent I can emphasize this—in their right minds would be investing in any form of life insurance because of high interest rates available in other forms.

Will the minister withdraw anything and everything he has agreed to or considered doing regarding life insurance, annuities, or anything else?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Well, Madam Speaker, as long as the hon. member is now satisfied there is no impact whatsoever on existing policyholders, then I believe we have made some progress.

The hon. member has referred to the general provisions affecting the life insurance industry, and I believe his question deserves a careful answer. The first point is that I suggested on December 18 that, subject to appropriate parliamentary arrangements, I was prepared to send that question to a standing committee for examination. Second, I have undertaken through my officials to have, and indeed already have had consultations, with the insurance industry, and it is my firm objective to reach some conclusions with them which hopefully would meet both their difficulties and my concerns as Minister of Finance.

These meetings have taken place. Just this week I had a discussion with one of the leaders of the industry whose view was that it might be possible to reach a mutually satisfactory conclusion. So there are two avenues open to the hon. member to reflect upon, instead of asking me to withdraw the important changes which are to the benefit of the people of Canada.

Mr. Baker (Nepean-Carleton): We are seeing another retreat from Moscow.

* * *

THE ECONOMY

POSSIBLE EFFECT OF UNITED STATES INTEREST RATES ON CANADA

Mr. Edward Broadbent (Oshawa): Madam Speaker, my question is for the Minister of Finance. Today in the United States, analysts, in response to President Reagan's State of the Union Address last night, are now saying interest rates there are going to go up. I ask the minister, should this occur, will he on behalf of the Government of Canada assure the people of Canada that we will not pursue that disastrous economic policy here?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, first of all the hon. member's question is hypothetical, and I assure him it is not my intention to adopt any disastrous economic policies.

An hon. Member: Other than the one you have.

Mr. MacEachen: We have expressed more than once our concern about the interest rate policy being pursued in the United States. On the occasion of the Summit in Ottawa last summer all the representatives drew similar concerns to the attention of the United States. They have been restated since that time, but it seems to me that we cannot predict what will happen in the United States except I did, on Monday in Toronto, express my concern about that possibility in certain circumstances in the United States.

Mr. Broadbent: Madam Speaker, I did not ask the minister to predict what would happen in the United States; I just asked him to make for once an unequivocal assertion that if interest rates go up in the United States, as many analysts now say they will as a result of President Reagan's address last night, the Government of Canada will not follow that policy. It is pretty straightforward. Surely even the minister could respond to that.

However, I would like to move to a different aspect of the government's policy.

* * *

● (1425)

THE BUDGET

IMPACT OF CHANGES ON INCOME TAX PAYERS

Mr. Edward Broadbent (Oshawa): The minister was busy, in his speech yesterday, boasting about the number of Canadians who were going to get a tax cut. He did not tell us which Canadians, or how much. Will the minister confirm that the average working Canadian will receive a tax cut of about $4 a week, but that as a result of the reduction of the tax rate in the top two income categories, a Canadian who earns $250,000 a year will get an actual reduction of $400 a week from this government? If that is so, is that his concept of Liberal justice for the people of Canada?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): No, Madam Speaker. I could not confirm these false statistics used by the hon. member for Oshawa. Yesterday I laid on the record the impact of these tax changes which were made in the budget, such as tax indexing, marginal rate, and so on. The impact of that upon the average industrial wage of $22,000—

Mr. Broadbent: $4 a week!

Mr. MacEachen: —in a one-wage-earner family of four members will be a tax cut of $650—

Mr. Wilson: What about energy, Allan?

Mr. MacEachen: —and that is not bad.

Mr. Broadbent: It is not bad for some, but when the government gives ten times that amount to people who are millionaires, at least some people in this country think that is a little unjust, whatever the Liberal Party may think.

* * *

FINANCE

GOVERNMENT POLICY ON DEFICIT FINANCING

Mr. Edward Broadbent (Oshawa): My last question goes to the Prime Minister, because both the Prime Minister and the Minister of Finance have said this week that further govern-

ment investment in job-creation programs at this time would not be desirable because of the impact such investment would have on the deficit. During the last election campaign the Prime Minister said that "dealing with the deficit must not be at the expense of lost jobs at a time when the economy is slowing down".

Considering that our current ratio of deficit to the gross national product is the same now as it was 12 years ago, how can he square his election promise that deficit concern would be subordinate to job creation with the government policy as expressed in the last two days in the House, which policy means, in effect, that no matter how many are unemployed in Canada, the government has no intention of creating some job investment programs which would put Canadians back to work?

An hon. Member: Oh, you'd be surprised.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member for Oshawa is falling into his usual habit of putting up straw men and then knocking them down.

Mr. Broadbent: I'm talking about one!

Mr. Trudeau: He is ascribing positions to the government which it never took, nor did the Minister of Finance, nor did I. Concerning the priority of not solving our problems on the backs of the workers, that election promise still stands. When the hon. member quotes us as saying that we will not invest in jobs, surely he is fabricating a statement—

Mr. Broadbent: Except that's not what the quotation was. Listen to the quotation.

Mr. Trudeau: Well, I will listen to the quotation. Let us hear it again.

Madam Speaker: The hon. member for St. John's West.

Mr. Trudeau: Madam Speaker, let us hear the quotation.

Some hon. Members: Oh, oh!

Madam Speaker: Order. I thought the Right Hon. Prime Minister had finished his answer.

Some hon. Members: Oh, oh!

Mr. Crombie: Same rules for everybody, eh?

Mr. Trudeau: Madam Speaker, I was in the process of indicating the moneys which we are and will be spending to create jobs. I was interrupted by the Leader of the New Democratic Party saying that, in some sense, he wanted to repeat the quotation. I was prepared to accede to him; but he does not want to take that opportunity. Let me tell him that—

Mr. Broadbent: Yes, I do!

Mr. Trudeau: —even in the budget, even in the white paper which we tabled at the time of the budget, even in the various speeches of the various ministers, we have indicated that literally hundreds of millions of dollars will be spent of federal budget money in order to create jobs.

Some hon. Members: Hear, hear!

Mr. Trudeau: Just for western transportation alone, $1,350 million will be spent.

Some hon. Members: Oh, oh!

Some hon. Members: Double-track!

Mr. Trudeau: To help rehabilitate the textile, clothing and shoe industries—

Mr. Epp: Out west?

Mr. Trudeau: —some $350 million will be spent. To assist the pulp, paper and wood industry and rehabilitate the ship-building industry, some $350 million will be spent.

Some hon. Members: Oh, oh!

Mr. Trudeau: The figures can go on. I know that this is not the time to enumerate them. But how can the hon. member say that we are not spending any money to create jobs? This is pure invention of his twisted mind.

Some hon. Members: Hear, hear!

Madam Speaker: On a further and brief supplementary, the hon. member for Oshawa.

ELECTION CAMPAIGN COMMITMENT

Mr. Edward Broadbent (Oshawa): Madam Speaker, just in case the Prime Minister is interested in the truth, and I want to quote him carefully, because I am quoting him accurately, and I hope he will reply to the substance of the question, during the last election campaign he said that "dealing with the deficit must not be at the expense of lost jobs at a time when the economy is slowing down". The Prime Minister is nodding affirmatively. He agrees with that quotation. The other day, in debate, in the House—

Some hon. Members: Question, question!

Mr. Broadbent: —the Prime Minister, and then the Minister of Finance, in response to questions, indicated that the current level of deficit was too high for more spending to take place in job creation.

My question to the Prime Minister is straightforward. Since he made this comment and promise in the 1980 election, and since it is clear, as the Minister of Finance indicated in his speech in Toronto on Monday, that unemployment is following from this—

Madam Speaker: Order. The hon. member will recognize that I permitted an additional question, but I asked him to be brief, and I would like him to be just that.

Mr. Broadbent: I simply wanted to be clearly understood, because I want the Prime Minister to have a fair chance.

By refusing to spend more because it will increase the deficit, is the Prime Minister not reneging on a commitment that he made in the 1980 election campaign when he said that he—

Some hon. Members: Order. Order!

Madam Speaker: Order.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the quotation from the campaign was to the effect that we would not reduce the deficit or we would not solve our budgetary problems by taking away or destroying jobs. That is the effect of the quote which he just read. I repeated to the hon. member the other day that when we are budgeting for more than a $10 billion deficit, it is obvious that we are not concerned with balancing the budget as much as we are concerned with creating opportunity for investment and workers. That is why there are literally, once again, billions of dollars which are planned for spending by various departments to create jobs and stimulate economic growth.

Some hon. Members: Hear, hear!

Mr. Trudeau: The only recourse that the Leader of the New Democratic Party can take is to say to spend more. We can say we would spend more and put the money on paper, but right now there are hundreds of billions of unspent dollars which are going to be spent in the plans that have been laid before Parliament.

● (1430)

An hon. Member: Hundreds of billions?

Mr. Trudeau: Let us spend that money and then, if the hon. member wants to say more, we can look at it again.

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EXTERNAL AFFAIRS

POLAND—GOVERNMENT POSITION ON IMPOSITION OF MARTIAL LAW

Hon. John C. Crosbie (St. John's West): Madam Speaker, I would like to move from the world of fantasy land to the world of Poland.

Some hon. Members: Oh, oh!

Mr. Crosbie: On Monday when the Prime Minister was asked about Poland and his earlier approval of the actions of the Polish government, he said, and I quote from Monday's *Hansard*:

I do not believe that in advance we can or should condemn the use of troops by any of our friends—

Apparently the Polish government is his friend.

The worse result in this case would have been intervention by the Soviet Union.

The Secretary of State for External Affairs has since said the Soviet Union has intervened:

—once again we must ask ourselves if there was a better scenario.

Have the Prime Minister and his government, who have now had 46 days to decide this, yet decided whether there was a better scenario than the imposition of martial law and the crushing of human rights in Poland and doing away with the rights of the trade union, Solidarity? Has that been decided, or what is the Prime Minister going to tell the world when he appears on the television program Friday or Saturday night? Was that the best scenario, or was there an even better scenario?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I have asked this question of various people, including the representative of the Polish Congress that I met the other day. I asked the hon. member what was his scenario. I have indicated that if the alternative was Soviet invasion, it was better to have martial law if that prevented Soviet invasion. My statement still stands. It is hypothetical. No one knows if the Soviets would have invaded or not.

One does know that the objective of all the western nations for the past two years has been to warn the Soviet Union against invasion of Poland, and against military occupation of that country. To that extent we have succeeded in preventing that worse scenario. I would like to hear the hon. member say that he would prefer to see Soviet troops occupying Poland and that that would be better for the Polish people than to have the Polish people themselves attempt to prevent that eventuality.

REQUEST THAT PRIME MINISTER CONDEMN IMPOSITION OF MARTIAL LAW

Hon. John C. Crosbie (St. John's West): Madam Speaker, the Prime Minister has confirmed that what happened in Poland was the best scenario, in his opinion. In my opinion it was the worst scenario.

Some hon. Members: Hear, hear!

Mr. Crosbie: There was no threat of invasion by the U.S.S.R. The government's position is confused and contradictory. Apparently the Secretary of State for External Affairs has more backbone than the Prime Minister, who is positively pusillanimous in connection with Poland. My question to the Prime Minister is this. Last Monday the Prime Minister said, and I again quote from *Hansard*:

I will have to see in what way that martial law proceeds—

He was still not prepared to condemn martial law. Later that afternoon he met with the Canadian Polish Congress and said martial law should be relaxed. What is now the position—

An hon. Member: What is yours?

Mr. Crosbie: Our position is that we are totally opposed to martial law in Poland.

Some hon. Members: Hear, hear!

Madam Speaker: Order.

Mr. Crosbie: We think this government should represent Canadians and condemn it, and not approve it as the Prime Minister did.

Some hon. Members: Hear, hear!

Madam Speaker: The hon. member is going beyond what is permissible during a question. I cannot be any more lenient with him if he does not put his question in five words, and not more.

Some hon. Members: Oh, oh!

Mr. Crosbie: Will the Prime Minister now condemn the imposition of martial law and send a stern diplomatic note to the U.S.S.R. and to Poland opposing any continuation of martial law?

Some hon. Members: Hear, hear!

Mr. Nielsen: Let's have a five-word answer.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I think it is clear that the hon. member's position is indefensible, even from the point of view of the Polish people. I quote him. The hon. member for St. John's West said that in his opinion what was happening in Poland was the worst scenario. I do not believe that. I believe the worst scenario would have been for the Soviet army with its tanks to have marched into Poland and crushed the Polish people. That, I think, would have been worse.

Some hon. Members: Hear, hear!

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REGIONAL DEVELOPMENT

FUTURE OF INCENTIVE PROGRAMS

Hon. J. Robert Howie (York-Sunbury): Madam Speaker, my question is to the Minister of Industry, Trade and Commerce. Now that the Prime Minister has announced the intended dismantling of DREE so there will no longer be a department of government concerned solely with regional economic development in Canada, will the minister tell the House whether, under his new department, the regional development incentives, formerly administered by DREE, will be available all across Canada, or will they be restricted to certain geographic areas?

• (1440)

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, what is happening is not in any way a downgrading or downplaying of the efforts and focus of the Department of Regional Economic Expansion. At the present time, and until there is appropriate legislation, the department continues to offer its help and incentive in specific areas across Canada.

I anticipate that once the activities of DREE and the Department of Industry, Trade and Commerce are integrated there will not be any lesser focus on the regional imperatives followed by DREE. If anything, there will be an enhancement of that in the interest of those areas and therefore of the entire country.

PAYMENT OF INCENTIVE GRANTS

Hon. J. Robert Howie (York-Sunbury): Madam Speaker, it is difficult to see how the enhancement will take place when the Prime Minister announces that there will be no more money. Is it the intention of the minister to pay development incentive grants to Canadian-owned firms only?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, FIRA will follow the law in this regard to offer grants to those who will offer net economic benefits to the less advantaged regions of the country. That is the purpose, to enhance economic activity and permanent job creation in less advantaged areas of our country. This is what we are doing now and will continue doing, and our intention is to do it in a more effective and focused manner than before.

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MANPOWER

FORECASTED SHORTAGE OF SKILLED WORKERS IN ONTARIO

Mr. Roland de Corneille (Eglinton-Lawrence): Madam Speaker, my question is for the Minister of Employment and Immigration. The minister is probably aware of a report from the Ontario government, the Manpower Commission, which forecast that Ontario faces a shortage of between 38,000 and 48,000 highly skilled workers in the next five years. Could the minister indicate what our government is prepared to do to prevent this provincial forecast and overcome this critical shortage?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, the report that was prepared for the Ontario Manpower Commission simply enforces findings that were put forth by the parliamentary task force that was chaired by our colleague, the member for Notre-Dame-de-Grâce-Lachine East. It simply indicates to us that it is a major priority, and in response to that task force and other representations we put forward in the first week of January a proposal for a new national training program which would shift the priority of federal support into those areas where the skill shortages are greatest. At the same time, the proposal is to

provide assistance to modernize the training institutions and the industrial training programs across Canada.

We believe very strongly that it is important to establish a national set of priorities so that we can address the problem not just in Ontario but across the country. We think that is one of the most effective ways to meet both the demand for skilled labour and also to provide a major stimulus for economic growth in Canada.

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[*Translation*]

INDUSTRY

EMPLOYMENT—INQUIRY WHY GOVERNMENT DID NOT ESTABLISH SHIPBUILDING POLICY

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, my question is directed to the Minister of Industry, Trade and Commerce and Regional Economic Expansion. My question concerns an announcement made yesterday by Gulf Canada that a contract had been signed with Japanese shipyards for the construction of an icebreaker to be used in the Canadian Arctic. When the minister appeared before the Standing Committee on National Resources and Public Works, he promised to set up a program for the purpose of keeping shipbuilding projects in Canada. According to our calculations, shipping companies that have had ships built outside the country during the last two years have made Canadian workers lose 10,000 person-years. Could the minister inform us whether our figures are correct and could he also tell us why the government has as yet failed to develop an effective marine industry policy and why it has actually created more jobs in Japan than in Canada at a time when many workers in the Atlantic provinces, Quebec, Ontario and British Columbia need these jobs?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, I shall be glad to check the figures provided by my hon. colleague as well as the facts on the contract that Gulf Canada is said to have signed with Japanese shipbuilders. I remember that not long ago, Gulf Canada announced it was giving out contracts for the construction of ships in Canadian dockyards, and the hon. member may recall that last August I announced a new government policy that would be aimed at giving Canadian industries and workers a chance to compete on an equal basis for participation in the economic and industrial spin-offs of our megaprojects. This policy is being implemented and we have almost finished work on a policy to stimulate shipbuilding in Canada by Canadian industries. I feel that we are making considerable progress and that this will continue.

[*English*]

CONSTRUCTION OF VESSELS IN CANADA

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, the fact of the matter is that month after month, in spite of the minister's announcements and good intentions, we see ship after ship and project after project going offshore. Unfortunately, we have not seen good delivery.

Could the minister give us some indication when ships will be built in Canada, particularly in the province of Quebec where there is talk about shutting down a major shipyard because they need a project such as the one being built in Japan?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, as I said just before Christmas, Gulf is giving contracts to Canadian shipyards to build ships for its offshore activity. We have recently given substantial assistance to companies such as Burrard Yarrows in British Columbia, Saint John Shipbuilding and Dry Dock Company in New Brunswick, and the Halifax shipyard in Halifax, Nova Scotia, to extend their facilities to enable them to be more competitive and to build more of the vessels for offshore and world activities. We intend to continue doing that with this effort buttressed by our recently announced program to ensure on a full, fair and competitive basis, industrial spin-offs from our megaprojects to companies in Canada and Canadian workers. I think we are making a substantial effort, and we will be adding to that effort for workers and shipyards in every part of our country.

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ADMINISTRATION OF JUSTICE

FREEDOM OF SUSPECTED ACCOMPLICE OF CLIFFORD OLSON

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, my question is for the Solicitor General. It concerns the Clifford Olson case. As I mentioned in a motion under Standing Order 43, a known suspected accomplice is loose on the streets. On October 16 the Solicitor General told my colleague from Central Nova that he was fully aware of the circumstances of the Olson case. I have known for some time that this suspected accomplice was about, and immediately reported it to the authorities.

I would now ask the minister, without giving any disclaimers about provincial responsibility, and knowing full well that he cannot be involved in the day to day investigation, if he is now fully informed about the Olson case and what action he has taken about the suspected accomplice.

Hon. Bob Kaplan (Solicitor General): Madam Speaker, I am not responsible for the laying of charges, particularly in offences that are under the Criminal Code to be administered under the responsibility of the Crown in the provinces. The hon. member mentioned, in his motion under Standing Order 43, that there were outstanding charges against Mr. Ludlow. I

do not think the hon. member should invite me to make statements that might prejudice a fair trial.

INQUIRY INTO MANDATORY SUPERVISION

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, for some time now the Solicitor General has been conducting an inquiry into the effectiveness of mandatory supervision. In light of the new cause for concern across Canada due to the Olson case about the effectiveness of the entire justice system, would the Solicitor General first of all tell us if he has completed his inquiry into the effectiveness of mandatory supervision and, in light of the concern of Canadians, will he now extend that inquiry into a full public and independent inquiry into the effectiveness of the entire justice system?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, I would remind the hon. member that at the time of the offences which were the subject of the conviction of Clifford Olson, he was not under mandatory supervision. His warrant had expired and he was a free man.

As to the question of the study under way on mandatory supervision, that study has been completed and I have consulted with the interested members of the private sector, the Canadian Association of Chiefs of Police, and many other groups. I have their views, and I am planning to go to cabinet shortly with proposals for change.

Again, I would remind the hon. member that mandatory supervision is in the law which was established by this Parliament. Neither the Solicitor General nor any other official has the authority to change those rules outside Parliament, so that whatever changes I propose and are accepted by the cabinet will have to be brought forward to this House. When they are brought forward, which I expect in the not too distant future, I hope they will receive more prompt consideration than some of the other important changes to the criminal justice system I have brought forward in legislation to this House and which have been stalled here.

● (1450)

USE OF TRUTH-INDUCING DRUGS

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, my question is directed to the Solicitor General. I remind him that while Mr. Olson was out on the street he was wanted on outstanding charges in Sydney, Nova Scotia, and Williams Lake.

In view of the unusual circumstances which have arisen here, and certain questions having been raised about methods in certain areas of the administration of justice, and the perception that there were parts of the scenario about which the Solicitor General was not fully informed, has he ever been informed by his advisers whether sodium pentothal or truth-inducing drugs have been used on witnesses or accused persons?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, that is a very general question. I am aware of the use and value of that drug, but I would want to have a specific question before giving a specific answer.

* * *

NORTHERN AFFAIRS

IMPACT OF TRANSFER OF FEDERAL SALES TAX FROM MANUFACTURING TO WHOLESALE LEVEL

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, my question is directed to the Minister of Finance. I would like to ask him whether a study has been made as to the impact of transferring federal sales tax from the manufacturing to the wholesale level on the residents of northern and remote regions of our country. As the minister knows, most of the high cost of living in the north is associated with freight. The practice now, of course, will be that northerners will have to pay federal sales tax on one of the main components of their high cost of living, namely, freight. Has a study been undertaken into the cost to northerners of that particular provision in the budget, and can the minister report on it?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, we have attempted to assess the general impact upon the economy of these changes to the sales tax. It should be made clear to hon. members that there will be a great deal of opportunity to consider these changes and to examine their impacts before the legislation will be brought in and before it will be enacted.

REQUEST FOR CHANGE IN POLICY

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, as the minister knows, neither in his budget nor in his statement has he dealt with the whole question of northern benefits, knowing full well that in some areas of our country the cost of the most essential items is sometimes two and three times what it is in the more populated regions of our country and that there is in place a certain tax remission or remission order. Can the minister tell us what terms of reference will be used to develop a policy which will bring about a greater degree of equity and fairness with respect to taxation on northerners generally? What he has done so far has been to place an additional burden on northerners by virtue of moving the sales tax from the manufacturing to the wholesale level, knowing full well that there are very few manufacturing facilities in the north. Most goods are shipped to wholesalers before they are distributed.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the general effect of the changes in the sales tax we are proposing will be to benefit domestic manufacturers but, as the hon. member will recall, we did extend the remission order for an additional year. As I stated in the budget papers, it is my intention to examine what alternative instruments can be put in place in order to meet the

requirements of that part of the country, such as an expenditure program rather than through the tax system.

* * *

THE BUDGET

EFFECT ON AUTOMOBILE SALES PERSONNEL

Hon. Jake Epp (Provencher): Madam Speaker, I would like to direct my question to the Minister of Finance. It relates to the budget proposal whereby the minister will now assess to car salespersons 30 per cent of the wholesale value of the demonstrator cars they use in the course of selling cars. The minister knows that the car business has been in a slump over the last few years. We obviously want that business to increase.

In view of the fact that in December the average wholesale price of a car was $10,000, which adds $3,000 to the average taxable income of these salespersons, is the minister considering withdrawing that provision from the budget, or at least reducing that amount of taxation in order to reflect more closely the state of that industry?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): No, Madam Speaker. As I have stated in reply to a number of other representations, we will have an opportunity to consider the impact of all these measures in the very long debate which has been previewed for us by the Leader of the Opposition.

* * *

FINANCE

TAXATION OF ROAD EXPENSES INCURRED BY AUTOMOBILE SALES PERSONNEL

Hon. Jake Epp (Provencher): Madam Speaker, my supplementary question is directed to the Minister of National Revenue. On December 18 the minister again hid behind a stock answer and said that he would deal with these tax provisions with equity and fairness. Regarding the provision of 30 per cent of taxable income for car salespersons, and specifically in view of the state of the industry at this time—for example, there are 1,200 car salespersons in Manitoba alone, so it is a large number of people who are affected—could the minister explain why, if it is dealing with fairness and equity, his own department has submitted a letter to car salesmen and the Canadian Automobile Dealers Association saying that road expenses for these people will be taxed retroactively to 1979 and 1980? These are road expenses which had been accruing and had been used to sell automobiles. Why is the minister now going back to 1979 and 1980 in order to tax these people on road expenses which previously had been allowed?

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, indeed it is the intention of the government to deal in fairness and equity both in the matter of law and in the matter of the application of the law. With regard to the matter about which the hon. member talks, I will certainly look into that because I can assure the hon. member it is not our intention to put an unfair burden on people. It is, indeed, our intention to deal with them with fairness and equity.

* * *

SOCIAL SECURITY

QUERY RESPECTING PROGRAMS TO ERADICATE POVERTY

Mr. Neil Young (Beaches): Madam Speaker, my question is directed to the Minister of National Health and Welfare, and it also deals with equity and fairness. In the last election campaign the Liberal Party made this promise:

> The Liberals are committed to reduce poverty in Canada and to ensuring economic and social fairness for all Canadians.

How does the minister square this promise with the recent report from the National Council on Welfare which shows that some three million Canadians still live in poverty in Canada, that over half of all single pensioners over the age of 70 live in poverty, and that the distribution of income in this country has not changed since 1951? Can the minister tell us when we can expect programs to eradicate poverty in Canada?

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, the hon. member is addressing one of the constant problems in any society, and he wants me to solve it now when we also have a tight economic situation. I do not think his question is serious or responsible in that respect.

I can send the hon. member recent statistics on the fight against poverty in Canada. I discussed this with university students in Toronto two days ago. Those statistics show that over recent years the rate of absolute real poverty in Canada has decreased from 20 per cent to 12 per cent.

Of course there is still work to be done. What we have accomplished up until now has been to index fully—at a cost of millions of dollars—the Child Tax Credit, for example, which is now almost $300 non-taxable per child. In the coming months this will go to thousands of mothers of families who are most in need at the present time.

REQUEST FOR INCREASE IN BENEFITS PAID TO SINGLE WOMEN OVER 65 YEARS OF AGE

Mr. Neil Young (Beaches): Madam Speaker, my supplementary question is directed to the Minister of Finance. The Minister of Finance knows—or should know—that the vast majority of single women over age 65 live in poverty. The Minister of National Health and Welfare has certainly publicly stated that fact. Will the Minister of Finance agree to bring in amendments to his budget to use some of the additional revenue the government will gain from both the energy agreement and from additional taxation to increase immediately benefits for those single women over age 65 who are living in

poverty and who rely on welfare to receive an adequate retirement income?

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, I would like to make one correction to the statement of the hon. member. These people do not receive welfare. They receive the Federal Guaranteed Income Supplement which is more than the amount of welfare payments, which are provincial. As soon as we can—when the economy picks up again—we will, as our first priority, increase their monthly benefits again. The description the hon. member makes is false. I should like to add that he should also address the problem of those from age 60 to 65. If the provinces wanted to—if Ontario decides tomorrow to bring the welfare payment to a decent level, which is not the case to date, we would immediately pay back 50 per cent of that. But it cannot be a federal initiative; it must come from the province.

● (1500)

Madam Speaker: I have notice of a question of privilege from the hon. member for Hamilton Mountain (Mr. Deans).

* * *

PRIVILEGE

MR. DEANS—IMPLEMENTATION OF TAXING MEASURE

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I rise on what I consider to be a very important matter of privilege. I wish to place before the House a situation which I believe, when carefully considered, constitutes not only a breach of privilege of a Member of Parliament and a contempt of Parliament, but is fundamentally an act of illegality.

I anticipate that a claim may be made that there is precedent which justifies the act which I am about to place before you. I hope to be able to deal with that claim should it arise, however, by referring to certain case law that is already in existence and available both to you, Madam Speaker, and to the House.

I am sure that you are aware that, as a result of the budget brought forward by the Minister of Finance (Mr. MacEachen), certain taxing measures have now been implemented in this country in advance of any law having been passed by Parliament.

I want to suggest that if there is any doubt about the authenticity of that claim one need only call, as my office did, to the Department of National Revenue to ascertain—

Madam Speaker: Order, please. The hon. member has now been talking for a few minutes but has not given me any indication yet of the basis of his question of privilege. I would ask him to state that forthwith and to elaborate upon it for a few minutes if he feels that he needs to, but I must know the basis of the question of privilege.

Mr. Deans: Madam Speaker, the privilege I raise is that there is an act in Canada at the moment, that a procedure is being followed in Canada at the moment, which imposes a tax for which no approval has been given by Parliament and regarding which members of Parliament, in the exercise of their duty, have been ignored. The opportunity for me as a Member of Parliament adequately to represent not only my own view but the views of the people of Canada with regard to the appropriateness of the measure currently in force in the country has not been afforded me. I therefore claim the privilege that I have to be given an opportunity in Parliament to deal with acts of Parliament in advance of their implementation.

Madam Speaker: The hon. member seems to be bringing up a question of the legality of certain things which have been implemented by the government. I would remind the hon. member that the Speaker is in no way capable of determining the legality of certain actions. If the hon. member feels something illegal has taken place, the appeal, of course, is not to the Speaker but is available in some other form.

Mr. Deans: If you will permit me, Madam Speaker, I would point out that the illegality of the act goes without saying. The question of whether or not I am being given an opportunity to adequately represent my constituents and the people of Canada in dealing with tax measures that the government may or may not bring forward some day, legally or illegally, is not the issue. The issue is that as a Member of Parliament representing people in this country who are having money illegally taken out of their pay packet by employers all across the country, I have not had an opportunity to express the concerns of those people in the House of Commons.

I simply ask, Madam Speaker, that you allow me two minutes to explain the point.

There is case law which quite specifically states that it is not appropriate to collect a tax for which there is no law in force. I would refer you, Madam Speaker, to the case in the British Parliament in 1913 of *Bowles v. The Bank of England.* In that case the Bank of England collected a tax on behalf of the government of England for which there was no law. In the judgment—

Madam Speaker: Order. The hon. member is obviously arguing along lines which I cannot accept as being the basis of a question of privilege.

Mr. Baker (Nepean-Carleton): He has made a good case but it is in the wrong court.

Madam Speaker: That is right. The case might be a good one but it is not a question of privilege. Unless the hon. member can demonstrate to me that he has a question of privilege as defined by our rules, I am afraid I will not be able to recognize him further. I would ask him not to pursue the line of argument he has started because that indicates to me quite clearly that he does not have the basis for a question of privilege.

Mr. Deans: Then let me ask, Madam Speaker, whether it is a privilege of a Member of Parliament to be able to deal with

legislation proposed by the government before that legislation is enacted. Is that not a privilege of a Member of Parliament? Is that not one of the reasons why we are sent here—

Some hon. Members: Hear, hear!

Mr. Deans: —that there be no taxation without representation?

Some hon. Members: Hear, hear!

Mr. Deans: Is that not a privilege of a Member of Parliament? I want to suggest that if it is not a privilege of a member to be able to deal with legislation in advance of its implementation, then what in heaven's name is the Parliament of Canada here for?

I put it to you, Madam Speaker, that it is my firm belief that as a member of this House I have not been given the opportunity to deal with a taxing measure and that taxing measure has already been put into force as a result of a directive given by the Minister of National Revenue (Mr. Rompkey) to employers from coast to coast.

I suggest that it is a contempt of this Parliament for a minister to allow his ministry to put a law into force in advance of its being dealt with in principle by this House of Commons. I suggest further that it is a contempt of my privilege as a member to tax my constituents without a law authorizing that tax which has been passed by this House of Commons. I put it to you, Madam Speaker, that it is clear that, notwithstanding a claim that this has been done in this way for centuries, the truth of the matter is in the final statement of the summation in the judgment I referred to, where it is quite clearly stated:

> It was finally settled there could be no taxation in this country except under authority of an act of Parliament, and no practice or custom, however prolonged or however acquiesced in on the part of—

Madam Speaker: Order, please. If it is the contention of the hon. member that that case resembles the one which he makes now, then he should bring it before the courts and not to the Speaker as a question of privilege. I am afraid that I definitely have to rule that the hon. member for Hamilton Mountain does not have a question of privilege based on what he has just exposed to me.

Mr. Svend J. Robinson (Burnaby): Madam Speaker, I wish to raise a question of privilege which to some extent is related fairly closely to the question of privilege raised by the hon. member for Hamilton Mountain (Mr. Deans).

As a member of this Parliament I was elected by my constituents to represent—

Mr. Baker (Nepean-Carleton): They may reconsider that.

Madam Speaker: Order. The hon. member may not refer to a question upon which I have just ruled. I know that he wanted to elaborate on the question of privilege raised by the hon. member for Hamilton Mountain, but in light of the ruling which I have just made, he must know that it is not permissible.

• (1510)

Mr. Robinson (Burnaby): I would in no way wish to question Your Honour's ruling.

Some hon. Members: Oh, oh!

Mr. Robinson (Burnaby): However, Your Honour stated that, on the basis of information heard from the hon. member for Hamilton Mountain, a question of privilege did not arise. I am not questioning that ruling, but I have further information which I would—

Madam Speaker: Order, please.

Mr. Robinson (Burnaby): This government is arrogant. We are Members of Parliament and we have a right to be heard.

Madam Speaker: Order, please. No one will deny that the hon. member has a right to be heard, but the right to be heard in the House is subject to certain rules. I would ask him to read the rules and he will know that if he has a new question of privilege which he wants to raise, he must give me notice of it. I could not hear it at this time, but at another time on another day, if the hon. member sends me notice of the question of privilege. Is the hon. member rising on a point or order?

Mr. Robinson (Burnaby): Madam Speaker, indeed I am. Perhaps Madam Speaker overlooked that I gave her notice of a question of privilege during question period. The fact of the matter is that Madam Speaker has that notice and I should like an opportunity to elaborate upon it.

Madam Speaker: Order, please. Yes, I received a notice which said that the hon. member wanted to elaborate on the question of privilege raised by the hon. member for Hamilton Mountain. That is not allowed at this time because I have ruled on the question of privilege of the hon. member for Hamilton Mountain.

Mr. Robinson (Burnaby): Madam Speaker, I do not wish to belabour the point, but there are certain facts which I have a right to put forward in Parliament, and I am being denied that right.

Madam Speaker: Order. The hon. member must accept the consequences of the fact that sufficient facts were not brought forward to allow me to rule that there might be a prima facie case of privilege in the case of the hon. member for Hamilton Mountain. If the hon. member for Hamilton Mountain cannot indicate to me that he has the basis for a question of privilege, I fail to see how another member could do it for him. If the hon. member has a question of privilege he should like to bring up at another time and gives me proper notice, I will hear him, but not at this time. I am just warning the hon. member that I will not hear him any more on this particular point.

Mr. Waddell: Madam Speaker, I rise on a point of order. I feel that you did not give us sufficient chance to make the point.

Some hon. Members: Oh, oh!

Mr. Baker (Nepean-Carleton): They are trying to hijack Parliament, Madam Speaker.

Madam Speaker: Order. Hon. members create their own chance. If in the first sentences they indicate to me that they might have something which is the basis of a question of privilege, then they are allowed to continue the elaboration of that question of privilege. But when after three or four minutes there is nothing in the argumentation which allows me to think that there could be the basis of a question of privilege, then yes, indeed, they have ruined their chances.

Mr. Waddell: Madam Speaker, on a point of order, surely some of us who perhaps have had legal experience can see a point that you raised—

Some hon. Members: Oh, oh!

Mr. Baker (Nepean-Carleton): Such disrespect!

Madam Speaker: Order. The hon. member is suggesting that one would need legal experience in order to interpret the rules of the House. I would challenge that statement.

Mr. Waddell: Madam Speaker, on a point of order—

An hon. Member: Sit down.

Madam Speaker: I cannot hear the hon. member commenting any more on the ruling I have just made.

MR. FLIS—REMARKS OF MR. CROSBIE

Mr. Jesse P. Flis (Parkdale-High Park): Madam Speaker, I rise on a question of privilege because a member of the House during today's question period discriminated against 400,000 Canadians of Polish descent and offended 35 million people in Poland. I refer to the words coming from the mouth of the hon. member for St. John's West (Mr. Crosbie):

Some hon. Members: Order, order!

Mr. Elzinga: Sit down.

Madam Speaker: I am afraid that is not a question of privilege either.

ROUTINE PROCEEDINGS

[*Translation*]

WAYS AND MEANS

TABLING OF MOTION

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, in accordance with Standing Order 60(1), I wish to table a notice of ways and means motion on the petroleum and gas revenue tax.

Madam Speaker, in accordance with Standing Order 60(2), I also ask you to designate the order of the day necessary for the consideration of this ways and means motion and of ways and means motions Nos. 35, 36 and 38 as listed in the Order Paper and Notices.

* * *

[*English*]

PETITIONS

MR. SHIELDS—EFFECT OF BUDGET ON CITIZENS OF FORT McMURRAY

Mr. Jack Shields (Athabasca): Madam Speaker, I have the duty to present a petition on behalf of a number of constituents who live in the city of Fort McMurray in northeastern Alberta. The purpose of this petition signed by 8,285 citizens of the riding of Athabasca is to petition the government to recognize the unique role which Fort McMurray plays in the development of the Athabasca oil sands megaprojects and the devastating effect that the November budget will have on the residents of Fort McMurray who, because of the city's relative isolation, experience costs for goods and services 20 per cent higher than in Edmonton, 500 kilometres south.

The nature of the petition is to request that the government take action to reinstate tax exempt employee benefits used to attract workers to Fort McMurray, such as interest-free loans for home purchases, vehicle allowances, subsidized rents and utilities, etc. The petitioners hope, in Madam Speaker's examination of this petition, that you will find the petition in order, sense the urgency of their plea, and that you might use the discretionary powers vested in your office to allow discussion and referral of this petition to the Standing Committee on Finance, Trade and Economic Affairs at the earliest possible moment.

MR. BRADLEY—POLAND—IMPOSITION OF MARTIAL LAW

Mr. Bud Bradley (Haldimand-Norfolk): Madam Speaker, I have the honour and duty to present a petition on behalf of my constituents. The purpose of this petition signed by some 349 citizens of the Dunnville area is to indicate to the government their great concern about the imposition of martial law in Poland. The nature of this petition is to ask our government's insistence that martial law imposed in Poland be rescinded immediately and that all arrested and detained members of

Solidarity, workers, intellectuals and dissidents be released right away. The petitioners hope, Madam Speaker, that in your examination of their petition you will find it in order, sense its urgency and allow its reading in the House.

* * *

FARM CREDIT ACT
FARM LOANS INTEREST REBATE ACT

MEASURE TO AMEND—MEASURE TO ESTABLISH

Hon. E. F. Whelan (Minister of Agriculture) moved for leave to introduce Bill C-88, respecting loans to farmers.

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

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 3,055, 3,288, 3,303, 3,323, 3,365, 3,458 and 3,508.

[*Text*]

RELOCATION TASK FORCE

Question No. 3,055—**Mr. McKenzie:**

1. With reference to section 10.36 of the 1980 Report of the Auditor General, what are the specific terms of reference of the Relocation Task Force within the Department of Veterans Affairs?

2. What is the structure of the task force and to whom does it report?

3. Will the task force be responsible for preparing (a) a post-relocation analysis of its role in the over-all move (b) an analysis of the relative merits and demerits of the move from an internal perspective (c) a comparison of planned and actual achievements in terms of progress, manpower used and costs incurred?

4. Do other departments anticipating relocation have such task forces and, if so, do they communicate with the Relocation Task Force in order to better understand the multitude of factors involved?

Hon. W. Bennett Campbell (Minister of Veterans Affairs): 1. General accountability: The Director, Relocation Task Force, is accountable for the relocation of the headquarters of Veterans Services, Veterans Land Administration and the Administrative program of the Department of Veterans Affairs and the related agencies of the Canadian Pension Commission, the War Veterans Allowance Board, the Bureau of Pensions Advocates and the Pension Review Board from Ottawa in the National Capital Region to Charlottetown, P.E.I.

Specific accountabilities: Implements a concept of a headquarters operations away from the national capital, with particular emphasis in the required interface with Parliament, the government, and other agencies and departments in the National Capital Region.

Ensures the effective co-ordination (in terms of time costs and minimal disruption to clients) of all phases of the project with all functional areas and all operational changes involved.

Ensures the maintenance of the portfolio's management information base during relocation period by the documentation of all systems and procedures in the portfolio.

Ensures development of accommodation and facilities specifications and maintains a continuous working relationship with Public Works project officers during design, development and construction of the new building.

Ensures that personnel movement plans for employees are developed and implemented within appropriate time-frames.

Ensures that manpower plans involving effective communication to all staff are developed and implemented to enable adherence to relocation schedule by maintaining close liaison with representatives of employee organizations.

Ensures that Veterans Affairs is represented at the appropriate level during discussions and negotiations with other government departments, central agencies and provincial government on relocation matters.

Ensures that the Treasury Board Secretariat, the minister, and senior portfolio management are continuously well briefed on progress of the project.

Ensures good public relations, through contact with media representatives, and through prompt attention to all ministerial and other enquiries.

2. The Director, Relocation Task Force reports to the Director General, Administrative Operations.

Reporting directly to the Director, Relocation Task Force are six officers, as follows:

Project Manager, Planning Implementation and Co-ordination;

Project Manager, New Facility;

Project Manager, Information and Personnel Management;

Co-ordinator, Relocation Task Force (Charlottetown);

Project Manager, Interim Systems and Special Projects;

Administrative Services Officer.

3. (a) No.

(b) No.

(c) Yes.

4. Yes, with respect to departments that have relocation task forces.

AVIATION SAFETY

Question No. 3,288—**Mr. Skelly:**

1. With reference to volume II of the Report of the Commission of Inquiry on Aviation Safety conducted by Mr. Justice Charles Dubin, does the report indicate a serious concern about safety problems related to working conditions of commercial pilots?

2. Does the Minister of Transport intend to define "duty time" for pilots to prevent employers from requiring that pilots not work more than a regular

eight-hour day or more than a five-day week and, if so, what will be the definition?

3. Are commercial pilots often required by employers to fly in adverse or marginal weather conditions or to fly aircraft in over-loaded conditions or to operate aircraft upon which maintenance procedures have not been properly carried out and do employers threaten to dismiss them or threaten not to promote or recommend them if they refuse to fly and, if so, does the Minister of Transport intend to create an arbitration procedure to hear cases concerning commercial pilots who have been dismissed for refusing to fly unsafe aircraft and does the minister intend to give any arbitration board the power to reinstate the pilot and to order the employer to pay lost wages and damages?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): 1. Yes.

2. Duty time for pilots is presently covered by information circular 0/3/73 dated March 12, 1973, and which addresses duty time under two headings. Flight time is defined as "the total time from the moment an aircraft first moves under its own power for the purpose of taking off until the moment it comes to rest at the end of the flight".

Flight duty time is defined as: "the time necessary to prepare for, execute and terminate a flight or series of flights and the administrative functions associated therewith".

The information circular recommends the following flight time limitations: 120 hours in any month; 300 hours in any quarter; and 1,200 hours in any year. In addition, flight duty time is recommended to be normally limited to 15 hours in any day unless provisions are made to allow for increased times. (e.g. relief pilots carried on board the aircraft). The circular also recommends rest periods of eight consecutive hours of prone rest between periods of flight duty time.

Legislatively, Air Regulations section 411 (C.R.C. c.2) states: "No person shall act as a flight crew member and no operator shall require a person to act as a flight crew member if either the person or the operator has any reason to believe, having regard to the circumstances of the particular flight to be undertaken, that the person: (a) is suffering from or is likely to suffer fatigue, or (b) would be otherwise unfit to properly perform his duties."

Detailed questionnaires were sent to all commercial pilots in Canada to elicit their views on flight-time limitations, the results of which are now being analysed to determine the validity and effectiveness of existing flight-time guidelines and regulatory requirements.

3. Vol. II of the Report of the Commission of Inquiry on Aviation Safety states on page 361 that: "During the course of the inquiry . . . the commission learned of overloading, falsification of logbook entries, flying below legal limits in bad weather, pressure on pilots to push weather limits, pilots working hours greatly in excess of the established guidelines, maintenance engineers signing maintenance logs without the required work having been done, and other unsafe practices."

The question of follow-up action related to these findings, i.e. arbitration procedures, will be addressed by Justice Dubin in volume III.

MAINTENANCE OF AUTOMATIC RAILWAY SIGNALS

Question No. 3,303—**Mr. Cossitt:**

1. Did the Railway Transport Committee of the Canadian Transport Commission receive a communication from the county engineer of the united counties of Leeds and Grenville objecting to the fact that CNR has been invoicing the united counties for the maintenance of automatic railway signals at county roads 5 and 9 in the constituency of Leeds-Grenville?

2. Is the railway out of service and, if so (a) what are all the reasons which justify making the municipality pay for the maintenance of signals where the railway does not operate (b) will the committee order the CNR to refund to the municipality any invoices paid since the railway ceased service in the area?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): The Canadian Transport Commission advises as follows:

1. Yes. Considering the comments of the county engineer for the united counties of Leeds and Grenville along with the present level of rail traffic, the continued requirement for the provision of automatic protection at the two county roads will be reviewed.

2. No. (a) and (b) Not applicable.

USE OF UNTRAINED FLIGHT ATTENDANTS

Question No. 3,323—**Mr. Skelly:**

1. Did volume II of the Report of the Commission of Inquiry on Aviation Safety state that the use of untrained flight attendants by airlines was a major safety hazard in the event of an emergency?

2. Did the Department of Transport waive or ignore normally accepted procedures in order to accommodate Wardair when that airline locked out its flight attendants and hired untrained people to take the jobs of the locked-out employees?

3. Does the minister intend to recommend legislation that will prevent airlines from leaving stranded employees away from home during a labour dispute by denying them passage home or by encouraging other carriers not to provide stranded employees with passage home?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): 1. Yes. Volume II of the inquiry, tabled in the House of Commons on October 22, 1981, referred to a particular case by stating "there were, therefore, serious safety implications in the event of an emergency" (page 469). This issue is also referred to in testimony (page 458).

2. No. The content and quality of the safety and emergency training was fully in accordance with Wardair's normal cabin attendant training program as approved by Transport Canada.

3. No.

VESSEL "MAISONNEUVE"

Question No. 3,365—**Mr. Crosby:**

1. During the years 1975 to 1980, did the Minister of Transport or any other Member of Parliament board the vessel *Maisonneuve* and, if so, on what date and for what reason?

2. During which months of the year does the vessel operate and how much of this time is spent in the promotion of the port of Montreal?

3. Does the minister consider that the expenditures for the maintenance of the vessel are a reasonable and prudent dispersement of public funds?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): The National Harbours Board advises as follows:

1. During the years 1975 to 1980 the Minister of Transport did not board the vessel *Maisonneuve*. Eight Members of Parliament boarded the vessel on June 14, 1976. They were invited by Mr. J. M. Chabot, chairman of the Port Authority who was accompanied by Mr. Roger Beauchemin, vice-chairman of the Port Authority. The purpose of the meeting was to discuss the following:

(a) Jacques-Cartier Pier as a possible site for a future container terminal.

(b) "Le Vieux Port de Montréal"—status report on its development.

(c) ILA labour problems and their effect on port authorities.

2. The vessel operates from the beginning of April to mid-December, on average. A total of 120 hours per annum is spent on port promotion during the months of June, July and August.

3. Yes.

CMHC INFORMATION KIT

Question No. 3,458—**Mr. Blenkarn:**

Did the Canada Mortgage and Housing Corporation pay to have an information kit prepared in connection with the government's proposed assistance to home owners to carry their mortgages as set out in the budget and, if so, what amount and what was the (a) cost of each information folder (b) total cost of preparing all of the folders?

Hon. Paul J. Cosgrove (Minister of Public Works): I am informed by Canada Mortgage and Housing Corporation as follows: CMHC prepared in its own print shop approximately 2,025 kits with information concerning the Canada Mortgage renewal plan. Two types of kits were prepared. One, prepared for Members of Parliament and Senators, contained 32 pages and cost $1.67 per unit. The other, prepared for the general public, contained 24 pages and cost $1.39 per unit. The total cost for all information kits was $2,926.75 and the average unit cost of all the kits was $1.45.

WAVE DAMAGE IN ST. LAWRENCE SEAWAY

Question No. 3,508—**Mr. Cossitt:**

1. Did the government conduct a survey of the damage done by waves made by large speeding vessels in the area of the St. Lawrence Seaway between the upper end of the locks at the eastern end of the Seaway and the entrance to Lake Ontario and, if so, what were the results?

2. Did the government take or does it plan to take steps to slow down the speed of such vessels in areas where damage has been done to property on the shoreline?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): In so far as the St. Lawrence Seaway Authority is concerned:

1. No.

2. Speed limits are imposed on vessels transiting the Montreal-Lake Ontario section to prevent damage to property on the shoreline. An enforcement program is carried out on an ongoing basis. To date, the speed of 1,903 commercial vessels and 120 tour boats has been checked. The U.S. Seaway entity carries out a similar program.

* * *

[*English*]

QUESTIONS PASSED AS ORDERS FOR RETURNS

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if questions Nos. 3,274 and 3,507 could be made orders for return, these returns would be tabled immediately.

Madam Speaker: Is that agreed?

Some hon. Members: Agreed.

[*Text*]

CMHC MORTGAGE INSURANCE FUND

Question No. 3,274—**Mr. McGrath:**

1. Were housing units repossesed by the Canada Mortgage and Housing Corporation under the Mortgage Insurance Fund and, if so, how many are currently vacant and in what centres are they located?

2. In 1980, for urban areas alone, what was the estimated number of households paying more than 30 per cent of their gross income for (a) substandard crowded accommodation (b) adequate shelter?

3. What proportion of the existing housing stock in Canada is substandard and in need of rehabilitation and modernization?

4. With reference to section 44 of the National Housing Act, how many units were under administration as of December 31, 1980, for the following defined public housing (a) provincially-owned rental-CMHC financed (b) provincially-owned rental-provincially financed (c) provincially-leased-rental (d) non-profit/co-op units?

Return tabled.

SPEED LIMITS ON ST. LAWRENCE SEAWAY

Question No. 3,507—**Mr. Cossitt:**

1. During the 1981 navigation season on the St. Lawrence Seaway, how many large vessels were found to be speeding over the permitted limits in the area between the upper end of the locks at the eastern end of the seaway and the entrance to Lake Ontario and, in each case, what was the (a) name, nationality and size of the vessel (b) cargo (c) name of the captain (d) location of the offence (e) exact penalty imposed (f) number of warnings issued and the amount of fines imposed (g) manner in which the offence was determined?

2. What are the speed limits for each section of the seaway in this area and what are all the methods of enforcement now being used?

Return tabled.

[*English*]

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

● (1520)

Mr. Blackburn: Madam Speaker, I would like to remind the parliamentary secretary that it is almost a year since I asked

question No. 2,250. This question has to do with the government's active pursuit and investigation of the possibility that there are former German Nazis living in this country. This is the fourth time in almost a year that I have raised this question. The last time the parliamentary secretary replied to my intervention he said that he would as expeditiously as possible see to it that the question was answered.

I ask this question again, Madam Speaker, in view of the fact that it is part of the policy of our present Solicitor General to pursue that investigation. I am not asking for a witch hunt; I just want to find out whether or not the government is pursuing an investigation of former Nazis presently resident in this country. It is a simple question and it is about time it was answered.

Mr. Smith: Madam Speaker, I will again endeavour to see what can be done to expedite the answer in this matter.

Madam Speaker: Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

* * *

MOTIONS FOR PAPERS

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, Notices of Motions for the Production of Papers Nos. 46 and 47 in the name of the hon. member for Mississauga South (Mr. Blenkarn) are acceptable to the government. I ask, Madam Speaker, that the other Notices of Motions for the Production of Papers be allowed to stand.

Madam Speaker: Is it the pleasure of the House that Notices of Motions for the Production of Papers Nos. 46 and 47 be deemed to have been adopted?

Some hon. Members: Agreed.

[*Text*]

COPY OF FINANCIAL REPORT OF CN TOWER LIMITED

Motion No. 46—**Mr. Blenkarn:**

That an order of the House do issue for a copy of the financial report of CN Tower Limited and its subsidiary companies in Toronto.

Motion agreed to.

COPY OF FINANCIAL REPORT OF CN HOTELS

Motion No. 47—**Mr. Blenkarn:**

That an order of the House do issue for a copy of the financial report of CN hotels.

Motion agreed to.

[*English*]

Mr. Hal Herbert (Vaudreuil): Madam Speaker, I would ask that Notice of Motion No. 83 be transferred for debate.

[*Text*]

HEALTH STANDARDS FOR DAYCARE CENTRES

Motion No. 83—**Mr. Herbert:**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House copies of all correspondence, telegrams, minutes of meetings and other communications during the last year between the government and the province of Ontario relating to construction and health standards for daycare centres.

[*Text*]

Madam Speaker: Transferred for debate.

Shall the remaining Notices of Motions for the Production of Papers stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*Translation*]

CANAGREX ACT

MEASURE TO ESTABLISH

The House resumed, from Monday, January 25, consideration of the motion of Mr. Whelan that Bill C-85, an Act to establish a corporation called Canagrex to promote, facilitate and engage in the export of agricultural and food products from Canada, be read the second time and referred to the Standing Committee on Agriculture.

Mr. Marcel Dionne (Chicoutimi): Mr. Speaker, I am happy to have an opportunity to speak to Bill C-85. Agriculture is certainly one industrial sector in Canada that needs improved marketing mechanisms. Yesterday I listened to a number of speeches about the objectives of Canagrex, and I know, Mr. Speaker, that many opposition members had serious doubts about the effectiveness of Canagrex. Now, Canagrex did not come out of the blue. It was planned through close co-operation and consultation with all farmers' groups and associations throughout Canada, and I can say that especially in Quebec, the vast majority of farmers are very positive about this new corporation. Furthermore, this kind of organization is already well known in international markets and Canagrex is certainly not creating a precedent. I should like to point out to my colleagues on the opposite side that many, if not the majority of foreign governments have had agencies to deal with the export of agri-food products for a number of years. Some examples are SOPEXA in France, Britain's board for farm products exports, AGREXCO in Israel and CONASUPO in Mexico. The reason why these agencies were established is that an increasing number of countries want to negotiate on a government-to-government basis. The advantage of such negotiations is mainly that they offer government protection in addition to providing for speedy assembly of a stable export

market for all farm products, especially in a country like Canada, where most producers are working under a quota system for products such as potatoes, dairy products, grain and poultry. As far as meat imports are concerned, Mr. Speaker, a bill to regulate meat imports was promised in the throne speech—Canada was the only beef-importing country without a permanent policy on the volume of beef imports. Mr. Speaker, Canagrex is not going to do away with the other agencies but will consolidate all the agencies we have right now. In fact, our new legislation on meat imports will ensure that imports from overseas do not affect Canada's traditional role in the North American economy as a beef producer.

Another reason for changing Canada's policy in this area is that the U.S. legislation on meat imports, which dated back to 1964, was amended as of January 1, 1980, to include compensatory measures. Again, Mr. Speaker, I want to make it clear that stabilization board payments and marketing boards will not be affected by Canagrex. In fact, I feel that Canagrex will act as an umbrella organization for the agencies being established in Canada, that it will give us a broader perspective on export markets and will encourage Canadian farmers to become even more dynamic. My colleagues will probably recall that last February, Agriculture Canada negotiated a major agreement with CONASUPO, a similar agency in Mexico. Under the agreement, Canada will provide Mexico with some $100 million worth of wheat, dairy products, corn, beans and other commodities. However, it took more than a year of negotiations before the agreement was signed. Obviously, if Canada had had a similar agency of its own, as will now be the case with Canagrex, this would have speeded up negotiations and perhaps we would have got a better deal.

During negotiations the Mexican authorities made it quite clear that they favoured agreements between governments. Mexico, like many other nations, is trying to achieve self-sufficiency in food, and Canada will be helping Mexico in its efforts to achieve that goal. However, until then, Canada could supply Mexico with even more agri-food products. As soon as Canagrex is established, export markets and increasing opportunities in this area will be more readily accessible to Canadians. The agreement with Mexico is a first for Canada. The $100 million transaction may seem quite a lot, but it represents only a fraction of Mexico's agri-food needs. That means, Mr. Speaker, that with Canagrex there is almost no limit to what our contribution could be over several years. There are many possibilities, especially if we consider that the population of Mexico is growing at a rate of 3.5 per cent per year. In fact, these projections reflect only part of the possibilities of the Mexican market. And Mexico is not the only country offering very attractive economic potential for agri-food exports. I could name many more such as Algeria, Venezuela and others. It is incredible that Canagrex should still be in the planning stage at a time when this kind of agency could do so much for Canada. However, at our present speed we are probably going to miss out on a number of good deals.

Once more, Mr. Speaker, I want to stress the fact that Canagrex will act as an umbrella organization for the many agricultural agencies we are setting up in this country. As I said before, we are not going to eliminate stabilization board payments and we are not going to do away with marketing boards, and I feel that we can encourage productivity and initiative among our farmers. Mr. Speaker, it would seem that a number of my hon. colleagues have tried to cast doubts on the usefulness of an agency that Canadians and especially farmers would be proud to have. I made a few queries in order to be able to answer some questions that are important to farm producers. I would like to give an answer to the member for Carleton-Charlotte (Mr. McCain) who claims that the drop in the price of beef is a result of too much beef being imported from Australia, New Zealand and Brazil. Present world beef prices are not due to a beef surplus, but rather to a low demand in most industrialized countries. Australia and New Zealand have exported nearly 100 million pounds of beef to Canada in the last three years compared with 185 million pounds in 1976. Why is this? Because nearly all this imported beef is used for various types of sausages and hamburgers. Because of high interest rates, Canadian meat importers are unable to maintain large stocks of frozen beef. Sausage manufacturers therefore use more Canadian pork and less imported beef because Canadian pork is less expensive. More than ever at the present time, beef prices in Canada depend mostly on the availability of other meats, such as pork or poultry, and on domestic demand. It is not simply the beef supply that explains beef prices. This and many other factors must be taken into account.

On the other hand, almost all imported beef consists of special cuts for hotels and expensive restaurants, but as the need for special cuts increases, we shall be able to export fancier cuts, especially from Alberta, to west coast American markets. Our exports to Japan are mostly high grade boneless beef cuts and in 1981 these exports reached eight million pounds. Our major competitor for the same grade of meat on the Japanese market is the United States. However, Australia is the main supplier of beef to Japan even though it exports beef of a lower quality and supplies a specific sector of the Japanese market. It must be realized that the international market includes specialized products and varied markets.

I would simply like to reply to the hon. member opposite who suggested the pig population has declined in Alberta because of sagging sales in Japan. This should not go unchallenged, because during each of the three years 1978, 1979 and 1980, our pork exports to Japan were very stable at a yearly average of 70 million pounds. In 1981, we exported 80 million pounds of pork to Japan. While four or five years ago most of the pork shipped to Japan came from western Canada, the majority now comes from Quebec. The reason is that western

farmers would rather specialize in the production of grain and rapeseed while farmers in Quebec and Ontario would tend to specialize in the production of pork which places them in a better position to serve regularly and consistently the export markets.

This does not mean there are no pork producers in western Canada. Far from it. However, the smaller number of pigs in Alberta has absolutely nothing to do with the decline of our exports to Japan, as implied by the hon. member for Carleton-Charlotte. It must be emphasized the U.S. are currently our main pork market, with sales of 145 million pounds in 1981. It must be noted that over the same period Canada imported 35 million pounds of pork from the United States. Also, the hon. member opposite suggested that since we import cattle in eastern Canada, we cannot export cattle or beef to the United States. Coming as he does from the maritime provinces the hon. member for Carleton-Charlotte, who is fully aware of our potato markets in the United States, where we normally export from the maritime provinces while we import in the western provinces and central Canada, should know that the food market is not homogeneous.

As for livestock in 1981, we imported 170,000 head of cattle for beef and veal, especially to Ontario. At the same time, we exported 200,000 heads of cattle for beef, and feeding calves to the United States. Most of the cattle exported for veal and feeding calves came from western Canada, but it should be stated that eastern Canada exported 85,000 head of cattle for beef and veal, especially dairy herds. At the same time in 1981, we were exporting 121 million pounds of beef to the United States while we were importing about 20 million pounds from that same country. Almost all the beef exported from western Canada comes from beef cattle and dairy herds in eastern Canada and is used for processed meat such as sausages and hamburgers.

I think, Mr. Speaker, that since those statements were in my opinion unfounded, it was necessary to get the facts straight, and it is my belief that Canagrex will contribute to strengthening the foundations of Canadian agriculture.

I also noted other hon. members have stated that there was a tendency to socialize our Canadian agriculture. I dispute the validity of that claim, Mr. Speaker. Canadian farmers are entirely free to produce what they want on their farms except that when it comes to marketing, they have to obey the rules which are increasingly made on their own suggestions. I contend that the Government of Canada does not impose its decisions on farmers; on the contrary, over the past few years the government has been really open to discussions or to suggestions put forward by the farming community, which is primarily responsible for agricultural production and fair prices. I am proud to repeat, Mr. Speaker, that compared with the United States, which is the only country in the world to grow food throughout the year on account of its climate, Canadian producers can provide the same foodstuff at a cost only 1 per cent higher. This is all to the credit of Canadians. We are told that Canadian agriculture should be socialized, and in response to that I would like to quote from this book Mr. Speaker.

● (1530)

[*English*]

In his book "The Merchants of Grain", Dan Morgan describes the structure and marketing methods of the five multinational grain companies which control the world grain market. Does the hon. member for Carleton-Charlotte suggest that we leave ourselves to the mercy of these huge companies when Mr. Morgan describes the Canadian Wheat Board as the most sophisticated marketing system in the world, and leave ourselves at the mercy of five huge companies, not one of them Canadian?

[*Translation*]

Mr. Speaker, if we were to believe some of the untruths which are being spread everywhere in Canada, we would think the government is trying to socialize agriculture. Because I was personally involved in agriculture for a while, I can honestly say that farmers certainly enjoy more freedom than most Canadians. Except that sometimes they have marketing problems. That is why we are establishing a corporation called Canagrex to promote and facilitate the export to foreign markets of our agricultural and food products, and encourage our farmers to become more productive and dynamic, which in turn will result in lower production costs. People often say that there is no way we could get a hold on European markets. I do not share this view, Mr. Speaker. For instance, I read here that a dozen eggs cost $2.65 in Paris, while it costs only $1.18 in Quebec and the rest of Canada.

Mr. Laniel: They must have been laid by expensive chicks, that's why!

Mr. Dionne (Chicoutimi): My colleague is right when he says that they must have been laid by expensive chicks, because these prices are unacceptably high, and we could certainly use a corporation like Canagrex to sell more on foreign markets and encourage our farmers to become more productive and seek increased quotas. I shall mention other cases. For instance, beef is 35 per cent more expensive in Paris; chicken, 52 per cent; butter, 76 per cent, compared with 125 per cent for eggs. The situation in France is no exception. It is the same the world over, as I mentioned a moment ago. Only in the United States are production costs slightly lower than in Canada. Let me quote the price of eggs elsewhere in a few other countries. In Tokyo, a dozen eggs costs $1.76, in Brussels, $1.82, in London, $2.31 and in Berne $2.60. Mr. Speaker, I am anxious for that corporation to be set up and I look forward to the day when once and for all we decide to tackle world markets just like the Americans. We have much to learn from them. Day after day, their expert salesmen travel around the world selling their agricultural products. In Canada, in the

past we were aware that we had excellent food products but, unfortunately, we waited for the buyers to come to us. But this is no longer the case. In the 1980s and in the years to come, we will use Canagrex increasingly and it will become the true promoter of Canadian agricultural produce and products.

This prompts me to say that if we succeed as promoters we will be able indeed to shore up our agricultural food industry which employs hundreds of thousands of Canadians. We will also achieve a better trade balance thanks to our agricultural production, and our processing industry will grow stronger still. Another significant aspect is that our agricultural research will become even more sophisticated. We will be able to earmark additional funds to develop improved and better yielding varieties and to enhance the genetics of our herds. Mr. Speaker, time flies by and I would have a lot more to say about what Canagrex might be, because I have mentioned only a few of the numerous and challenging opportunities likely to stem from the establishment of that corporation. I hope that my colleagues do realize the urgency of such a corporation for Canadian exports. Canada can no longer do without the services of all our producers and all of them would stand to derive great benefits from it. As I pointed out earlier, the whole country could also benefit by way of a greater income and a wider trade network and by offsetting our trade deficit. I hope that all those who are anxious to promote the agricultural development of our country will join in a common effort to ensure that the corporation is set up as soon as possible.

● (1540)

[*English*]

Mr. Charles Mayer (Portage-Marquette): Mr. Speaker, I agree, along with the hon. member who previously spoke, that the bill is of some significance to agriculture; but most of all, agriculture is of importance to the country. It is unfortunate that this government does not see fit to recognize how important agriculture is to the country.

I am glad to see that the Minister of Agriculture (Mr. Whelan) is in the chamber this afternoon because there are some things that I want to say to him about the bill and, more particularly, about the kind of general condition of agriculture today. This government does not give very much of a priority to agriculture. Let me just refer to the bill, for instance. Reference was made to it in the throne speech of April 14, 1980. Almost two years ago, the throne speech stated:

> To improve the ability of Canadian industry to compete abroad in order to create jobs at home, my government will establish a national trading corporation.

We assume that the national trading corporation referred to in the throne speech is Bill C-85, the Canagrex legislation which is in front of us this afternoon. We wanted to do that almost two years ago. Eleven months ago, on February 20, 1981, the minister issued a press release which stated:

> Mr. Whelan said he will soon submit legislation to Parliament to establish Canagrex.

He was given the green light by cabinet to set up Canagrex. If a green light meant that 11 months would pass before such legislation came before the House, I would hate to know what a red or amber light would mean to this government. If there was any kind of clout the minister could have used at cabinet meetings, he either did not use it or did not have it, because 11 months later we have the Canagrex legislation. It is now being touted as very important legislation that will be of help. Why, then, was it not given some priority a long time ago? Why was it not dealt with in this House before?

● (1550)

I suggest that the Standing Committee on Agriculture is a well-run and in many cases non-partisan committee. That committee did not have anything to do for the first four months of 1981. In fact, it did not meet. If this legislation is so important, I am sure there would have been agreement on all sides to give it quick second reading so that it could have gone to committee. This government did not see fit to do that. Therefore, we should let Canadian farmers know how this government considers agriculture.

Something else I find interesting is what the minister has been saying about banks. I refer to what is going on in our domestic industry. It is fine to have programs which encourage Canadian agriculture to export. However, if in the meantime our domestic industry dies and there is no farm production at home, it is a moot point whether there will be any benefit by encouraging exports when there is nothing to export.

The Minister of Agriculture has been running around this country saying that the banks are behaving scandalously. In one speech that was well covered by the media, he suggested that the banks could be sued for the kind of lending practices they were following. That seems to be erroneous when this minister supports his cabinet colleague, the Minister of Finance (Mr. MacEachen), who is responsible for the high interest rate policy in this country. If the minister wants to talk about suing somebody and doing something for farmers, he should tell the Minister of Finance to do something about these high interest rates. Then we could have some faith in him.

I now want to deal with a more specific matter. Last evening there was a vote in this chamber. One of the votes was on a subamendment which in part read:

> —an excess profits tax be imposed on Canada's chartered banks to restore their marginal tax rate to the 1970 level.

The Minister of Agriculture has been running around the country talking about how terrible the banks are, stating that they should be sued because of the scandalous way they have been lending money to farmers. One would have expected him to vote in favour of that resolution. But how did he vote? He voted against it. He voted with the banks.

If one is going to have any credibility with regard to what one says, one should have the courage in this case to stand up and vote according to what one is telling the farmers as to how the banks are treating them. Many people in this country believe that agriculture is in as bad a shape as it was in the thirties. Fortunately, I did not have an opportunity to experience that first-hand because I was born in the middle of the

thirties. At this time when Canadian agriculture is suffering such severe problems, this government comes forward with Canagrex legislation.

The minister has been quoted as saying that something else he will do this year is to bring forward legislation dealing with off-track betting. That will certainly help the farming community in this country! This kind of attitude and performance by our Minister of Agriculture is a disgrace.

Let me talk about the bill before us. There is no doubt that Canada has to compete in foreign markets. In order to do that, we have to be as well represented as we can. Everyone agrees that the agricultural products produced in this country are second to none. We pride ourselves on the fact that our grain sets world standards. It is not enough to have the best; we have to be able to promote and sell it. There are not many who can quarrel with the intent of what Canagrex is being set up to do. However, we do have some concerns over the way this Canagrex legislation will tackle it.

Two days ago the minister spoke on second reading of this bill. He stated that Canagrex would run a tight ship. In the next sentence he said it would have wide-ranging powers. I am concerned that if Canagrex is given wide-ranging powers, it will be more difficult to run a tight ship.

That is a problem with a lot of our legislation today. Those who elect us to this place in normal times have one vote every four years to pass judgment on all that we do. If we are to run a tight ship, it is important that this legislation does not set up something that can get out of hand. As I said, those who elect us only have one vote to judge us on everything from the way the Post Office is run to foreign policy, energy policy and everything else that goes on in this country. It is important that we have control over the various institutions, semi-judicial bodies, Crown corporations and so on.

It is impossible for Members of Parliament to keep track of everything on a day to day basis. I refer to some of the powers being given to Canagrex. I refer to page 6 of the bill:

> —Canagrex may
>
> (a) purchase agricultural products and food products and package, process, store . . .
>
> (b) undertake and assist in promotion of the use of Canadian agricultural products . . .
>
> (c) enter into contracts with Canadian companies, co-operatives, . . . or other Canadian enterprises or with individuals carrying on business in Canada . . .
>
> (d) enter into contracts with foreign governments . . .
>
> (e) enter into joint ventures with government . . .
>
> (f) make, on the recommendation of the Minister and subject to conditions of general application . . . grants and contributions for the purposes for which it is established.
>
> (g) purchase, lease or otherwise acquire and hold real and personal property . . .
>
> (i) pledge, mortgage, hypothecate, sell, lease or otherwise deal with—

This bill gives very wide-ranging powers to Canagrex. Directors will be appointed as follows:

> All directors, other than the president, shall be appointed by the governor in council to hold office during pleasure for such terms, not exceeding three years—

Another part of the paragraph describes the sequence in which the directors shall be appointed. When you give that kind of wide-ranging power and you give the government the power to appoint directors, there should be a better accountability to Parliament.

If the democratic system is to work properly, we are the ones to be held accountable for the operations of the government. I agree with the hon. member for Humboldt-Lake Centre (Mr. Althouse) who spoke on the bill last Monday. He is concerned about the way the books will be audited.

I would like to see much more authority and latitude given to the Auditor General to look at the operations of Canagrex. I suspect the minister will agree that, in order to be effective, it has to have some autonomy. This could lead to a problem. It can be given too much autonomy. The bill provides that the Canagrex Corporation can have contingent liabilities of $75 million. I suspect that if it is successful, that will be used up very quickly. The situation could quickly develop where it is dealing with hundreds of millions of dollars of taxpayers' money. We must be very careful to ensure there is a proper chain of authority and responsibility flowing back to this chamber.

We intend to raise some of these concerns in committee. I hope there will be an automatic reporting procedure to the House and to the committee so that we do not have to wait. I must confess that I am not too familiar with the rules of this House. I am not sure whether I need to apologize for that because the longer I am here, the more I realize that nobody understands all the rules of this House. However, there should be some procedure set up so that the annual report of Canagrex is immediately referred to the agriculture committee without the necessity of a House reference from the government or the President of the Privy Council.

In my brief experience as a Member of Parliament I have already seen problems with the agriculture committee getting people who should be there simply because the government does not want to provide a reference so that the appropriate witnesses can appear. There should be some mechanism in the bill to refer the report so members of the committee can examine the performance of the Canagrex Corporation without any interference by the government of the day, regardless of which party is in power. I am sure that those knowledgeable in agriculture in this country and the way agriculture works internationally would be very much in favour of that.

Canagrex is but one part of a very large industry in Canada. If Canagrex is going to work, why was it not set up a long time ago? It could have been effective in helping in our export markets. We now belatedly have a beef import law. We are very pleased to have it, but it would have been more effective had we had it ten years ago. There is no reason why that could not have been done a long time ago.

I now want to talk about the problems facing the beef industry. I have copies here of the minister's agri-food strategy for the eighties and challenge for growth as well as a copy of the main report and summary. The minister talks about increasing beef production in this country as a means of

helping out Canadian agriculture. The beef industry in this country is presently facing a very serious problem. This is true of the whole red meat industry. Every province that is producing beef in significant numbers has a provincial stabilization program with the exception of my province, Manitoba.

The other day the minister said he had offered the industry a 100 per cent stabilization program in 1977. He said it as though, once having been offered and turned down, it would never be offered again. If the minister wants to exercise his responsibility to Canadian agriculture from coast to coast, he has the responsibility to set up and co-ordinate a nationally uniform beef stabilization program. The longer he sits and dawdles, the tougher it is on the industry.

The minister appeared before the Standing Committee on Agriculture prior to Christmas. At that time he suggested he had a plan in his back pocket. We suggested it might be appropriate to have a meeting of the committee with him in camera to talk about what he had in his back pocket.

In the meantime, the minister sent out a survey across the country. That is an interesting story in itself. I sent a copy of the survey to a professional pollster and asked what he thought of it. I will send the minister a copy of it. In essence, the professional people said the survey was a sham, that it was set up in such a way as to get the answers the minister was looking for. I point out to the minister that the longer he waits, the tougher it is on the industry. If we wait long enough we will destroy our domestic beef industry to the extent that we will be lucky if we have enough beef for ourselves. In that event, Canagrex will not have enough beef to export to worry about. There is an urgent need for action on a national scale for which the minister has direct responsibility, if in fact we will be able to make use of Canagrex. If we drive our Canadian farmers out of business and have a hard time feeding ourselves, whether or not we have an operation set up to encourage exports becomes foolish because we will not have any product to export.

• (1600)

I am very disturbed that the minister has accused farm leaders in this country of being gutless and not wanting to do anything. If anyone has been gutless in showing leadership, it must be that same minister who makes that sort of allegation. I will go further and call him absolutely useless. Since he has taken office we have seen a great agricultural industry decimated. I see that the minister is leaving the chamber.

Mr. Whelan: I will be back.

Mr. Mayer: When one starts talking about some of the things he has done, he cannot stand the heat and has to leave. If I had been minister for ten years and accomplished as little as he has for Canadian agriculture, I would probably leave the chamber too.

The minister also indicated that he would like to have a national beef marketing board which would have supply management powers. This seems to be a ludicrous statement to make when we know that he would not be able to have this type of program approved by cabinet. It would involve very large expenditures and we know that the minister cannot even get enough support, from wherever it comes, to establish a national stabilization program in Canada. I therefore fail to see how he could establish a national beef marketing board with supply management powers which would involve a vast amount of money from the government. If he cannot get support for a national stabilization scheme, there is less chance of support for a marketing board.

I turn now to some of the provisions in the budget and how they will affect farm production at home and our ability to be competitive and export abroad. The budget will now only provide the Small Business Development Bond to farmers and small-business men in financial stress. We welcome the provision in the budget to make small business loans available to unincorporated businesses, including farmers, but it is only available to people in financial stress. People I have talked to say that the banks find it very difficult to make loans to people in financial difficulty because the banks do not like to lend money to people who will have a hard time staying in business. The banks prefer to lend to people who have the possibility of staying in business.

Another effect the budget had on farmers was to halve the capital cost allowance, or depreciation allowance, in the first year. If hon. members opposite had been back to their farming constituencies during the Christmas recess they would know that farm machinery sales have taken a turn for the worse. I see the Parliamentary Secretary to the Minister of Agriculture (Mr. Ostiguy) in the House and I know he is a farm equipment dealer. He will bear me out on the fact that the capital cost allowance for farm machinery had a devastating effect on farm sales. Farmers who want to buy a tractor or combine in the fall, which is the busy time of the year when combines are used, now cannot deduct the total year of depreciation. That will hurt the way farmers plan and maintain equipment, thus affecting farm machinery dealers which in turn will affect companies like Massey-Ferguson, who the government helped to stay in business. Some of the measures in this budget do not make a lot of sense.

Another major area of concern is the manner in which farmers will be treated when they sell land. This is true particularly for Saskatchewan because there is more farm land there than in any other province. However, it applies equally to any province where there is farm land for sale. The farmer cannot afford to sell his land because immediately upon completion of an agreement for sale, whether they receive all the proceeds from that sale or not, they are taxed on the total amount. Many farmers cannot now afford to sell out and will wait until they die, when the farm must be disposed of and tax paid to the government. As a result it will be very hard for young farmers to get started in the farming industry.

This will have serious imlications for all Canadians. We know that the family farm has been a unit which has provided the sort of products which enable this country to have easy access to food. We know there always is milk available—nobody has gone to a store to find there is no milk or bread—and it is always plentiful. There may be some people who have

trouble paying for it, but the fact is that it has been available in large quantities and at reasonable prices relative to the average wage in Canada. If the family unit is destroyed, it will not only have a serious effect on our domestic production but on the ability to export and compete with foreign producers.

I must be fair and talk about some of the favourable provisions in the budget for the farmer. There is $50 million to assist the Farm Credit Corporation which is made up of $45 million in loans to be made available at lower interest rates. This $45 million, relative to the number of farms, is not a lot of money. Of the $50 million, there is $5 million in direct assistance to farmers to help them with interest costs. This $5 million is available to farmers over a two-year period. That works out to $15 per farm over the two-year period. That is what the Minister of Agriculture did for the farming community in the budget. As I said, we have to give him credit for that. Although it is not very much, $15 per farm over two years, I suppose we have to be thankful for it.

To turn to the matter of transportation, in western Canada we are capable of growing much more for export than we are able to transport to the export terminal. Unless the government shows some leadership in assuming responsibility for providing proper transportation systems in Canada, not only for grain but for potatoes which maritimers are having difficulty moving, it becomes a moot point whether we need an export corporation like Canagrex. Unless the government takes positive steps to improve transportation facilities, then Canagrex will have no opportunity to function.

It has been pointed out that we do have some knowledgeable agricultural people attached to embassies around the world. However, there are very few. If I remember correctly, when the hon. member for Elgin (Mr. Wise) spoke on Monday, he said that of the some 100 embassies around the world there were only ten people knowledgeable in agriculture attached to them. I suggest it would be sensible to study this matter and provide knowledgeable agricultural people for those embassies so they will be able to work with foreign buyers and encourage exports.

There are many other areas of concern in this bill. During second reading I tried to point out some of the concerns we now have and which we must deal with in terms of domestic production before we can anticipate competing internationally. Unless the government addresses these problems quickly, I suggest to this government and this minister that we will be in danger of setting up an export corporation with nothing to export.

In conclusion, I would like to comment on the performance of the Minister of Agriculture. The minister has been in office for almost ten years. I have often heard him talk about the problems in Canadian agriculture but I have never seen him tackle those problems. I challenge members opposite to point out to me some of the major programs that this minister has put into effect which will be a lasting legacy to his tenure in that very prestigious position he occupies. I cannot think of one.

• (1610)

Hopefully if we can improve our production at home and give our farmers the incentive to produce again—we know they will produce if they are given incentive—then we can make use of this Canagrex legislation. Perhaps it will be the one thing which will be testimony to some of the good things this minister did when he was in office.

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, to the comments of the hon. member for Portage-Marquette (Mr. Mayer) I would like to add that in the last five years the only piece of agricultural legislation which has been before this House has been the recently passed meat import law. My colleagues who have been here for a longer period tell me that in the five years before that there was no agricultural legislation passed or brought forward.

Canagrex is intended to be a publicly-owned corporation. Public ownership has become part of the structure and fibre of our country. It is part of our everyday life. Basically there are three large groups of Crown corporations or public ownership groups. There is direct government ownership by municipalities, the provinces and the country. This includes buildings, canals, roads and those utilities which are necessary for the operation of the country.

There is another kind of public ownership which is direct ownership by groups of people in co-ops. These are also a type of public ownership. They have done much and are very important to the fibre of the country. These co-ops are the banding together of similarly motivated people for a particular reason, usually to protect themselves against some kind of exploitation. If we were to look at unions closely, I think we would have to say that they are a type of a co-op. They are the banding together of people to protect themselves.

Finally, there is a third group of publicly-owned institutions owned indirectly by government. Such institutions are a form of Crown corporation.

Over the years public ownership has become an effective social movement in which we as citizens have placed our faith and trust and from which we have come to expect a certain kind of service. We expect that service to be provided efficiently and effectively and with a minimum of cost and waste.

In Canada we have expected that publicly-owned concerns display a certain amount of public conscience. We expect that any publicly-owned business—a building or a utility—will operate for the benefit of the group being served or the people in its particular area of the country. We expect them to operate generally for the benefit of the whole population. We expect publicly-owned corporations or businesses to have a different outlook and a different policy respecting matters of conservation, ecology, labour relations, exploitation of resources and pollution. We also expect government ownership to be an instrument of government policy.

Sometimes we have a tendency to become angry with a corporation if it does not live up to our expectations, when what we should really be doing is becoming angry with the government for not establishing a relationship between itself

and the Crown corporation which would allow the Crown corporation to be the instrument of policy it was intended to be. I very definitely agree with the hon. member for Portage-Marquette that there is a great need for Crown corporations to be much more responsible to the government, to Parliament or to the country than they are at present. Because of the criteria I have outlined, we in Canada have come to expect that public corporations should have a public conscience and be an instrument of government policy.

On the whole, however, federal Crown corporations are a sorry lot. It has been said quite often that there is not one good federal Crown corporation. If we look over the main public corporations, we can find a considerable amount of evidence to back that up. I refer here to the CNR, Eldorado, the Bank of Canada and Atomic Energy of Canada Limited. One of the reasons we say these are very bad corporations is that the government has not given them the kind of policy direction which would allow them to be good citizens or to provide the type of service we would like.

Some people, particularly free enterprise capitalists, say Crown operations are bad because they think they could make more money from the services which are being supplied to the people as a whole. This might be so. Free enterprisers might be able to make more money, but it would usually be at the expense of the service involved or of the consumers of the service. Others level that description of a sorry lot upon federal Crown corporations because these Crown corporations have not recognized their responsibilities. I am sure many hon. members have been abundantly impressed with the advertising of probably our most prominent Crown corporation, Canadian National Railways, the slogan of which for a long time has been "a business as well as a responsibility". Let us look carefully at how CN fulfils that responsibility. In no way has it provided the kind of service to Canada which has been expected of it. CN is unwilling to provide the kind of service for which it was set up. Lately we have been saying exactly the same thing about VIA Rail, a grandchild, I suppose, of the CNR and the CPR.

Some corporations are criticized because they have very little concern about the environment. For example, Atomic Energy of Canada Limited has had a record for many years of misuse of the environment. Often the labour relations records of Crown corporations are worse than those in the private sector. Crown corporations are also criticized because they often take regressive approaches to the services they provide.

• (1620)

The position of the newly established postal corporation is that the people most able to pay, such as Imperial Oil which sends out thousands of bills, can send them out at 21 cents each. The small-business man, however, who only sends out a few hundred bills, must pay 30 cents each. One can pick any federal Crown corporation and I am sure one will find some area where it has failed to fulfil one's idea of a publicly-owned corporation.

Canagrex is going to be another federal Crown corporation which will have some responsibility for the marketing of agricultural products. That sounds like a very good idea and it probably is. It will likely do some good in the marketing of agricultural products; but is there not a danger that it will follow the great sales tradition of Atomic Energy of Canada Ltd. in the sale of Candu reactors? That sales promotion was a disaster for the corporation and for Canada as well. The sale of heavy water by the same corporation was another disaster which last year cost the taxpayers over $600 million, and the cost is rising. Will it follow the loss of Consolidated Computer Inc. of $91 million?

I raise these spectres not in an attempt to downgrade the possible value of Canagrex but to point out, as expressed by the hon. member for Portage-Marquette, that government control and intervention in marketing has often been inadequate. In fact, the arm's length policy of the federal government in relation to Crown corporations makes their effectiveness rather doutbful. I am almost inclined to agree with the hon. member for Elgin (Mr. Wise), who suggested that perhaps all we need is an agency. Maybe it is wrong to establish a Crown corporation. Traditionally, federal Crown corporations have operated at arm's length from the government. In the category of agencies we have an effective and efficient model in the Canadian Wheat Board with which we have had much much experience and much success.

What I am really suggesting, Mr. Speaker, is that when we examine Canagrex in committee perhaps we should examine its relationship to the government and the relationship of all Crown corporations to the government. Perhaps the chairman of the board should be the Minister of Agriculture (Mr. Whelan), so that when Canagrex does not perform well we can ask him questions about it. It is bad enough that the minister responsible for the Canadian Wheat Board sits in the other place and that we are unable to ask questions of him, but at least he is the minister responsible for it. In the case of many corporations there is no one who has any responsibility within the corporation to whom we can put questions or to whom we can say that what the corporation is doing is wrong and that we should be told why that is the case.

I should like now to turn to the relationship of Canagrex to the industry. It is an important relationship. The industry is made up of a number of not distinct but interrelated parts. There is production at the farm level, there is transportation and there is processing which, in many cases, is value added before the marketing process. There are those four areas and there are possibly further parts to the whole industry, such as market development. Those parts cannot be separated with Canagrex taking care of the marketing phase only and ignoring all the others. That is a fallacy and we cannot accept it.

The grain pools in western Canada were formed in order to market grain and protect farmers from the line elevator companies that were gouging them, but now they have effectively become a part of all phases of the industry. The pools assist the farmer in getting seed, fertilizer and chemicals; they help him transport the grain to market; they help finance the

farmer and keep the cash flow available when necessary or when a small farmer could not afford it, and they enable the farmer to keep going when it takes too long for him to get money back from the point of export.

Will Canagrex fulfil these requirements of the industry? Will it help the farmer? The minister said that it will provide markets and that it will help to process the product and put it out for sale.

Clause 14(1) of the bill reads as follows:

Canagrex is established for the purposes of promoting, facilitating and engaging in the export of agricultural products and services and food products and services from Canada to other countries—

Subclause (a) reads:

(a) purchase agricultural products and food products and package, process, store, ship, insure, import, export or sell or otherwise dispose of products purchased by it;—

That is a pretty large order, Mr. Speaker. Will it all be done to help the farmer? We have a tendency to say that because this is a Crown corporation it is there for the benefit of the producer and the country, but will it be there for the benefit of the farmer? Will it help the farmer realize at least the cost of production of his product?

At committee stage we will attempt to ensure that the farmer/producer is protected in this structure, which may turn out to be mammoth and so far from the government that we will be unable to find out what it is doing and why.

Clause 2 of the bill sets out the limits of power and states specifically what Canagrex will not do. I think that is a little dangerous. That clause reads as follows:

Notwithstanding anything in this act, Canagrex shall not (a) pay to producers or processors a subsidy directly on any Canadian agricultural product or food product;—

That point is emphasized later in the bill, but nowhere does it say that Canagrex will cease to operate if its operation is detrimental to the welfare of the producer. We all know of monolithic steamrollers in some corporations which cannot be stopped. They will go on doing what they think they were set up to do, even if it is at the expense of the citizens of the country.

● (1630)

As reported on page 14288 of *Hansard*, the Minister of Agriculture said:

I know I can count on the support of this chamber to give swift approval to this bill so that we can take this next important step in the development of the agriculture and food industry . . . Perhaps we can even pass the bill in its entirety this evening, give it second and third reading, and away we go!

I think this irresponsibility on the part of the minister is why it has taken so long for this piece of legislation to be brought before the House. He expects a lot, if he expects hon. members on this side of the House—and I hope those on that side of the House—to proceed without some assurance that producers will be protected. It is a good idea to sell all this food and farm produce, but if in the process we eliminate farmers, where will we get those products from?

The Canadian Wheat Board is not a Crown corporation; sometimes I am very thankful for that.

Mr. Neil: Some people want to make it one.

Mr. Hovdebo: I hope not. I should like to paraphrase the mandate of the Canadian Wheat Board. It is to sell producers' grain and to move that grain to export—and a certain amount of it domestically as well—so as to get the best possible benefit for producers. The minister did not mention such a mandate for Canagrex in his speech, in fact it is not even mentioned in the bill. Although I know the vagaries of politics and governments, I think it would have been worth something if Canagrex had such a mandate.

The major objective of the industry is getting the product to market. In this we have a parallel which cannot be overlooked. In the grain industry the government is showing its colours. I should like to take a minute to look at what is happening, as far as government performance is concerned, in present and future grain movement, as well as how it has or will benefit producers. Central to any discussion on developing markets for Canadian export is the matter of supply. In the words of the Minister of State for the Canadian Wheat Board, "You cannot sell more product than you have got on the shelf".

I have looked at the performance of the Canadian Wheat Board during the last two years that I have been a Member of Parliament. I have found that the message which has been given to farmers fairly consistently over that period of time has been, in two words, grow more. I believe it is important to underline this message for the benefit of the Canadian public because the public has been misled time and again by the slick, manipulative campaign orchestrated by the railways, bulk shippers and lobby groups which have consistently painted the transportation system as the villain in the choked-up supply of moving Canadian grains to market.

In truth, as is often the case when major Canadian corporations begin to manipulate the media, the answer lies elsewhere. I am sorry the Minister of Transport (Mr. Pepin) left the House. He has been a captive of his own department and of the railways on this issue. Despite his latter day conversion to statutory rates which can be raised as he pleases, he believes that the present transportation system based on the Crow rate inhibits exports, yet he has only to look at the evidence provided by the Canadian Wheat Board. The evidence indicated that we moved a tremendous amount of grain last year. This year the target is 26 million tonnes, and we were right on target at the end of December.

On November 28, 1980, the Minister of State referred to these targets in a public statement to the Alberta Wheat Pool annual meeting and added:

I know you are now planning your production for next spring and I urge you to expand because the Canadian Wheat Board will be able to sell it.

After he saw the results of his admonition to the public, he said:

With such encouraging market prospects and a transportation system ahead of the game, farmers should do everything practical on their own farms to increase production.

On July 31 of last year, the minister reviewed the fruits of his exhortations and said:

With present prospects for a high level of production this year, particularly in wheat and barley, I am expecting we will set new records in the movement and export of these crops—

Canagrex should be able to take care of or take advantage of the basic, solid transportation system which was established by the efforts of the Canadian Wheat Board and other agencies involved in the transportation of grain.

What kind of relationship does the government have with the grain industry? It may be the same kind of relationship which the government will have with Canagrex. If the government, as it suggested, changes the Crow rate, what will happen? The answer is simple. Farmers will be paying substantially more to move their grain; they will cut their losses by growing less; they will apply less fertilizers and less chemicals; they will plant less seed and will harvest less. Production will drop. The target of approximately 30 million tonnes for grain exports, which was not so easily attainable a couple of years ago, will go by the board. This is not what the government wants, but it is what it will get. Those of us who have fought to keep the Crow rate will recognize these factors. Those who have fought to take away the Crow rate will have succeeded, but at the cost of reduced exports and reduced incomes for western Canadians.

Before such a momentous step is taken, we should take a good look at the trust we have put into government legislation, legislation which will pass the Canagrex Act. In 1925 the rates were made statutory and were established. It was an economic act which was of benefit to Canadian farmers, the same way as the Railway Act gave the mineral rights on thousands of acres of land to the Canadian Pacific Railway.

● (1640)

What happens if this Crow rate is changed? What happens, for instance, to things such as the livestock industry? It is often touted that livestock production is an alternate to the production of grain. If the production of grain is reduced, so will the production of cattle be reduced. If the government were so rash as to adopt the measure produced by Carl Snavely in his latest update of grain movement, livestock production would have to increase by 350 per cent to offset the grain losses in western Canada. This is a very poor joke to those who are now in the livestock business in western Canada where oversupply and low prices have put that industry in long-standing difficulty.

A major part of Canagrex has to do with the processing, the packaging and the storing within the industry. Again, time will not allow me to elaborate on this, but the minister has said that they must be prepared to the extent that Canagrex would go into these phases. We must look into those to the extent to which money will be spent on processing when we examine this bill in committee. Where will that money come from? Will it come from the producers? The government is putting very little money into Canagrex. As the hon. member for Elgin pointed out, it is so little money that it will be very difficult for Canagrex to operate. In order to build up its financial resources, where will that money come from? Will it come from the producer? If that is the case, we will be doing a disservice to the group that we are pretending to help.

Who will guarantee that Canagrex will not follow the lead of Eldorado, another federal Crown corporation, and spend almost $90 million to upgrade its operation? In the last five years, Eldorado has spent $88.7 million to upgrade its operation, and just a month ago it cashed it in. Where did that money come from? It came from the taxpayers. If this happens to Canagrex, where will the money come from? It will come from the producers.

The hon. member for Elgin also did a most adequate job of pointing out the shortage of funds from the minister's minimum standard when he originally set up the bill. There is a great danger that the corporation may attempt to reach those minimums with money from its operation. If that happens, it will be at the expense of the producer. Unfortunately, the structure of Canagrex lacks any original relationship with the producers of the products it intends to sell. Only normal commercial relationships will apply. Unfortunately for Canagrex, many other companies, often substantially more expert in their ability, are already marketing farm products.

Further, Canagex unlike the Canadian Wheat Board, cannot offer producers advantages of price pooling. Therefore, it cannot ask the producer for commitments of a locked-in supply. Canagrex must compete with other suppliers in the export trade. Since the corporation will have no locked-in supply, it will not be in a position to offer anything for sale. It will have nothing to sell, except in those areas where there are new products being put on the market. In those areas there will be new processes and volumes will be small. Canagrex is designed to be small-time forever and ever. It will have to compete with people who are already in the field.

Canada must compete with the sale of new products, but it is hardly a way to establish Canada as a leading exporter. In addition, the lack of agreement to promote single desk selling and price pooling could very well lead to the abuse of the producers that Canagrex is supposed to help. Agricultural production is often cyclical, particularly in thin markets. For example, the price of rapeseed rose enormously from less than $2 to more than $10 in 1972-1973.

Where in this legislation is there any guidance given to Canagrex to share those windfall profits with the producers? I find none. Where in the bill does it demonstrate that Canagrex can be more than a trading company that is backed by the government? Again, I find none. Where in this legislation does it demonstrate, after the prolonged gestation of the bill, that Canadian farmers should regard Canagrex as a friend in the way that the Canadian Wheat Board is regarded? Again, I can find no such guarantee.

On the whole, although the idea of Canagrex is good, there is no way that we as Members of Parliament can allow it to become law without some assurance that Canagrex protects the people it is supposed to help.

[*Translation*]

Mr. Marcel Ostiguy (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, I consider it both a pleasure and a privilege to rise this afternoon and address this House on second reading of Bill C-85, to establish a corporation called Canagrex to promote the export of food products from Canada. This bill is being introduced at a most appropriate moment for our agricultural industry, for all the people who are connected with this industry unanimously agree that the 1980s will be the decade for agricultural and food production in Canada and the rest of the world. Just as the 1970s have been the decade for oil and energy, the 1980s will be, in my opinion and in the opinion of a great many people, the decade of food production.

We need only take a look at the figures which are increasing year after year. For instance, farm revenues from all categories reached $18.4 billion in 1981 and are expected to increase by 4 per cent to $19.2 billion in 1982. This means that there is a constant growth in this industry. It is worth mentioning that there will be some 30.7 million people living in Canada by year 2000, and this is one third more than in 1981, and that the world population will increase by as much as 55 per cent. One can already visualize the impact this population explosion will have on the demand for farm and food products. In order to meet this huge challenge, the Canadian agricultural and food industry must be provided with a dynamic understructure which will help maximize its enormous potential. Food production in Canada could increase by as much as two thirds between now and the year 2000 and bring in revenues of some $35 billion in today's dollars, thus placing Canada in a particularly privileged position.

● (1650)

Mr. Speaker, in this great country which is Canada, we are indeed extremely wealthy, thanks to the ability of our farmers and the diversification of our agricultural production. Our potential for farm development is limitless. And Canada is already considered as one of the few net exporters of foodstuffs. The hon. Minister of Agriculture (Mr. Whelan) has been visiting Canada and the world for a great many years and he is proud to be able to say that Canada has become a net exporter of foodstuffs. And now, Mr. Speaker, I should like to deal with some of the questions that were raised. A while ago, I heard the hon. member for Portage-Marquette (Mr. Mayer) suggest that he knew of no legislation or benefit the minister ever gave the agricultural industry. If I were to list everything the Minister has done for agriculture over the past ten years, Mr. Speaker, I would not have enough of the time allotted to me.

I would simply like to name a few. There are the Agricultural Products Board, the Agricultural Stabilization Board, the Canadian Wheat Board, the Canadian Dairy Commission, the marketing boards, the cost-sharing plans, and so on. A while ago, my colleague opposite, the hon. member for Prince Albert (Mr. Hovdebo), said that Canagrex would definitely be prejudicial to existing organizations such as the Canadian Wheat Board and others, but I must tell him, as the minister did in his speech and as reported in *Hansard*, that Canagrex would in no way affect the Canadian Wheat Board and the Canadian Dairy Commission, which are already established, but if necessary Canagrex could assist—and this is for the information of the hon. member for Joliette (Mr. La Salle) who is smiling—the Canadian Wheat Board and the Canadian Dairy Commission.

I think that both organizations, of which we can be proud, have done some excellent work. One only has to recall the years 1973 and 1974, and perhaps 1975, when the dairy industry in Canada, and more especially in Quebec as well as in Ontario, faced some problems. At that time, this same Minister of Agriculture set up the Canadian Dairy Commission and cost-sharing plans were approved in each province. A marketing board, the Canadian Dairy Commission, has been controlling that production and today Canadian farmers, especially milk producers, are proud of the Canadian Dairy Commission.

I say therefore to my colleague for Prince Albert that Canagrex will in no way affect or be prejudicial to existing organizations. I would also urge the hon. member for Prince Albert to examine the report which has surely been sent to his office by the Department of Agriculture and is entitled: "Challenge for Growth in the Eighties, An Agri-food Strategy for Canada." This report, prepared by the department, makes forecasts and plans for our agriculture both in eastern and in western Canada, for our grain and dairy productions, for soilless crops, and it truly reflects the intentions of the Department of Agriculture for the eighties, always, of course, in co-operation with the agricultural sector and the processing industry. I also urge my colleague for Prince Albert to read a report entitled "News and Features" that he surely has in his office since it was distributed on Monday December 7, 1981. It provides an excellent outlook on agriculture for the coming year.

In addition, every year, the minister and the department organize an Outlook Conference on agriculture which is always held in early December and in which from 600 to 700 farmers, processors, researchers, agricultural teachers and academics take part and work together to develop an agricultural policy to meet the needs of the Canadian farmer. I would also like to mention to my friend for Prince Albert, who seemed to have forgotten it a while ago, that the Department of Agriculture provides hundreds of millions of dollars every year to help farmers throughout Canada to finance their crops, whether wheat or corn. I can say, Mr. Speaker, that as far as I am concerned, I represent a largely agricultural region, the constituency of Saint-Hyacinthe in the Richelieu valley, one of the

best farming regions in the country. Then comes Joliette, which is one of the best farming areas—

An hon. Member: So is Valleyfield, for my colleague behind me!

An hon. Member: And Beauce also!

Mr. Ostiguy: Indeed, the hon. member for Joliette has many good farmers among his constituents. I had the opportunity to visit this constituency quite recently. I go there from time to time as I have some family in this beautiful region, and I am certain that the hon. member for Joliette, who will probably take the floor this afternoon, will also be proud to support the Canagrex bill because he also has chicken farmers, egg producers, dairy farmers and very good potato producers in his region. It is in this perspective, Mr. Speaker, that we want to support agriculture but not to eliminate surpluses, not at all, but we all know that, as I said earlier, our farmers are able to produce more and to double their production. We are a small nation of 25 million people and we are able to produce food to feed the world population, we can do our share to help developing countries or those that are still known as underdeveloped countries.

I too have had the opportunity in the last few months of travelling abroad, in places as far as Bangladesh, for instance, where, I can assure you, the only possible crop is rice. But other food products are needed: meat, milk and so on. Canada is a net exporter of dairy products, milk, powdered milk, condensed milk, butter, cheese, and grain. We want our western farmers to increase their grain production. We also have farmers who produce without land: they breed pigs; in fact we produce 140 per cent of what we need and therefore we are overproducing. We also have very good poultry and egg producers and so we are exporting. Canagrex will help small processing plants to find markets, Mr. Speaker. In the last few weeks, I had the opportunity of meeting representatives from Middle East countries who were visiting Canada; they were interested in buying Canadian farm products. We were asked if we had, like Mexico, an agency that would handle the trade because, as we know, some countries would rather trade on a country to country basis. Thus, Mr. Speaker, Canagrex will fill the void, the void between the processing plants or rather, the processors and potential buyers of Canadian products.

• (1700)

Mr. Speaker, a few years back when I was a member of the Quebec National Assembly I had a chance to speak on a somewhat similar bill under which the then government proposed to set up the SOQUIA Corporation. I can say that the Corporation is doing very useful work within Quebec. Certainly Canagrex would not have exactly as the same role as SOQUIA but the goals are almost identical, namely, to help first the farmers and second the processors. As far as I know, SOQUIA did not get very much involved in the export of agricultural and food products. But surely with the co-operation of the provinces and of such a body as SOQUIA in Quebec, Canagrex will complete that network that is so important for the welfare of our Canadian agriculture.

In 1980, we had a $3.5 billion agri-food trade surplus, accounting for 75 per cent of the total Canadian trade surplus. In order to add to that positive tendency in our agricultural sector and enable Canada to meet the strong demand which is anticipated, the Department of Agriculture has adopted, as I stated earlier, an agri-food strategy based on three main aspects requiring co-operation and consultation. Those three aspects are most important, Mr. Speaker. First there is the processing of resources, second, the development of markets, and third, thematic agricultural research. Coming back to the processing of resources, we know that Canada must take into account the existing markets if we are to process the full range of our national resources through regional research and development. Farm production is affected by the policies of several federal departments. Further, the Canadian government and the provinces, as I said, share the responsibility for preserving and developing our resources. The provincial role is especially significant because the resources of this land and the advisory services fall within their jurisdiction. Consultation, liasion and co-operation within the federal government and with provinces are the key elements of that strategy. And in order to promote productive investments, the resource processing strategy must ensure technological progress through further research and the application of experimental results, combined with the necessary incentives.

Then there is the development of markets. The government has always contributed its effort to the development of better outlets for Canadian goods on foreign markets. During the last round of multilateral trade talks, Canada succeeded in reducing tariff barriers and securing for a great number of our Canadian farm products better access to foreign markets. Simultaneously, greater protection has been negotiated for part of our major garden crops. Thematic research is definitely an aspect that has always been a most vital concern of the Department of Agriculture, since more than $200 million are allocated to research in agri-food and agricultural research in Canada, but the Department of Agriculture will need more money to better promote that research. I would not say we are lagging behind, but we are not yet at the forefront as far as our research needs are concerned.

I have just highlighted a few aspects of that challenging strategy, but still it must rest on a structure which is both flexible and tailored to Canada's agricultural reality. Mr. Speaker, it is in that framework that the establishment of Canagrex gains its full significance. In a way, everything that has been done for the Canadian industry over the past ten years will be hallmarked today by the adoption of such an important bill. I am convinced that the Minister of Agriculture as well as hon. members on both sides of the House, whether

they spoke before or will speak after me, will explain the need for Canagrex as well as its objectives and its mandate. Personally, Mr. Speaker, during the few minutes at my disposal I would like to outline the make-up, the type of financing which the new corporation will be adopting.

First of all, the corporation will be headed by a chairman of the board and a president who will be his senior director, and an advisory committee to the Minister of Agriculture. The board of directors will set up its own subcommittees as required. During the first few years of Canagrex a team of monitors from the Agriculture Canada marketing and economics branch will be responsible for finding challenging marketing projects and taking a first look at the projects submitted by farmers, marketing agencies, co-operatives, provincial governments, processors or any other body related to the agricultural food sector.

The board of directors will have 11 members who, like its chairman, will be appointed by the governor in council upon the recommendation of the Minister of Agriculture. Most members will be selected among farmers known as leaders in their respective fields.

A moment earlier I heard the hon. member for Prince Albert say that farmers would not be appointed to the board of Canagrex. Not quite, because there will be farmers among the 11 appointed members. The board will also include spokesmen for the agricultural food industries and businessmen fully cognizant of export markets and experienced in banking, credit, insurance and foreign markets. It has also been proposed that the federal departments of agriculture and international trade be represented on the board which will be authorized to approve the projects. I heard my colleague opposite, the hon. member for Elgin (Mr. Wise), say that he could not understand how Canagrex could possibly be connected with three different departments—agriculture, industry and commerce, and external affairs—and still manage to operate smoothly. I will explain to him. First, Agriculture Canada represents the agricultural community and the food processing industry. Second, Industry, Trade and Commerce represents the processing aspect of it, namely the manufacturing sector. Finally, External Affairs has a whole network of embassies throughout the world, and therefore Canagrex, through its board of directors, will dispatch its people to those embassies to work with their trade attachés to promote Canadian agricultural products. The hon. member for Elgin said something else which really surprised me, and I am quite sure that he did not really mean it. I quote from his speech of Monday last which can be found on page 14290 of *Hansard:*

> How do we ensure the board of directors of Canagrex is composed of qualified people? These people are not around the country in great numbers.

I was taken aback by those remarks, because we do have good managers in this country, good experienced farmers, and good food processors. The hon. member for Elgin, the former minister of Agriculture, tells us that qualified people in this country are not in great numbers.

And he said further and I quote:

> It is extremely important that we secure well-qualified people, people who are ready to work and are capable of taking appropriate action.

I really do think the hon. member for Elgin did not really meant that, and I am convinced of it because otherwise it would be an insult to our farmers, to our farming community and indeed, to all Canadians.

• (1710)

So there will also be an advisory committee made up of representatives from all parts of the agricultural community. It will be placed under the direct authority of the Minister of Agriculture in order to ensure that the corporation's policies are consistent with the global Canadian strategy in matters of trade and production. Agriculture Canada will provide administrative services to this advisory committee which will include representatives besides those I mentioned a minute ago, from provincial governments, marketing boards, co-operatives, federal departments and services, the business community, farmers and consumers. I believe this wide range of representation will meet with the approval of my colleague from the other side, the hon. member for Joliette. As far as we are concerned, we have qualified people in our country.

Regarding the financial aspect, Mr. Speaker, Canagrex will be a Crown corporation established under Schedule C. It will have an annual budget appropriated by Parliament. The corporation will require a total investment of $12.3 million for its first three years of operation. It has been pointed out that the minister had said it would be a higher amount, and we now realize it will be only $12.3 million. I think the hon. member on this side who spoke before me has put it very aptly when he said you have to learn to walk before being able to run. Of course, during the first year, Canagrex will have to build up its structure. However, this corporation does not need a staff of 200 to run its operations. What we need is qualified people and I am sure we will have them. During the first year, only a few people will be enough to get the corporation going. Canagrex will establish a fund to which any benefit from joint ventures as well as loans or guarantees repaid to the corporation will be credited. Canagrex will deposit into this account all moneys paid to it as a result of joint ventures as well as reimbursements of loans and guaranties. Canagrex will be able to pay for its expenditures out of the financial transactions account.

When Canagrex is fully cost effective, it may borrow money from the Consolidated Revenue Fund. The contingent liabilities from the guarantees are limited to $75 million, of course. Certain limits will be provided for each loan, grant and loan guarantee. The due dates, the interest rates, the schedules for reimbursement and the other terms and conditions or applicable costs will also meet with the criteria for government programs or any other criterion authorized by the government.

Considering that it will take some time to make Canagrex operational and to hire the number of experts needed, it is imperative that we establish this corporation as soon as possible. Of course, Canagrex will operate under the new Crown Corporations Act providing that the said corporations will have to submit to the Treasury Board five-year plans which would be updated every year.

Furthermore, as far as the operation of the corporation is concerned, the advisory board will have to submit every year to the minister a marketing strategy for the next three years. The board will define its strategy on the basis of data provided by Agriculture Canada, the Department of International Trade, the provinces, and by the agricultural industry and private industry. That amalgamation of a variety of general data and interests will allow for the development of a practical and enlightened strategy. Canagrex should normally strive to develop foreign markets as well as new and existing agri-food products. I also heard earlier the hon. member for Prince Albert say that we should have new products. I think we shall begin with those we have. I indicated earlier a great number of products that we can export on the international market as early as tomorrow even if—and I commend them for that—pork processors are already exporting to the United States and supplying the very large Japanese market. This does not mean that at a given time they will not be pleased to have an organization such as Canagrex help them on the international market where conditions are sometimes very difficult, and I had the opportunity to discuss this matter with them.

Each year, the directors of Canagrex shall prepare a three-year corporate plan. The plan shall set forth its purposes and objectives, its target markets as well as the products to be dealt with in the years covered by the plan. The whole plan once approved will serve as a basis for the preparation of the annual operating and capital budget that Canagrex shall submit to the Minister of Agriculture for Treasury Board approval. In fact, Canagrex shall have to show through studies and other analyses that the projects proposed in the yearly plans are economically feasible and are likely to become profitable within a reasonable period of time. Finally, each year, the board of directors shall make a report on its activities which the minister will table in Parliament.

Therefore, Mr. Speaker, with all the provisions included in Bill C-85, as a Member of Parliament representing a rural riding where agriculture is of the utmost importance, where processing plants are on the increase, where agriculture is most diversified, I am convinced that Canagrex will make a most valuable contribution to the Canadian agricultural sector and processing industry. As I said a minute ago, this is an over view of this structure, Mr. Speaker, and I hope members opposite will not delay their approval of this bill which, once again, as I said earlier, will enhance the role of Canadian agriculture. I should like to end my remarks with these words, Mr. Speaker. The people in the Middle East are often referred to as the oil-rich Arabs. I say that Canadians, in the 1980s, will be the Arabs of agriculture and agri-food products.

Mr. Blais: Mr. Speaker, on a point of order.

The Acting Speaker (Mr. Blaker): The Minister of Supply and Services (Mr. Blais) on a point of order.

Mr. Blais: Mr. Speaker, just now the member for Portage-Marquette (Mr. Mayer) challenged the members on the opposite side, that is, the government members, regarding measures taken by the Minister of Agriculture (Mr. Whelan), who has been in charge of this department for about ten years.

[*English*]

As a result of that challenge, I would seek the consent of the House, in order to avoid having to read the full list of accomplishments of the Minister of Agriculture, which number more than 50 during his tenure, to simply revert to Orders of the Day in order to table this document and perhaps obtain the consent of members of the House to have it appended to this day's *Hansard*.

Mr. Neil: Mr. Speaker, I think that is completely out of order. It is a point of argument. I do not think there are many provisions under our rules which would allow the tabling of such a document by a minister.

• (1720)

Mr. Blais: Mr. Speaker, I will go through the list. The establishment of the Canadian Egg Marketing Agency, the establishment of the National Turkey Marketing Agency—

The Acting Speaker (Mr. Blaker): Order, please. I thought when the minister sought unanimous consent he was on the right track, standing as he did on a point of order. But I do not think we can have him read a list of accomplishments. As he suggested, I will seek to know whether there is unanimous consent for the minister to revert to motions in order to lay upon the table a certain list of accomplishments.

Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Blaker): There is not unanimous consent.

[*Translation*]

Hon. Roch La Salle (Joliette): Mr. Speaker, it seems to me the Minister of Agriculture (Mr. Whelan) has already made a speech. I would like to ask the Minister of Supply and Services (Mr. Blais) to take part in this debate, and he would, of course, have an opportunity to speak for the Minister of Agriculture on the comments made earlier by my hon. colleague.

Mr. Speaker, I want to make a few comments and I was hoping that the mood would be a little less aggressive than it

was yesterday evening—after all, no one day is the same. However, bills and debates do not seem to change. On the other side of the House I sense great enthusiasm for this proposal to establish a Crown corporation for the export of agricultural products. I believe there is no problem as to the principle. In times like these, and in view of the problems with which our producers are faced, I feel there should be no objection to adding a new instrument for agricultural development to those that already exist, or to having a mechanism for promoting exports of our agricultural products. However, although we have no basic objection to this new concept, I do have some reservations because it is a new organizational structure, and because we do not know exactly what this other new structure is the government announced recently, which is based on the concept of reorganizing the country's economic development by consolidating the Department of Regional Economic Expansion and the Department of Industry, Trade and Commerce, while the Department of External Affairs is also involved—some ministers are going down a few notches while others may not be getting anything out of the new structure, I am not quite sure about this and in any case we do not know what exactly is involved.

The Prime Minister himself (Mr. Trudeau) had a lot of trouble explaining on television what this new economic development tool was supposed to be. In any case, it seems that the government intends to set up a rather extraordinary organization. Since we do not know exactly what the role of the new organization will be, the question arises whether the Crown corporation we are discussing could not have been integrated into this larger organization. With many other colleagues on this side of the House, I feel that when the bill is considered in committee, we will be able to have a far better idea of what is involved than we can from a short press release and a few understandably enthusiastic comments by government members.

This reservation is necessary, I believe, with respect to the importance that will be given to and the cost involved in this new economic development structure which, besides, seems to bring about a fundamental change in the role played by the Department of External Affairs. When considering the legislation in committee, we will be in a position, on this side of the House anyway, to ask relevant questions, because there should be some kind of relationship when we deal with economic development; agriculture cannot be totally set apart, and it is important for us, it is important for Quebec as well as for my riding. The minister has left the House for a few minutes, and I wanted to thank him for honouring me with his presence, not too long ago, in my riding. The Parliamentary Secretary to the Minister of Agriculture (Mr. Ostiguy) for one has stated that he had been in my riding some time ago to meet with a few producers. This made me wonder all of a sudden about what was happening, last summer, because I had so many visits, Mr. Speaker. I represent a rural riding and agriculture seems to concern more people than ever, but those were very short visits. I will not go any further into this, Mr. Speaker.

In my riding, of course, there are many producers who will be interested in any proposal likely to promote our agricultural markets. Dairy producers are important in our area, as well as farmers involved in the production of fruits, vegetables, potatoes, pork, eggs, chicken and so on. Let us hope that maple syrup producers, for instance, will be able to sell their products through this new agency. It would be a good thing to see those producers who presently have big problems take advantage of this agency once it is in operation.

The second reservation I wanted to make right now, Mr. Speaker, is that the minister had a much broader idea in mind than what the Parliamentary Secretary explained to us today. According to the minister, some $60 million would be necessary to create this agency, which could give employment to 120 or 125 people, I think. Of course, there seemed to be a relation between the importance of this new corporation and the number of employees and the budget it would require. The hon. member for Chicoutimi (Mr. Dionne) feels sorry that this legislation has been introduced so late, but it is certainly not our fault. I think this time we did not hold up the introduction of this bill. Apparently the minister intended to introduce this piece of legislation 11 months ago and at that time the budget and the number of employees would have been greater than provided for in this legislation. Here we are dealing with $12 million and four or five employees. Then I wonder whether the Parliamentary Secretary to the Minister of Agriculture stated all the truth when he told us that for the first year Canagrex would be a rather modest operation, or rather whether the minister could not get the credits he wanted from the cabinet. Indeed, it would not have been the first time that the Minister of Agriculture had failed to obtain what he needed to promote the industry he represents, namely agriculture. Nevertheless, we are still skeptical when we hear the government talk about such an enormous over-all plan, not to say too costly. For the time being, I do not have to wonder about that, but only about the fact that this plan could be reduced so drastically from what it was in the original proposals.

I certainly think that interesting and pertinent questions will be asked before our committee on agriculture. Earlier, I listened to the hon. member for Chicoutimi who said he was sorry that the passing of this legislation had been delayed for so long and that high interest rates made it very hard to build up inventories of agricultural products, especially where beef is concerned, and that it was much more difficult now to build up inventories than it used to be some months or some years ago because of interest costs. Such a criticism does not come from the opposition side but from a member on the government side, the hon. member for Chicoutimi, and I was happy to hear it because it confirms what we have been saying for at least the past year.

Some mention has been made—and I agree one hundred per cent—of the self-discipline that farmers have managed to show in some areas of production. More and more, they will run their business with the same discipline as that of any industrial manager. There is no doubt about that. I think that producers have demonstrated a lot of interest and compliance in agreeing to all these plans which today allow us a better control over our production in relation to our market needs. This is the only way to go. It is also relevant to emphasize the importance of food production on a global scale and to note our country's ability to meet this ever-increasing demand which, incidentally, will give our producers the opportunity to increase their incomes. I repeat, any proposition concerned with the promotion of this objective is worth consideration.

It has been said that this corporation will not replace existing agencies such as the Canadian Dairy Commission, the Canadian Wheat Board or other marketing boards, but the minister also said in his speech that if they ever needed help from this corporation they would be welcome to it. At this stage, it is not intended to act as a substitute for existing agencies but should the need arise, it could help them out. I think that when this bill goes through the committee stage, the minister will be asked some pretty interesting questions. Promoting the export of our agricultural products and increasing our exportations is certainly a worthy aim which all hon. members should support. I repeat that there appears to be a consensus as far as the principle is concerned.

In view of the present problems of our producers, I believe that any positive action to promote ever better agricultural production will always be well received on this side of the House, because I do not think, as you must understand, Mr. Speaker, that the recent budget can help our agriculture to start on the road to recovery. We are well aware, and other members have emphasized this before me, of the difficulties now facing our farmers. I know quite well, for instance, that the Minister of Agriculture tried to get much more money to bolster the Farm Credit Fund than he was able to obtain at this time.

We know that the farmers are extremely discouraged by the budget proposals. I therefore take this opportunity to remind the minister of the difficulties facing the farmers. He must understand that a sustained effort must be made for the farmers and those in difficulty. Of course, I shall be told that the budget includes a proposal to save those who are already going under, but they will not be saved completely. There is nothing to protect those who will go under in a short time. Those members who are at least interested in farming and who live in rural constituencies are also aware of the difficulties facing many other sectors such as hog producers and dairy farmers. The hon. member for Saint-Hyacinthe (Mr. Ostiguy) mentioned the problems faced by these producers in 1973, and which I recall quite well. There is also room for improvement in other areas, and I say once again that any worth-while measure will be well received.

If I may, Mr. Speaker, I would like to say a few words about the board of directors. It appears that there will be 11 directors under the responsibility of the minister, of course, and that seven will be selected outside the public service. I do not know if ability will come before political stripe, as this is not written in the bill. The parliamentary secretary expressed concern earlier about the comments made by my colleague, the hon. member for Elgin (Mr. Wise), to the effect that there were not enough qualified people to—

Mr. Laniel: Please apologize!

Mr. La Salle: I think I can explain why my colleague said that. He is concerned about the level of competence of the directors because he does feel, as I do, that the people to be appointed to the board will probably be bosom friends of those in power. That explains his concern.

Mr. Whelan: How could you imagine such a thing?

Mr. La Salle: Furthermore, if I understood him correctly, the minister gave me the assurance that people from both political stripes would be appointed to the executive committee. We will make sure of that. Also provincial representatives of the business community and farm organizations will sit on the advisory committee. I do not know if all provinces will be represented on it. Naturally, I hope so, and I would like the minister to realize the importance of provincial representation. I think it is important to have a dialogue with all the provinces, including the province of Quebec, and that the business community participate in those negotiations, in those consultations with farm organizations. In that respect, I would be pleased to hear in committee, which organizations the minister intends to have represented on the advisory committee.

I think those representatives should be chosen very carefully, since this corporation will have the responsibility of promoting our agriculture as well as our farm products abroad. Understandably, those people must be picked very carefully and board and advisory committee members should be selected on the basis of their skills and their experience in agriculture. And I shall insist on the presence and representation of the provinces. As the minister is probably aware, there is a tendency to emphasize the federal presence or even to centralize when all the provinces are concerned. I hope that this corporation will respect the provinces and provincial priorities as concerns their farm legislation. I hope that all other federal departments will follow suit, since such dialogue, negotiation and consultation with the provinces is essential in such a crucial area as agriculture.

Those were the few remarks I wished to make, Mr. Speaker, regarding that new corporation which has, I think, a most significant mandate. It will be much easier to consider such a bill in detail in committee. Certainly it will be easier to get

answers to our questions when we can question the minister in committee, and if he can explain what will be the structure of the new Department of International Trade and External Affairs, we will be able to understand how important the new corporation will be. But since to date we have not been getting enough explanation on this new organization for regional economic development, we have every reason to have our reservations concerning this future organization.

If we could be convinced that this agency will be of a great help to our farmers, we would not hesitate as this party has always been favourable to farmers and has always done its best so that our agricultural community would have a greater importance within our domestic economy, and so that our farmers get reasonable benefits from the profession they have chosen. I believe there is no question about that and I hope that we will soon go into committee, but I know that some of my colleagues want to participate in this debate. I believe this is perfectly justified in view of the importance this party attaches to the future of agriculture in Canada.

● (1730)

[*English*]

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): Mr. Speaker, it is an auspicious day for Canadian agriculture and trade as we meet for second reading of the legislation that would bring Canagrex, the Canadian Agricultural Export Corporation, into being. I should like to commend the Minister of Agriculture (Mr. Whelan) for his efforts in promoting this corporation and for his expediency in introducing this legislation to establish Canagrex. I want to point out that over and above the 50 or more accomplishments to his credit which the Minister of Supply and Services (Mr. Blais) wanted to read into the record, we will soon be able to add this important piece of legislation to his achievements as Minister of Agriculture.

● (1740)

The bill we are considering fulfils in large part the government's promise of developing the same reputation in markets for all Canadian agricultural products which this country enjoys in grain handling. It is also consistent with many of the recommendations made in the agri-food discussion paper "Challenge for Growth" which has clearly identified the need to supply and develop markets for all our agri-food products. Moreover, the international climate is ripe for Canada to take on a more active role in promoting the sale of its food products abroad.

As we enter the third year of this decade, it is becoming more clear all the time that the eighties have all the makings of becoming the decade of food production, much as the 1970s were known as the energy years.

Worldwide demand for food will have serious political, social and economic repercussions unless nations such as Canada, one of the four net exporting nations of food products, are able to boost food supplies.

World population is increasing by 75 million to 80 million per year, and food production will most likely not keep pace with this increase in world population. Canada must take on the challenge of expanding its food production to meet world demand, not only for its own sake but also as a responsibility toward those countries that depend on the exporting nations to feed their people. Food is, after all, man's most basic need and unless exporting nations capitalize on their potential to produce and export food products and understand more fully the requirements of each country, they risk triggering a crisis that is far worse than the energy crisis we knew.

Agri-food is the natural resource that offers the most hope for mankind and, as far as Canada is concerned, we have much to gain by developing this resource, because not only is it renewable but the agri-food industry has the potential for tremendous expansion. Optimistic estimates indicate that Canada will be able to increase its food production by two thirds in the next two decades. If we can develop the market for our agri-food products and meet wheat export targets of 36 million tonnes by 1990, agriculture may become the cornerstone of our economy. We will not only have expanded our agricultural base, but will have diversified it as well by opening new markets for products that have never in the past been competitive internationally.

At a *Financial Post* conference on agri-business in Toronto last fall, one participant predicted that if world population grew as predicted, Canadian food producers may have to supply 80 million new customers every year. However, in order to meet future demand, we require a thorough understanding on overview of world markets, a strategy to supply those markets, and the ability to do so comprehensively and consistently. Canagrex can make a big difference, serving as the focal point for various agricultural marketing efforts with the capacity to carry through on the long-term, higher-risk ventures.

Extensive discussions, analysis and a sense of commitment to improving Canada's export capability and track record have brought us to this stage today. It has been a lengthy but a worth-while process.

The idea of forming such a Crown corporation was first discussed by the Minister of Agriculture and representatives of farm organizations in 1978.

Canagrex has been widely discussed across Canada since the announcement of its planned formation in the Speech from the Throne in April, 1980. Comments from all sectors of the food and agriculture industry have been favourable. This is significant because Canagrex is expected to work closely with all sectors of the industry, including private firms, co-operatives, marketing boards, and individuals, to reinforce the export capability of the food and agriculture industry.

It should be borne in mind that the government, through Canagrex, wishes to encourage additional exports, not to duplicate the existing efforts of firms presently doing a good job. But Canagrex would have a necessary and important role as a co-ordinator of marketing thrusts across the country.

Canagrex will enable us to consolidate and intensify our efforts much more than we have in the past. This is essential if we wish to live up to our potential in food production. Canadians consume only part of our food production, and unless a serious attempt is made at selling these products abroad, the industry at home will never have the opportunity to grow.

By establishing an agricultural export corporation, we will develop an expertise we have never known in agri-food production and marketing. It goes without saying that if the agri-food sector is strong, then research in this area will also increase and improve. Furthermore, input into Canagrex will come from the business community, farm organizations and government, so that it represents the interests of all parties who have a part to play in agri-food production.

Support for Canagrex is strong across the country. On numerous occasions, there has been unanimous support for its creation by provincial ministers of agriculture. The farming community, too, favours the establishment of Canagrex. Farm organizations such as the Canadian Federation of Agriculture and the National Farmers Union, have repeatedly called for an agricultural export corporation. As well, a number of private companies and industry groups have expressed interest and support for a stronger federal role in agricultural export efforts. This of course, Mr. Speaker, is not surprising given that a better export capability for food and agricultural products will, in turn, facilitate an expansion of Canadian agricultural production and increase to the industry.

If Canada is to put more emphasis on trade, one of our first responsibilities should be to focus on areas of strength, and agriculture is no doubt at the top of the list. There is nothing unusual about the establishment of a Crown trading corporation.

Industrialized nations have come to realize that in order to compete more effectively in world markets, they must co-ordinate or even centralize their activities. The Canadian government has taken such an initiative in other sectors in order to improve trade relations with other countries by establishing, for instance, the Canada Development Corporation, the Export Development Corporation, the Canadian Commercial Corporation and even Petro-Canada.

It is already a known fact that many countries prefer or even insist on negotiating trade deals with governments of other countries either directly or through Crown corporations or government agencies. This is especially so in commercial relations with east European countries and with the developing countries. We may reach the point, if we have not already done so, that the success of our trade relations with the east and the Third World will depend on how much interest the government has in the corporation that is doing the trading. For example, in 1973, when the Hon. Donald Macdonald attempted to negotiate a deal with the Venezuelan government, the latter specified that it was prepared to sign a deal with the Canadian Crown corporation, but not if a private oil company was involved. There are many other instances where countries have either hesitated or refused to sign deals with Canada, unless it was under the auspices of a Crown corporation. This has been a feature when signing energy deals with other countries such as with Mexico. The trend is likely to continue, especially when it concerns exports which are vital to human subsistence, such as food products.

• (1750)

Private industry itself has begun to recognize the importance of Crown corporations and government agencies in opening markets and in promoting and selling their products abroad. Rather than viewing these corporations as competitors, they have accepted them as important allies and partners in export markets. Canagrex will not only demonstrate the federal leadership that has been called for, but it will help to develop the agricultural potential which exists in all provinces to produce and market abroad more raw and processed food and agricultural products.

In addition to helping develop a firmer partnership between industry and government in marketing, Canagrex will act as a unifying force in Canada. It is conceivable that we may have missed significant trade opportunities in the past, opportunities that we may have taken more advantage of if Canagrex had been in place. For example, it is possible that our exports of seed potatoes to Portugal would have been enhanced through a joint venture involving Canagrex. Algeria has indicated that it would prefer to deal with an organization such as Canagrex for importing a number of agricultural commodities. A potential sale of livestock to Spain was lost because we could not match the terms and conditions offered by our competitors. Canagrex will be more attuned to the market requirements of a wide array of countries and products. Very simply, we cannot knock on doors unless we can deliver. Without Canagrex we have not been able to market our products as aggressively as world competition demands and as we could have done and will be able to do with Canagrex in place.

Our agricultural trade missions to such places as Egypt have been fruitful, but we have not been able to conclude significant deals without an organization in place to carry through with providing the link between industry and government to deliver the goods. Therefore, it is clear that the legislation with which we are dealing today and its adoption by the House will have a great impact upon Canada's ability to improve its balance of trade, its marketing efficiency and its role as a provider of food to a growing world population.

Canagrex enjoys considerable support outside the House. I would sincerely hope that it would continue to enjoy similar support from hon. members today. Members have already indicated an appreciation for what Canagrex has to offer when they waived the traditional waiting period to give unanimous approval for first reading of Bill C-85. For years we have seen export sales opportunities slip through our fingers because there was not a mechanism in place to provide the help needed to close deals on the scale involved. With the support of hon. members, such losses can now be a thing of the past. I urge every hon. member to approve this bill without delay.

Some hon. Members: Hear, hear!

Mr. Doug Neil (Moose Jaw): Mr. Speaker, I have sat here this afternoon and listened with considerable interest to the debate which has taken place. I thought to myself that times have certainly changed in the past ten years because I heard an hon. member of the NDP severely criticize Crown corporations. I sat here and I listened to the government side which traditionally, many years ago at least, was a free enterprise party praising Crown corporations. I wondered what has happened to Parliament. It seems to me that in the last ten years we have moved toward socialism under the leadership of the present Prime Minister (Mr. Trudeau).

Mr. Whelan: He is following Alberta's policy.

Mr. Neil: I hear the minister, but I think there is more free enterprise spirit in the province of Alberta or in the government of Alberta than there is in the Government of Canada.

Mr. Whelan: How much land does Alberta own?

Mr. Neil: At least some of us believe in the right to own land.

Mr. Whelan: Alberta owns 50 per cent of the land.

Mr. Neil: I will not get involved in an argument with the minister across the floor of the House—

Mr. Smith: Because you would lose it.

Mr. Neil: —because we are dealing with the Canagrex bill. I was interested in the attempt which was made by a minister a short time ago to bring in a list of the minister's accomplishments.

Mr. Whelan: The list was requested.

Mr. Neil: I do not believe that anyone requested that the list of the minister's accomplishments be tabled in the House. But I would assume that the minister carries that list around in his pocket all the time so that it is always available. I wonder whether he lists among his accomplishments the Meat Import Act when he was not prepared to recognize lamb as meat, when he forgot about the lamb producers in Canada and was not prepared to rise and argue that lamb should be included in the Meat Import Act. What about the metric bill? He was involved in the metric bill as the minister when they made changes for the Canadian Grain Commission.

Mr. Whelan: That is right.

Mr. Neil: I do not think the minister understands or appreciates the feeling with respect to metric across Canada, this system of measurement which has been imposed upon Canadians by order in council.

I should like to get into the details of the bill, but I see that it is approximately two minutes before six o'clock. May I call it six o'clock?

The Acting Speaker (Mr. Blaker): With the unanimous consent of the House we will call it six o'clock. I do now leave the chair until tomorrow at 2 p.m.

At 5.58 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, January 28, 1982

The House met at 2 p.m.

● (1405)

ROUTINE PROCEEDINGS

[*Translation*]

EXTERNAL AFFAIRS

THE POLISH CRISIS—REQUEST THAT PRIME MINISTER SUPPORT SECRETARY OF STATE FOR EXTERNAL AFFAIRS—MOTION UNDER S.O. 43

Mr. David Kilgour (Edmonton-Strathcona): Madam Speaker, I rise on a matter of urgent and pressing necessity, under the provisions of Standing Order 43.

In Poland, suppression of human rights, including the imprisonment of some 50,000 members of Solidarity, seems to be intensifying, and last Sunday, Archbishop Jozel Glemp, leader of the Catholic Church in Poland, said that continued martial law might lead to a "revolt and perhaps even civil war". I therefore move, seconded by the hon. member for Joliette (Mr. La Salle):

That, in recognition of the fact that nations of the free world should present a united front in opposing martial law in Poland, this House express its disagreement with the ambivalent attitude to the Polish crisis taken by the Prime Minister, an attitude that is encouraging General Jaruzelski and the Soviets to continue their repressive action and is discouraging to the Polish people, since the Prime Minister justified the oppression of ten million Polish members of Solidarity in comparing the situation with his own use of the War Measures Act in 1970; that this House declare the words of the Prime Minister of Canada to be odious and insensitive, and that this House invite the Prime Minister to support his Secretary of State for External Affairs on this matter and that it urge him to seriously consider the evidence obtained by his minister of Soviet involvement in the imposition of martial law in Poland.

Madam Speaker: Under the provisions of Standing Order 43, this motion requires the unanimous consent of the House. Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

[*English*]

ROYAL CANADIAN MINT

REFUSAL TO STRIKE COIN FOR SASKATOON CENTENARY—MOTION UNDER S.O. 43

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, whereas the Royal Canadian Mint has refused to strike a commemorative coin to honour Saskatoon's centennial year because it states that it has a policy of only honouring capital cities, and whereas in 1975 the city of Calgary was honoured on the occasion of its centenary by the issuance of a silver dollar—and that city, as far as I know, is not a capital—I move, seconded by the hon. member for Portage-Marquette (Mr. Mayer), who hails from Saskatoon:

That this House direct the Royal Canadian Mint to strike in 1982 a commemorative coin to recognize the centenary of this penultimate, progressive, pleasant, pretty and productive city of Canada positioned where parkland meets prairie and which, incidentally, is my home town of Saskatoon, Saskatchewan.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FITNESS AND AMATEUR SPORT

SUPPORT URGED FOR NORTHERN GAMES—MOTION UNDER S.O. 43

Mr. Dave Nickerson (Western Arctic): Madam Speaker, whereas the Department of Indian Affairs and Northern Development and the Canada Council have sponsored a film of the Northern Games presently being shown at the Museum of Man in Ottawa, but the minister responsible for fitness and amateur sport refuses to put any money into this unique Canadian sporting event, I move, seconded by the hon. member for Bow River (Mr. Taylor):

That the Government of Canada financially support the Northern Games as an international sports meeting of circumpolar nations.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

EXTERNAL AFFAIRS

EL SALVADOR—IMPACT OF VIOLENCE ON PROPOSED ELECTIONS—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43 concerning the forthcoming scheduled elections in El Salvador. In accordance with the resolutions adopted at the Inter-Parliamentary Conference last September, supported by the Canadian delegation, and the recommendations of the Parliamentary Sub-Committee on Latin America and the Caribbean adopted unanimously in December, and in view of the conclusions of the all-party delegation which returned this week from Central America, I move, seconded by the hon. member for Winnipeg-Birds Hill (Mr. Blaikie):

That this House strongly urges the Canadian government to withdraw its support for holding elections in the climate of terror and violence which now exists in El Salvador and instead calls for immediate political negotiations to resolve the violence as an essential precondition for elections.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

SOLIDARITY FOR SOLIDARNOSC DAY

SUPPORT FOR POLISH PEOPLE'S FREEDOM—MOTION UNDER S.O. 43

Mr. Jesse P. Flis (Parkdale-High Park): Madam Speaker, I rise seeking the attention of all hon. members of the House on a matter of urgent and pressing necessity. I want to emphasize that my motion has been drafted by representatives of all three parties in the House. In view of the fact that January 30, 1982, has been declared "Solidarity Day" in the United States, and in view of the fact that on Saturday there will be mass demonstrations, coast to coast, by Canadians showing their moral support for people's freedom in Poland, I move, seconded by the hon. member for Edmonton North (Mr. Paproski) and the hon. member for Hamilton Mountain (Mr. Deans):

That this House declare Saturday, January 30, 1982, "Solidarity For Solidarność Day".

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Hear, hear!

Madam Speaker: There is unanimous consent for this motion?

Some hon. Members: Agreed.

Madam Speaker: It is moved by the hon. member for Parkdale-High Park (Mr. Flis), seconded by the hon. member for Yukon (Mr. Nielsen) and the hon. member for Hamilton Mountain (Mr. Deans):

That this House declare Saturday, January 30, 1982, "Solidarity For Solidarność Day".

Does the House agree to the said motion? Agreed? Carried.

• (1410)

Mr. Nielsen: Madam Speaker, I believe the seconder of the motion was the hon. member for Edmonton North (Mr. Paproski).

Madam Speaker: But the hon. member for Edmonton North is not in the House.

Mr. Nielsen: Very well, Madam Speaker.

Mr. Crosbie: Madam Speaker, I would like to speak in support of this motion.

Madam Speaker: I am sorry, but the motion has already been carried.

Mr. Crosbie: But I was on my feet, Madam Speaker.

Mr. Andre: He was on his feet, Madam Speaker.

Mr. Crosbie: Madam Speaker, I notice that the Prime Minister (Mr. Trudeau) is not here to veto that motion. I was on my feet, Madam Speaker.

Some hon. Members: Sit down.

Mr. Andre: He was on his feet.

Madam Speaker: Order, please. Nothing would please me more than to allow the hon. member to speak on the motion, but he was not on his feet fast enough. The only hon. member who was on his feet was the hon. member for Yukon (Mr. Nielsen) and I recognized him on his point of order. I am sorry, but the motion has been carried. Therefore, I cannot allow any more speakers.

Motion agreed to.

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CANADIAN WHEAT BOARD

FINAL PAYMENT FOR DURUM WHEAT—MOTION UNDER S.O. 43

Mr. Doug Neil (Moose Jaw): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. In view of the fact that the Canadian Wheat Board asking price for Durum wheat during the 1980-1981 crop year was approximately $2 per bushel higher than the asking price for Canadian red spring wheat, with the exception of a period of about two weeks, and in view of the fact that the final realized price per bushel for Durum wheat was only 47 cents per bushel higher than for Canadian red spring wheat, I move, seconded by the hon. member for Assiniboia (Mr. McKenzie):

That the minister in charge of the Canadian Wheat Board, through his spokesman the Minister of Transport, table in this House the reasons that the final payment for Durum wheat was only 1.6 cents per bushel rather than in the $1 range.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

TERRORISM

RESCUE OF U.S. BRIGADIER GENERAL BY ITALIAN SECURITY FORCES—MOTION UNDER S.O. 43

Hon. Allan B. McKinnon (Victoria): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter which I feel will receive the support of all members of this House.

This morning word has been received that the Italian security forces have found and released unharmed, Brigadier General James Dozier of the United States Army, who had been kidnapped and held by terrorists, the most cowardly group of all political interventionists. Therefore I move, seconded by the hon. member for Esquimalt-Saanich (Mr. Munro):

That this House expresses its thanks and congratulations to the Italian security forces, and expresses its best wishes to General Dozier and his family, who have suffered greatly from the cowardly actions of these criminals.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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INDUSTRY

INDUSTRIAL AND LABOUR ADJUSTMENT PROGRAM—MOTION UNDER S.O. 43

Mr. David Orlikow (Winnipeg North): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. In view of the promises made by the government to consult with labour and management in a meaningful way before bringing forward its programs to deal with the very heavy lay-offs which have taken place in the last two years, and in view of the failure of the government to live up to that commitment so that the legislation prepared under ILAP was brought to Parliament without any meaningful input by labour or management, and in view of claims made by labour representatives from both the United Steelworkers and Auto Workers that, so far, the views of the local committees have been largely ignored and that virtually no money spent under the ILAP program has gone to help workers laid off, I move, seconded by the hon. member for Hamilton Mountain (Mr. Deans):

That the federal government change the unilateral decision-making process which it has been following and begin instead to develop the ILAP program through real co-operation with labour, management and local communities, for whom the ILAP program was supposedly developed, so that some of the thousands of laid-off workers who have been devastated by the current recession will begin to get help.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

● (1415)

ORAL QUESTION PERIOD

[*English*]

THE BUDGET

PROVISIONS AFFECTING TAXATION OF EMPLOYEE BENEFITS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is for the Minister of Finance regarding some of the confusion existing in the country about his budget. He may well know that Inco is now deducting new taxes on employee benefits amounting, for example, to $212 per year for a married employee with a taxable income of $26,000 per year. Prudential Life, however, where benefits are worth $369 per year for married employees, does not make a deduction. Neither company, nor the thousands of Canadians who work for them, know whether they should be deducting anything or, if so, how much. The situation is the same for thousands of other employers and employees. Will the minister tell the House how long he intends to allow this confusion to go on?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Well, Madam Speaker, to my knowledge there is no confusion.

Some hon. Members: Oh, oh!

Mr. MacEachen: The situation has been clearly laid out in the budget; we all know its provisions. I would add to that general statement the point that the collection of these taxes and how they are applied to various firms is, of course, a matter for the Minister of National Revenue.

POSITION OF UNEMPLOYED

Right Hon. Joe Clark (Leader of the Opposition): Well, the minister can attempt to pass the buck to his colleague, the Minister of National Revenue. He says there is no confusion. The fact is that if he were in touch at all with reality in this country he would know that companies having to deal with the problems caused by this budget simply do not know, two months after the budget was brought down, what will be the impact of its provisions. Those Canadians suffering deductions

now simply do not know whether they are being properly or improperly taxed.

Let me ask the minister another question. He might know that in the construction industry, where work is seasonal, and where individuals often work for different employers in a particular year, unions negotiate with employer associations to establish union trustee plans which fund employee benefits. Many of the employees who receive those benefits are, thanks to the economic policies of the minister, now unemployed. Will the minister tell us are these unemployed Canadian construction workers to be taxed on their employee benefits? Are you adding new taxes to Canadians now unemployed?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Of course not, Madam Speaker.

Some hon. Members: Oh, oh!

Mr. Clark: We will correct that as we corrected the minister's misstatement about the child tax credit.

Some hon. Members: Hear, hear!

QUERY RESPECTING POSSIBLE CHANGES IN BUDGET

Right Hon. Joe Clark (Leader of the Opposition): Now, the minister will know that his colleague, the hon. member for Thunder Bay-Atikokan, said yesterday morning on "Canada AM", and I quote, "Obviously the government is going to make some major changes in the budget." Will the minister tell us is the government going to make some major changes in the budget, and when will those major changes be announced?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Well, Madam Speaker, I suppose what I might regard as a major change the Leader of the Opposition might regard as minor. I discovered that when some of the changes I made on December 18, which I regarded as major, were described by others as minor. I have no intention of making any changes in the budget—

Mr. Andre: Say goodbye to your backbenchers.

Mr. MacEachen: —until the House of Commons has an opportunity to examine the provisions of the budget. It is not my intention to come into the House and make these changes.

Mr. Nielsen: You dare not do so.

Mr. MacEachen: They will be made in the normal way in the course of the parliamentary process.

Some hon. Members: Hear, hear!

Mr. MacEachen: If hon. members take that process seriously, they will realize that is where members' views are heard, representations can be made, consideration can be given to these views and, if they are convincing, then the changes will be made. That is my general answer to the Leader of the Opposition.

Mr. Clark: So much for the hon. member for Thunder Bay-Atikokan and the reliability of his word, and that of other members opposite and the reliability of their word.

• (1420)

MINISTER'S POSITION ON POSSIBLE CHANGES

Right Hon. Joe Clark (Leader of the Opposition): If I understand the minister correctly, which is always impossible, he has now given the proposition that the House of Commons will write the budget. The one relief is that it will be a much better budget than the minister wrote.

Some hon. Members: Hear, hear!

Mr. Clark: But the minister has now admitted the possibility of changes. He says, with all feigned innocence, that it will be up to the House to make them. Is the minister currently proposing to a committee of the House of Commons that there be any change to any part of the budget? Is he presently contemplating that? If so, why will he not immediately indicate to Canadians what kind of changes he is prepared to contemplate? While he is on his feet, can he tell us whether he has given reason for any Liberal Member of Parliament to believe that there will be changes in the budget which he has not revealed to the whole House of Commons or to the public?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I do not take a different line in the caucus than I take in the House of Commons. Maybe the Leader of the Opposition does that, but I do not.

Mr. Crosbie: Give me a rubber man.

Mr. Baker (Nepean-Carleton): They are weak men, your backbenchers.

Mr. MacEachen: I assumed that the Leader of the Opposition had some respect for the parliamentary process.

Some hon. Members: Oh, oh!

Mr. MacEachen: He has stated that it was his intention to filibuster the tax measures, to have a very long debate, to ensure that they were carefully examined. It is the normal procedure at least to examine these tax measures. I am not suggesting, previewing or forecasting what changes might be made in the measures. However, it is the normal course that views of hon. members are heard—

Mr. Crosbie: And laughed at.

Mr. MacEachen: —amendments are proposed, and, at times, changes are made. That is what I have in mind when I talk about the parliamentary process. What do hon. members suggest?

Mr. Nowlan: Incredible!

Mr. MacEachen: That we disrespect the whole legislative process and say that it is irrelevant? I regard it as a very relevant phase of the work of changing taxes.

Some hon. Members: Hear, hear!

Mr. Nowlan: To get you off the hook.

COST OF COLLECTING TAXES ON EMPLOYEE BENEFITS

Miss Pat Carney (Vancouver Centre): Madam Speaker, my question is also addressed to the Minister of Finance. Many labour groups, including the Quebec Federation of Labour, the B.C. Federation of Labour, the Quebec Teamsters and the National Union of Provincial Government Employees have all told us that the proposal to tax employee benefits, such as dental and health plans, will lead to substantial labour unrest because these contracts have already been negotiated and the unions will seek to recover their costs from the general taxpayer and consumer. We are also told that the cost of administering this part of the budget is more than the revenues which will be gained. Why is the minister prepared to risk billions of dollars of damage to the economy in order to collect nickels and dimes?

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I do not believe any such risk exists.

Miss Carney: I would refer the Minister of Finance to all the labour contracts which have been negotiated by unions, and suggest that he refresh himself on their contents.

POSSIBLE IMPACT ON PENSIONERS

Miss Pat Carney (Vancouver Centre): My second question is also addressed to the Minister of Finance. Our Conservative task force was told by John Arthur, who is the president of the Canadian Pensions Conference, that the proposal to tax social benefits would disqualify many pensioners from receiving supplementary pensions such as the guaranteed income supplement. He has already referred to the fact that another cabinet colleague administers the national revenue, administers some of the budget measures that he wishes to introduce. We were also advised that the Minister of National Health and Welfare has refused to calculate these benefits into pension income. Why is the minister determined to tax pensioners on health benefits paid by their former employers when the concept has been rejected by his own cabinet colleague?

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member has not clearly stated what particular benefits she has in mind. Just the other day one of the other hon. members of the opposition referred to veterans and the alleged additional taxation they might face. Of course there is no provision whatsoever in the budget that would affect the current status of veterans. There is a provision in the relevant resolution to which the hon. member's colleague referred, providing for a prescribed omission or prescribed elimination of certain programs. Unless the hon. member is very specific as to what other benefits she has in mind, I must say I am at a loss to answer her very general question.

● (1425)

PAYMENTS TO PENSIONERS' HEALTH AND DENTAL PLANS

Miss Pat Carney (Vancouver Centre): Madam Speaker, my supplementary is also to the Minister of Finance. I can be very specific. These are payments to health and dental plans by employers, which are continued for pensioners. They are the ones named in the budget papers.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I do not believe the hon. member can equate employee benefits and retirement benefits. They seem to be contradictory.

* * *

FINANCE

AUTHORITY FOR COLLECTION OF TAXES

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I would like to address my question to the Minister of National Revenue. The minister is no doubt aware that to this point in time there is no tax guideline printed and available for employers in this country with regard to the tax changes announced by the Minister of Finance in his budget. On what legal authority do employees of the Ministry of National Revenue instruct or advise employers in this country to deduct from the wages of their employees taxes applied against what may well become taxable, on this day, in advance of the taxing measures being passed by the House of Commons?

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, specifically under Section 153 of the Income Tax Act and Regulation 101 which expands on that section, it is the duty of the employer to deduct taxes on behalf of his employees. In January of every year the Department of Revenue, as it did this January, sends out tax tables to employers. For the benefit of the Leader of the Opposition I might say that the tax tables this year included the budget provisions of November, so there should be no confusion in the minds of employers. The same tax tables and the same information has been sent to all employers under Section 153 of the Income Tax Act.

While I am on my feet, I might say to the hon. member that I am rather surprised that he raised a question of privilege about an announcement which clarified employee benefits, made when the House of Commons was not in session. I would have thought it important to get that clarification out as soon as possible. Indeed, most workers wanted that. I am particular-

ly surprised in the sense that this is beneficial to 12 million Canadians who will see a reduction of their tax through this budget. Indeed, 250,000 people in Newfoundland will improve their financial situation this year as a result of this budget. That was the reason for getting the press release out as soon as possible.

TAXES COLLECTED BY EMPLOYERS

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, is it then legal for an employer to tax an employee at any level he sees fit, or must the employer tax at the legal level as established by the law?

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, obviously the ways and means motion puts into legality the provisions of the November budget. It is the practice of employers to withhold taxes on behalf of their employees. This is obviously given legal sanction by the ways and means motion through legislation in the House of Commons. It is a time-honoured practice of this House, in fact of all Houses that I know, including the provincial Houses across this country, to operate in exactly the same way as we have been doing for years, including when the party opposite was the government.

LEGAL BASIS FOR COLLECTING TAXES

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, perhaps the minister is not aware of two facts. First, his own legal officials, in consultation with this party, have indicated that they do not have any legal authority to require employers to collect tax for which there is no legislation. Second, advice being given by the ministry officials over the telephone is that they cannot issue a tax bulletin because there is no legal authority for the collection of the tax. What exactly is the legal authority that allows employers to take taxes from employees in excess of the legal taxes allowed by the laws of Canada?

• (1430)

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, I believe I have dealt with that question previously. I have referred to Section 153 of the Income Tax Act. It is not true to say that employers do not know what taxes they have to deduct.

An hon. Member: There is no law.

Mr. Rompkey: The tax bulletins are issued by the department. I would be quite happy to supply them to the hon. member. Apart from the tax tables, there are interpretation bulletins which are now in existence and which are being updated and will be issued to employers.

NATIONAL DEFENCE

BUDGET FOR CAPITAL PROGRAM

Hon. Allan B. McKinnon (Victoria): Madam Speaker, my question is for the Minister of National Defence. In his speech to the Conference of Defence Associations on January 14, the minister said the following:

> The proportion of the budget that we devote to the capital program has been rising, it is now up to 24 per cent, and still rising.

The estimates for this year show that the capital portion is only 19.6 per cent of the total, a decrease from the 19.8 per cent of the previous year. Would the minister tell the House from where is he getting the additional 4 per cent?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, the statement that I made during the CDA conference referred to figures given by my department, and I think these questions on figures, percentages and statistics can be discussed when the estimates are before SCEAND. I believe I said that this year the capital expenditure was up to 24 per cent. I think that was the figure I gave at the CDA. I am ready to discuss that when the time comes.

Mr. Clark: Phone the Senate.

Mr. McKinnon: One would expect the Minister of National Defence to have overcome his confusion over the budget figures by this time.

MINISTER'S STATEMENTS

Hon. Allan B. McKinnon (Victoria): While we were discussing the estimates at what he calls SCEAND—the Standing Committee on External Affairs and National Defence—the minister said on March 26, 1981, that capital expenditures will account for close to 20 per cent of the defence budget, taking into account our contributions to the NATO airborne warning system and the infrastructure. How can the minister put these two conflicting statements before Canadians? Apparently, he allocated 4 per cent extra in the capital budget yet he pretends not to know where it comes from, if indeed there is a 4 per cent addition. I would like to know what the truth is between those two totally irreconcilable statements.

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, there always can be many discussions on statistics, figures and percentages. However, I think the real figures will be there when the estimates can be discussed, when the final budget will be adopted as far as defence is concerned. The fact is that the defence budget this year is one of the best budgets we have had for a long time and this government has taken its responsibility for our commitments toward NATO and the defence of Canada. As far as the figures of the hon. member are concerned, I will be ready to discuss these with him in the House committee when it sits.

FINANCE

PROPOSAL TO TAX RENTAL VALUE OF OWNER-OCCUPIED HOMES

Mr. Vince Dantzer (Okanagan North): Madam Speaker, my question is for the Minister of National Revenue. The minister will know that, according to the budget papers, the main thrust of the budget was to eliminate certain tax expenditures or so-called benefits. He will also know that the budget papers refer to a tax on imputed rent on owner-occupied homes. In fact the budget even calculates the amount of revenue the government would receive if such a tax were imposed. I might tell the minister that the constituents of North Okanagan and home owners across Canada are very concerned about the possibility of the government imposing a tax on the rental value of owner-occupied homes. I am shocked about this possibility, as are my colleagues. Will the minister give his assurance that this government has not now placed nor will it in the future place a tax on rental value of owner-occupied homes?

Some hon. Members: Hear, hear!

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, I am not aware of that situation. The Minister of Finance has said that this budget is fair and equitable.

Some hon. Members: Oh, oh!

Mr. Rompkey: That is exactly the way it will be administered.

Mr. Dantzer: Madam Speaker, I would refer the minister to page 31, I believe, of the budget papers, which refers to incomes of individuals.

POSSIBLE EFFECT ON OCCUPANTS OF SUBSIDIZED HOUSING

Mr. Vince Dantzer (Okanagan North): Madam Speaker, the minister knows that many people, particularly the elderly and those who have low incomes, live in subsidized housing. I am not talking about subsidized housing which comes under employer benefits, but subsidized housing where the size of a person's income determines the amount of rent to be paid. When the minister puts a value on subsidized housing as an income, does he intend to value that as income which will, of course, have the effect of raising the rent to those people and increasing their tax? Could he answer that?

Hon. William Rompkey (Minister of National Revenue): No, Madam Speaker.

Mr. Clark: No answer.

THE CONSTITUTION

DATE OF PATRIATION

Mr. Jack Burghardt (London West): Madam Speaker, my question is for the Minister of Justice. Could the minister comment on today's decision by the British Court of Appeal with regard to native rights in the Canadian Constitution, and perhaps give the House some indication of when we may expect to see the Constitution patriated?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, this morning we heard the news of the decision of the Court of Appeal in England. We expect that the British Parliament will proceed with finalizing the acceptance of the package in the House of Commons and House of Lords within the next few weeks.

Mr. Hnatyshyn: Can you give us a better idea?

* * *

UNEMPLOYMENT INSURANCE

PAYMENT OF BENEFITS TO WORKERS LAID OFF IN MANITOBA

Mr. Rod Murphy (Churchill): Madam Speaker, my question is for the Minister of Employment and Immigration. At the present time one third of the work force of Leaf Rapids and Lynn Lake, Manitoba, have been laid off. Because these people are eligible for payment in lieu of notice, they are being denied immediate access to UIC benefits. If these same benefits were called severance pay, the workers would receive UIC benefits at this time. Will the minister admit that these payments are the same as severance pay, and ensure the workers are eligible for UIC benefits now? In other words, will the minister waive the regulations pertaining to the workers in Leaf Rapid and Lynn Lake, just as he did for the workers at *The Winnipeg Tribune*?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, in this particular case the definition of the benefits is defined by the Manitoba Labour Code. They are being defined as wages in lieu of notice and, as a consequence of that, I wrote to the Minister of Labour in Manitoba last week requesting that he waive the application of that law in this particular circumstance. If he waives the application of that, we would be prepared to consider it as severance benefits and therefore pay the workers their full entitlement under the Unemployment Insurance Act.

I suggest to the hon. member that, rather than trying to stir the pot, he would be better off to persuade his colleagues in the provincial government to concur with our request to waive that application so the workers can receive the benefits.

Some hon. Members: Hear, hear!

Mr. Murphy: Madam Speaker, the minister knows that the reason the provincial government cannot waive the regulations is that the company is trying to give the workers less money

than they are entitled to by provincial law. The province will waive the regulations but can only do so if the company will also waive the regulations. The minister has the power to do that himself, as he should.

* * *

INCOME TAX

RELIEF SOUGHT FOR LOSS OF HOMES

Mr. Rod Murphy (Churchill): My supplementary question is to the Minister of Finance. These people who are being laid off in Leaf Rapids and Lynn Lake are being forced to sell their homes at a loss. They are living in one-industry communities and there is no market for their homes. Will the Minister of Finance investigate the possibility of allowing people who are laid off because of shutdowns or plant closures, the tax benefit of being able to charge that loss against their income? We can protect corporations; can we also protect individuals?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I appreciate the situation which the hon. member has raised. I believe that there may be some action which can be taken by lending institutions to give these cases some consideration.

Mr. Epp: Let the Manitoba government solve it.

Mr. MacEachen: I know that in other communities where there have been extended strikes, for example, lending institutions have declared a moratorium on the collection of mortgage payments. I think something along those lines might be investigated.

* * *

COMMUNICATIONS

OPERATION OF PIRATE BROADCASTING STATIONS IN NORTHERN AREAS

Mr. S. J. Korchinski (Mackenzie): Madam Speaker, I had a question for the Minister of Communications, who has just slipped out. I do not know what communication we will have here, but I see he is now returning.

• (1440)

My question is about pirate stations operating in some northern areas. The CRTC is imposing certain regulations which insist that northern areas have nothing but CRTC approved communications. Is the minister prepared to allow some of the so-called pirate stations to operate in those northern areas, or will he close them down so that they will not operate in those northern areas?

Hon. Francis Fox (Minister of Communications): Madam Speaker, as I have indicated to the House a number of times, we are prepared to take as flexible a position as possible. Basically, as the hon. member knows, the CRTC has authorized a new service for remote and underserved areas of Canada known as Cancom, which makes four television signals available to all those underserved communities. Since the beginning of the year, the CRTC has licensed some 266 communities to receive the Cancom service. Obviously in areas where there is now a licensed distributor of Cancom services we would expect the other, illegal services to terminate.

BROADCASTING OF "HOCKEY NIGHT IN CANADA"

Mr. S. J. Korchinski (Mackenzie): Madam Speaker, is the minister prepared to allow Cancom to introduce "Hockey Night in Canada", which would allow an injunction to be served with respect to a service which is copyrighted in defiance of the law? This is something the pirate stations wanted to do. Is he prepared to abide that kind of situation and to allow the matter to be taken to court?

Hon. Francis Fox (Minister of Communications): Madam Speaker, the pirate stations are offering essentially American fare to the areas to which they are distributing signals. I do not believe there is any possibility for a pirate station to pick up "Hockey Night in Canada". We hope to see CBC services extended to all communities in Canada. The hon. member knows that there is an accelerated coverage plan which comes to an end within the next year or so which will assure basic CBC services, including "Hockey Night in Canada", to all communities of 500 or more residents.

* * *

SMALL BUSINESS

DEVELOPMENT BOND PROGRAM APPLICATIONS

Mr. W. C. Scott (Victoria-Haliburton): Madam Speaker, my question is directed to the Minister of State for Small Businesses and Tourism, and it deals with the small business bond. In view of the fact that small-business men and farmers are still encountering great difficulty in obtaining application forms at their local lending institutions and are unable to secure any definite information on the small business bond from their bank managers, can the minister assure the House that he will again approach the banks and ensure that information and forms will be readily available, so that members of the business community will be able to understand and take full advantage of the small business bond?

[*Translation*]

Hon. Charles Lapointe (Minister of State (Small Businesses and Tourism)): Madam Speaker, the Minister of Finance and myself issued a press release about two weeks ago, informing the financial institutions of the regulations concerning Small Business Development Bonds. I have been told that since then, the head offices of the chartered banks are now in a position to inform their branches of the regulations for issuing such bonds. I shall be happy to act on the hon. member's suggestion by getting in touch again with the bank-

ing community to ensure that they are approaching the bond program in as positive a manner as possible.

[*English*]

REQUEST FOR CHANGE IN PROGRAM

Mr. W. C. Scott (Victoria-Haliburton): Madam Speaker, my supplementary question is directed to the Minister of Finance. As the small business bond is 80 per cent self-financed when used for capital expansion, and represents one of the more effective stimulants to our sluggish economy, will the minister withdraw the restrictive "dire straits" clause from the bill and restore it to its original form, and give more incentive to our farmers and to small businesses which are really suffering from the effects of the budget?

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the purpose of confining the application of the Small Business Development Bond to firms or individuals in financial difficulty was to ensure that the available funds would be channelled to those most in need. That was the dominant request made by members of the opposition before the budget.

Mr. Wilson: It was not.

Mr. MacEachen: The request was that some effort be made to come to the assistance, for example, of farmers who were facing extraordinarily high interest rates, and we have provided, as a result of budget measures, including the Small Business Development Bond and the special provisions which will be applicable through the Farm Credit Corporation, substantial relief to those particular farmers. It seems to me that is a very effective way to deal with the case.

I should remind the hon. member, as I have stated earlier, that that particular provision has always been part of the bond. It was there when it was introduced by the former Minister of Finance.

* * *

HOUSING

INCREASE IN NUMBER OF CONSTRUCTION STARTS

Mr. Garnet M. Bloomfield (London-Middlesex): Madam Speaker, my question is directed to the minister responsible for housing. In today's *Toronto Star* a Mr. Deslise from Statistics Canada has reported a surge of housing starts following the November 12 budget. Could this signal a turnaround in the housing sector in 1982—

Some hon. Members: Oh, oh!

Mr. Bloomfield: —and does the minister share that optimism?

Some hon. Members: Oh, oh!

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, the hon. member's question gives me the opportunity to say yes, I share the optimism of the report in the *Star* today. This afternoon I will introduce amendments to the National Housing Act. The budget provides $350 million for the rental supply plan. The amendments to the plan to provide improved mortgage documents for the private sector market will support that turnaround. This first turnaround in five years is a good sign.

* * *

FINANCE

TAX DEDUCTIONS FROM WORKERS' PAY CHEQUES

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, as my leader, the right hon. member for Yellowhead, has pointed out, members of many unions across Canada making representations to the Progressive Conservative task force pointed out that commencing this month an additional $200 to $300 will be deducted from their net incomes. Officials of Inco and other companies have confirmed they feel they have a responsibility to officials of Revenue Canada to make these deductions. My question to the minister is quite simple. He evaded this question when it was put to him by the Leader of the Opposition. Does he condone the deduction tomorrow of these amounts from the January paycheques of mine workers and others in hard pressed and depressed communities across Canada, who have to contend in a general way with all the negative consequences of his budget?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I think the hon. member should put the situation in the proper context. I suggested in the House earlier that at the present time in Canada, for example, the average industrial wage is about $22,000. At this income level, with the budget measures which were included and brought into effect, the average tax saving for a family of four will be about $650. I believe that is the beneficial fact the hon. member ought to draw to the attention of his workers, and that ought to be reflected in the withholding taxes which are put into place this month by employers, because there will be millions of Canadian employees taking more money home this month as the result of the budget than they did last year. That is the fact I want to get out before the Canadian people.

* * *

THE BUDGET

EFFECT ON WORKERS LAID OFF FOLLOWING SHUTDOWN OF INDUSTRY

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, once again the Minister of Finance is distorting the facts, because in fact the marginal tax rates have not changed for incomes under $24,000. Benefits are lost because of the

higher taxes on energy. Additional taxes are withheld due to taxes on employee benefits. Many employees will have less in terms of real income. I am speaking in real terms and not referring to inflationary increments and requirements to keep pace with the 13 per cent rate of inflation in this country.

● (1450)

Madam Speaker, the minister's response is small consolation to the 430—

Madam Speaker: Order, please. The hon. member is carrying his preamble a bit too far. I would ask him to put the question.

Mr. Siddon: Madam Speaker, I wanted to ask the minister if he condones the progressive shutdown of Canadian industry, of the base metal industries, which is leading to massive lay-offs and massive numbers of applications for unemployment insurance in offices across the country. Will he continue to accept this foolhardy advice from a bunch of philosopher kings who are leading him down the path—

Madam Speaker: Order.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, in his preamble the hon. member attempted to conceal the tax cuts that are contained in the budget. In doing so he has drawn attention to the increases in energy prices. I am surprised that the hon. member would do that when his own party consistently advocated higher energy prices than were included in the Alberta-Canada energy agreement. The hon. member for Etobicoke Centre had the effrontery the other day to make the same point, when he was the man who, at the annual Conservative convention, very strongly supported an increase in energy prices.

If you want to take that into account then you are taking into account quite a separate matter than the budget tax cuts which, in the case of an industrial wage of $22,000 for an average family of four, registers a tax cut—

Mr. Clark: That is not what they are saying in Timmins.

Mr. MacEachen: —of $650 in 1982, and $220 for a single person. Those are the facts.

* * *

RAILWAYS

SNAVELY REPORT ON GRAIN TRANSPORTATION COSTS

Mr. Les Benjamin (Regina West): Madam Speaker, I would like to address a question to the Minister of Transport. He has in his possession the third report of Snavely Consulting Services of Washington, D.C. In the two earlier reports that consultant rejected including certain costs in computing the costs of transporting grain under the statutory grain rate, the Crowsnest Pass rate. In the terms of reference for this third report, why did the minister instruct Mr. Snavely to include costs that he had rejected earlier? Was this an attempt to get an exaggerated estimate of the costs of transporting grain?

Will the minister be good enough to tell the House if he will make the report public? I wonder if he has seen it—if he would care to look this way—and would he make this report public? Would he also advise whether those recommendations are going to be used in an attempt to increase the Crowsnest Pass rate to grain producers?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, the Snavely Report is the third, or the second update of the first report that was produced around 1975. It is Mr. Snavely's assessment of the cost of transporting grain in western Canada on the basis of variable cost, and on the basis of fixed costs and so on. It is not to be seen as government policy. This is a transportation cost analysis which is determined on a number of assumptions. Consequently it will play a role when the Crow debate takes place—if it does, when cabinet has decided—but it should not be seen as the Bible by anybody. The hon. member should not go around the country blessing the Snavely report and extrapolating all kinds of fancy conclusions on the basis of it.

With respect to the publication of the report, we have an executive summary of it which is supposed to come out today or tomorrow, or the next day. The report itself will be published in due course when the possibility exists of having it printed in the proper form. I will be more specific on that to my hon. friend in a few days, but I repeat there will be an executive summary of it within a few days.

CROWSNEST PASS RATE—DELAY IN PROSPECTIVE ANNOUNCEMENT

Mr. Les Benjamin (Regina West): Madam Speaker, I have two further questions for the minister. Is it the intention of the government to delay any announcement of intent regarding changes in the Crow rate, following the pleadings of the Liberal Party of the remnants of the Liberal Party in Saskatchewan, to hold off until after there has been an election there?

Since any kind of increase proposed or recommended by Mr. Snavely to grain producers would cost 50,000 jobs across the country, instead of trying to demolish the Crow rates will the minister provide investment into rail transportation in Canada and take equity ownership in those rail systems in return?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, on listening to the hon. member I am not surprised that the comment of a fellow westerner on the hon. member's last press conference was "rubbish". That is about what the question leads to.

He is asking me, first, if we would delay the announcement of a program on western transportation including the Crow rate. How can I delay something that has not yet been announced? How can I delay on a date which is not known yet? That is a difficult question to answer.

On the 50,000 jobs that would be lost, obviously my friend has not thought about it enough. He should, because the amount of construction that would result from what is talked about in terms of western rail development would be extraordinarily greater than the few jobs my friend says could be lost. He estimates this at 50,000, which is something which has resulted from a weekend of imagination. The investment—

Madam Speaker: Order. Order. At this point I do not know which is the longer, the question or the answer.

* * *

[*Translation*]

FISHERIES

INQUIRY WHETHER NEW COD TRAWLING PERMITS WILL BE ISSUED IN 1982

Mr. Alexandre Cyr (Gaspé): Madam Speaker, in the absence of the Minister of Fisheries and Oceans, my question is directed to his parliamentary secretary.

The minister is aware that many Gaspé fishermen are anxious to obtain licences for groundfish trawling in the Gulf of St. Lawrence. I should like to ask the parliamentary secretary whether the minister or the department intends to issue new licences for cod trawling in eastern Canada in 1982?

[*English*]

Mr. Brian Tobin (Parliamentary Secretary to Minister of Fisheries and Oceans): Madam Speaker, I am pleased to inform the hon. gentleman—and I may take the opportunity to say that he is one of the most hardworking members on this committee—

Some hon. Members: Hear, hear!

Mr. Tobin: As you can see, Madam Speaker, members on all sides of the House certainly agree. Unfortunately, because of full utilization of the fish stocks in the Gulf region, both on the Quebec and the Newfoundland sides, if I can explain it that way, it is impossible at this time, based on the best scientific evidence that we have, to issue new licences. The hon. member will certainly be kept informed as we know that the interests of fishermen are always paramount in his mind.

Some hon. Members: Hear, hear!

* * *

EMERGENCY MEASURES

TERMS OF ORDER IN COUNCIL

Mr. Gus Mitges (Grey-Simcoe): Madam Speaker, my question is for the President of the Privy Council who is the minister responsible for emergency planning. On May 21, 1981, cabinet passed an order in council known as the emergency planning order, that authorized sweeping federal powers not only in times of war but more particularly in times of peace. I should like to ask the minister what kind of emergencies, short of war, he envisages happening in Canada that would allow the federal government to control all national information sources, to release convicted prisoners, to regulate and control the movement of manpower, and to create civilian internment camps.

[*Translation*]

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, the hon. member is quoting out of context some passages from an order in council that is of the utmost importance for sound emergency measures planning in Canada. I feel that during the past few years we could have taken far more practical steps to improve emergency measures planning. What is contained in the order in council does not yet have force of law. For the order in council to become effective would require debate in Parliament and Parliament's approval of its implementation. Meanwhile, what this order in council does is to provide the various departments with instructions on how to plan sensibly for coping with any emergency situations that might arise in this country. I feel that this is an excellent example of sound planning by the government, and once again, nothing in the order in council has any legal effect unless it is approved by Parliament.

• (1500)

[*English*]

REASONS FOR NOT INTRODUCING LEGISLATION

Mr. Gus Mitges (Grey-Simcoe): Madam Speaker, my supplementary question is directed to the same minister. Given the complexity and the absolute power given to the government under this order in council, why did the government, if it had nothing to hide, not introduce legislation seeking this authority, where everything would be out in the open and above board? Could the answer be that the government is afraid of drawing public attention and public outcry to these very serious and, I think, undemocratic and dictatorial powers?

Some hon. Members: Hear, hear!

[*Translation*]

Hon. Yvon Pinard (President of the Privy Council): The reason is quite simple, Madam Speaker. We feel it is more sensible to deal with events as they occur. We do, of course, want to be ready to take effective action to cope with any emergency situations that may arise, but we want to avoid setting in motion a whole process that might not be really necessary to deal with a specific situation. I also wish to reassure the hon. member that the order in council in question was distributed and discussed at a federal-provincial conference on emergency measures over which I presided last May. I have been in touch with a number of my colleagues who are responsible for emergency measures in various provinces to discuss with them how these measures would be implemented.

I feel that in each case they have understood that it was a matter of sound planning whereby departments are instructed to prepare for any eventuality, and should an emergency arise, only those measures described in the order in council would be used that would be necessary to cope with the situation.

* * *

[*English*]

PETITIONS

TABLING OF REPORTS OF CLERK OF PETITIONS

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table reports of the Clerk of Petitions stating that he has examined the petitions presented by hon. members on Wednesday, January 27, 1982, and finds that they meet the requirements of the Standing Orders as to form.

* * *

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Nielsen: Madam Speaker, might I ask the government House leader the usual Thursday question with respect to House business, whether he could outline for us what we will be doing tomorrow and as far into next week as possible?

Mr. Pinard: Madam Speaker, today we will start debate on second reading of Bill C-88, an act respecting loans to farmers. Tomorrow we will return to second reading debate on Bill C-85, to establish a corporation called Canagrex.

[*Translation*]

Next week's agenda will include legislation concerning the agricultural sector. Monday and Tuesday debate will continue on second reading of the bill respecting loans to farmers. Wednesday, if necessary—unless referral has taken place before then—we shall try to finish second reading of the Canagrex bill, which concerns a new corporation to promote exports of agricultural and food products from Canada.

If we manage to refer both agricultural bills to committee before Wednesday morning, we shall be able to start second reading on Wednesday of a bill to be tabled shortly by the Minister of Public Works, to amend the National Housing Act and the Canada Mortgage and Housing Corporation Act. These are, of course, measures that are a direct result of the budget as it affects agriculture and housing. Finally, Thursday next will be an opposition day.

[*English*]

Mr. Nielsen: Madam Speaker, based on the timetable outlined by the government House leader, with the implicit conclusion being drawn that the government feels that it will be adequate to debate the farm credit legislation today and for Monday and Tuesday, and because of its importance to the agricultural community and the need to place these benefits in the hands of the agricultural industry in the country as soon as possible, after consultation with our agricultural critic I can inform or signal to the government House leader that we are prepared to allow that bill to go to committee at the close of business on Tuesday. We agree with the government that that is a reasonable time for that debate.

Mr. Pinard: Madam Speaker, I welcome that collaboration and I appreciate it very much. I should like to know about the question I raised this morning with my hon. colleague as to whether Canagrex will also go to committee tomorrow or next Wednesday, so that we can plan the business for next Wednesday accordingly.

Mr. Nielsen: Madam Speaker, again as a result of consultations with our agricultural critic, he informs me that there are some difficulties with that legislation which require debate by a further number of our members, at any rate.

Mr. Deans: Madam Speaker, much though I would like to offer the same kind of assurance—and I may well be able to do so at some subsequent point in time—I would have thought that we might have made a decision such as this in private consultation rather than on the floor of the House. I will inform the House leader for the government of our position privately within the next hour or two.

Mr. Pinard: Madam Speaker, I also recognize the usual collaboration of members of the NDP on such bills. I expect that they will not prevent Bill C-88 from going to committee on Tuesday evening. I am sure as well that we will have their collaboration on the Canagrex bill.

* * *

POINT OF ORDER

MR. PAPROSKI—S.O. 43 MOTION OF MR. FLIS

Mr. Paproski: Madam Speaker, I rise on a point of order. I hope I did not embarrass my House leader or our external affairs critic when I was not in my seat at the time the motion under Standing Order 43 was presented by the hon. member for Parkdale-High Park (Mr. Flis), as I did agree with him to declare January 30, 1982, "Solidarity Day". I apologize; I was on the telephone with some of the organizers of Solidarity.

Mr. Deans: A point of privilege, Madam Speaker.

* * *

PETITION

MR. BRADLEY—POLAND—IMPOSITION OF MARTIAL LAW

Mr. Bud Bradley (Haldimand-Norfolk): Madam Speaker, I rise on a point of order. Madam Speaker probably noticed yesterday in the presentation of my petition that I asked whether in your wisdom you would allow the petition to be read today in the House, if it was found to be correct. I wonder if at this time I may ask that the petition be read.

Madam Speaker: This requires the unanimous consent of the House. I think the hon. member ought to have raised it at that point. At any rate, I could ask the House if it gives unanimous consent for the petition of the hon. member for Haldimand-Norfolk (Mr. Bradley) to be read. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Deans: On a point of privilege, Madam Speaker.

* * *

HOUSE OF COMMONS

MEMBER FOR EDMONTON EAST TO SIT AS INDEPENDENT

Mr. Bill Yurko (Edmonton East): Madam Speaker, I rise on a matter of personal privilege. For over 14 years I have been a Progressive Conservative, both provincially and nationally. During that period I have had extensive political responsibility, and I have thrived on it. With many of my colleagues I dreamed great dreams and sometimes I reached so high that I faltered, but always I dared to try. Foremost in my mind was the unity of this great nation. On December 2, this assembly bridged 54 years of political failure to give this nation a new Constitution and a new pulse beat. Unity is assured, I am pleased.

However, I have now reached a state of mind where I have lost the desire and even the will to be a Progressive Conservative. The party's vision is not my vision any longer. The party and its leadership have nothing to offer me and I have nothing to offer the party. Therefore, from now on I will be sitting in this assembly as an independent member. I humbly ask, Madam Speaker, that you change my present seating location to a more appropriate one. I deeply thank all those who have travelled the same road as I have over the last 14 years. The journey has been a fascinating and rewarding one.

Some hon. Members: Hear, hear!

Madam Speaker: According to the wishes of the hon. member, I will assign another seat to him in due course.

• (1510)

ROUTINE PROCEEDINGS

[*English*]

PETITIONS

MR. McKNIGHT—HERD MAINTENANCE ASSISTANCE PROGRAM

Mr. Bill McKnight (Kindersley-Lloydminster): Madam Speaker, I ask leave of the House to present a petition signed by 141 farmers from the Tramping Lake-Unity area of Saskatchewan.

These petitioners request that the Government of Canada reconsider its policy under the herd maintenance assistance program, established in 1980, in order to permit any farmer adversely affected by drought conditions to be compensated. By so doing, the government would remove the discrimination that presently exists under the herd maintenance assistance program.

Mr. Deans: A question of privilege, Madam Speaker.

* * *

NATIONAL HOUSING ACT
CANADA MORTGAGE AND HOUSING CORPORATION ACT

MEASURE TO AMEND

Hon. Paul J. Cosgrove (Minister of Public Works) moved for leave to introduce Bill C-89, to amend the National Housing Act and the Canada Mortgage and Housing Corporation Act.

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

* * *

[*Translation*]

ELECTORAL BOUNDARIES READJUSTMENT ACT

MEASURE TO CHANGE NAME OF CONSTITUENCY

Mrs. Thérèse Killens (Parliamentary Secretary to Minister of State (Mines)) moved for leave to introduce Bill C-647, an Act to change the name of the electoral district of Saint-Michel.

Some hon. Members: Explain!

Mrs. Killens: Madam Speaker, I am requesting this change in the name of the riding on behalf of the members of my association and of my constituents. When three ridings were amalgamated in the northern part of the city, as you well know, Madam Speaker, since Ahuntsic was your own riding—the people there would have liked to see Ahuntsic added to the new name of Saint-Michel. Therefore, with the constituents of Saint-Michel, I hope that we shall soon be able to add the name Ahuntsic to the present name of my riding.

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

[*English*]

PRIVILEGE

MR. DEANS—REPLY OF MR. ROMPKEY DURING QUESTION PERIOD

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I rise on a question of privilege. I have been attempting to get the floor for the last few moments, but unfortunately you did not see me. My question of privilege flows from today's question period, specifically an answer provided to me by the Minister of National Revenue (Mr. Rompkey).

In my question to the Minister of National Revenue I asked for the specific authority under which the minister was permitting his officials to advise employers to collect taxes from employees for which there had not yet been a law passed in the House of Commons. I refer you, if I may, to Beauchesne's fourth edition. Citation 233 on page 198 reads:

> It is one of the old standing principles of our Constitution that the House of Commons should control the finances of the country. That is the right, privilege and duty of the House. It has been achieved by means of struggle lasting through centuries, beginning from the fourteenth century down to the seventeenth century, when it was fully confirmed, and since then it has never been disputed.
>
> The cardinal principle on which the whole of our financial system is based is that of parliamentary control, and by this is understood not the control of Parliament in its constitutional sense, but control by the Commons alone. Upon this fundamental principle, laid down at the very outset of English parliamentary history and secured by three hundred years of mingled conflict with the Crown, and peaceful growth, is grounded the whole law of finance and, consequently, the whole of the British Constitution.
>
> The right, privilege and power of the Canadian House of Commons are the same as those of the United Kingdom House and they were stipulated in the first sentence of the British North America Act which reads as follows: "Whereas the Provinces of Canada, Nova Scotia and New Brunswick have expressed their desire to be federally united into One Dominion under the Crown of the United Kingdom of Great Britain and Ireland, *with a Constitution similar in Principle to that*—

Madam Speaker: Order, please.

Mr. Deans: Madam Speaker, I have only four more words.

Madam Speaker: Order. The hon. member has again engaged in quotations which might be useful, but at this point the Chair does not know exactly to what use they may be put. The hon. member has not stated what his question of privilege really is. The hon. member is shaking his head, but he has not stated what his question of privilege is. He has quoted precedents and he has quoted Beauchesne, but at this point the Chair does not know what the question of privilege is. I would be grateful if the hon. member told me in a few sentences where his question of privilege lies and then I will allow him to elaborate.

Mr. Deans: Thank you, Madam Speaker. I do apologize. I wanted to establish what the privileges of members of Parliament are. The privilege on which I rise is the following. The government has acted by imposing a tax without having sought the specific approval of the House of Commons. I claim the privilege as set out in Beauchesne, Citation 233, and as confirmed in Beauchesne's fifth edition, Citation 16, that as a member of the House of Commons I have a duty and a responsibility, notwithstanding what other members may have done in the past, to demand the privileges that are clearly set out as privileges of Members of Parliament.

The privilege that I believe is now being breached by this government is the privilege and the duty that I have to be able to see and to pass judgment on legislation affecting taxation before it is put into force.

Madam Speaker: On two counts I have to interrupt the hon. member. First, the hon. member is raising his question of privilege flowing from the deliberations of this House, and that he can do without notice. As he is exposing the question now, I do have to tell him that because he is not satisfied with the answer of the minister does not constitute a question of privilege.

Further, the hon. member is again discussing the point that he discussed yesterday. At any rate, I have to remind the hon. member that, in my view, the procedure as established by this House has been followed in the sense that a budget has been given to the House and ways and means motions have been deposited following that budget. The process of taxation, which is not included in the Standing Orders, has gone through according to practices which are of long standing.

If the hon. member has a grievance about the way in which the taxes have been collected, that constitutes a grievance but not a question of privilege. The quotation which the hon. member has just read from Beauchesne, of course, refers to the right of parliamentarians to determine and to vote on government expenses. Nothing has changed about that right of parliamentarians. But the particular instance to which the hon. member is referring is covered by the Standing Orders, and as far as the Chair is concerned, the Standing Orders have been followed. I am afraid the hon. member does not have a question of privilege.

Mr. Deans: Madam Speaker, I rise on a point of order. Might I ask which Standing Order provides for the collection of taxes prior to the implementation of legislation covering same?

Madam Speaker: I told the hon. member precisely that the practice in collecting taxes has nothing to do with the Standing Orders. The practice of depositing ways and means motions is one that is covered by the Standing Orders. These are the rules which apply to the budgetary process and they have been followed. Therefore, the hon. member does not have a question of privilege. I repeat that the process of collecting taxes has of course nothing to do with Standing Orders; if the hon. member has a grievance about that he can air that grievance, but not as a question of privilege.

* * *

● (1520)

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 1,048, 3,061, 3,092, 3,107, 3,152 and 3,513.

[*Text*]

NATIVE CANADIAN ART PURCHASED BY NATIONAL GALLERY

Question No. 1,048—**Mr. Stewart:**

During the past ten years, did the National Gallery of Canada purchase indigenous native Canadian art, Inuit and Indian prints and sculpture and, if so (a) what was the type of object and the date of purchase (b) what was its cost (c) who was the artist?

Mr. Jack Masters (Parliamentary Secretary to Minister of Communications): I am informed by the National Museums of Canada as follows: During the past ten years, the National Gallery of Canada did not purchase any indigenous native Canadian art, Inuit and Indian prints or sculpture.

INCOME SUPPORT PROGRAMS FOR VETERANS

Question No. 3,061—**Mr. McKenzie:**

With reference to section 10.53 of the 1980 Report of the Auditor General (a) for what reason were questions pertaining to Canadian veterans not included in the 1981 census forms (b) are any other surveys developed to obtain detailed data on other income support programs concerning the benefits received by veteran clients in relation to their needs and, if not, for what reason?

Hon. W. Bennett Campbell (Minister of Veterans Affairs): In so far as the Department of Veterans Affairs and agencies are concerned:

(a) During the formative phases of the 1981 census forms, a number of discussions were held between the Department of Veterans Affairs and Statistics Canada to investigate the feasibility of including such questions. As a result of these discussions, it was concluded by the Department of Veterans Affairs that the costs involved in acquiring information on Canadian veterans using the 1981 census were prohibitive.

(b) No. For all veterans and dependents in receipt of income support payments from DVA, the total income of each recipient family is known. The level of guaranteed income is specified in legislation, and this level is compared to recognized levels of income below which poverty is believed to exist. This method is considered to be more sound than would be surveys of veterans' families only.

ACQUISITION OF SHARES BY CFDC

Question No. 3,092—**Mr. Clarke:**

1. During the period 1970-80 did the Canadian Film Development Corporation acquire shares or other ownership interest in any other corporation, limited liability company or unincorporated company and, if so, what was the (a) name of the corporation, limited liability company or unincorporated company and any subsidiaries thereof (b) percentage of equity acquired (c) cost of acquisition (d) book value of the acquisition?

2. Does the Canadian Film Development Corporation have a plan to change the present portion of ownership in any of these enterprises and, if so, what is the plan?

Mr. Jack Masters (Parliamentary Secretary to Minister of Communications): I am informed by the Canadian Film Development Corporation as follows:

1. The Canadian Film Development Corporation is mandated under its act to invest in feature film productions. In doing so, the corporation acquires undivided interest in the ownership of the copyright in the film; it does not as a matter of policy acquire shares or other ownership interest in a corporation, limited liability company or unincorporated company involved in the production of the film.

2. The corporation has no plans to modify this policy.

ACQUISITION OF SHARES BY CBC

Question No. 3,107—**Mr. Clarke:**

1. During the period 1970-80 did the Canadian Broadcasting Corporation acquire shares or other ownership interest in any other corporation, limited liability company or unincorporated company and, if so, what was the (a) name of the corporation, limited liability company or unincorporated company and any subsidiaries thereof (b) percentage of equity acquired (c) cost of acquisition (d) book value of the acquisition?

2. Does the Canadian Broadcasting Corporation have a plan to change the present portion of ownership in any of these enterprises and, if so, what is the plan?

Mr. Jack Masters (Parliamentary Secretary to Minister of Communications): I am informed by the Canadian Broadcasting Corporation as follows:

1. The table below outlines the Canadian Broadcasting Corporation's 1970-1980 acquisition of shares or other ownership interests in corporations, limited liability companies or unincorporated companies, including the CBC's cost, the percentage of equity purchased and the book value of the acquisition. Included as well are explanatory notes for interpretive purposes.

2. Companies listed under the caption "Ownership Interest—Acquisitions" have been 100 per cent acquired, dissolved or wound up, and the assets and their operations incorporated into the CBC. With respect to the company listed under the caption "Non-Ownership Interest-Acquisitions", the contract calls for the redemption of these shares by the company according to a timetable.

Acquisition of Shares or Other Ownership Interests
1970-1980

Name of Company	Location	Date of Acquisition	Per cent Equity		($000's) Acquisition Cost	Book Value	
A. Ownership Interest Acquisitions							
1. St. Clair River Broadcasting Ltd.	Windsor, Ont.	1970-1974	100	Capital Operations	3,378 9,022 12,400	2,530	(See notes 1 & 2)

Order Paper Questions

Acquisition of Shares or Other Ownership Interests
1970-1980

Name of Company	Location	Date of Acquisition	Per cent Equity	($000's) Acquisition Cost	Book Value	
A. Ownership Interest Acquisitions						
2. La Cie Radiodiffusion de Matane Ltée.	Matane, Qué.	1972	100	725	334	(See note 1)
3. Radio St. Boniface Ltée.	Winnipeg, Man.	1973	100	270	64	(See note 1)
4. Master FM Ltd.	Toronto, Ont.	1974	20	2	N/A	(See note 3)
5. Park Realty Ltd.	Halifax, N.S.	1975	100	1,400	366	(See note 1)
6. Les Entreprises Roleo Ltée.	Sept-Îles, Qué.	1977	100	275	51	(See note 1)
7. CJBR-Radio Ltée. and CJBR-TV Ltée.	Rimouski, Qué.	1977	100	2,000	788	(See note 1)
B. Non-Ownership Interest Acquisitions						
T.V. St. François Ltée. (Acquisition of redeemable preferred shares)	Sherbrooke, Qué.	1974	—	350	350	(See note 4)

Explanatory Notes:

1. General: The Corporation purchased the above companies for their broadcasting licences and/or assets. The purchase of 100 per cent of their shares was the only purchase option open to the CBC. The purchase price was based on the market value of the companies at the time of purchase and not on the "book value of net assets". The latter figure excludes "current values" due to inflation and the present value of future earnings.

2. St. Clair River Broadcasting Ltd. was acquired as a subsidiary whose only purpose was to enter into a partnership with Baton Broadcasting Ltd. to purchase and operate station CKLW-TV Windsor. In 1974 St. Clair purchased outright Baton's interest in CKLW-TV, including the financing of the partner's CKLW-TV operating losses over the four years from the time of original purchase. The funds invested by the CBC in St. Clair shares included an amount of $9,022,000 for these operating losses.

3. Master FM Ltd. This company was formed by five Toronto FM broadcasters, including the CBC, to build and operate a common FM antenna on the CN Tower, Toronto, Ont. Construction financing was mostly by bank loans. Each of the broadcasters pays the company an annual rent which finances its operating costs.

4. TV St. François Ltée. The acquisition of these preferred shares of St. François does not represent a share of the ownership. They are redeemable by the company in line with a time schedule at the then going rate of interest.

SALARIES OF MPs AND PUBLIC SERVANTS

Question No. 3,152—**Mr. Cossitt:**

With reference to the answer to question No. 1,615 which stated in part that as of October 17, 1980 there were 23,187 public servants earning more in salaries than Members of Parliament were receiving in annual indemnities, what is the current figure as of the date the answer to this question is prepared?

Mr. Norman Kelly (Parliamentary Secretary to President of the Treasury Board): As of October 1981, the indemnity of a Member of Parliament is $43,800. Members also receive a non-taxable expense allowance of $14,700. This allowance increases for certain electoral districts that cover large geographic areas; as of October 1981, it is $19,500 for ridings in the Northwest Territories and $18,100 for those outlined in Schedule III of the Canada Elections Act.

As of October 1981, there are 6,375 federal public servants as defined in Schedule I, part 1 of the Public Service Staff Relations Act earning over $43,800 per annum. Of these, 375 earn more than $58,500 per annum. These figures, however, include only personnel for whom the Treasury Board is the employer: they do not include governor in council appointments or employees of Crown agencies.

CTC HEARING IN WHITEHORSE

Question No. 3,513—**Mr. Cossitt:**

1. With reference to the answer to question No. 3,026 which stated in part that the cost of the Canadian Transport Commission hearing in September in Whitehorse was $717, does this amount include the transportation and accommodation costs of the commissioners and others and, if not, what was the cost?

2. Is the government aware that an article in the September 1, 1981 edition of the *Globe and Mail* estimated the cost to be more than $2,000?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): The Canadian Transport Commission advises as follows:

1. Yes. The amount includes total transportation and accommodation costs related to the Whitehorse hearing.

2. Yes.

[*English*]

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

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

Mr. Paproski: Madam Speaker, my question on the Order Paper No. 2,214 has been there since March 10, 1981. It is not a very difficult question for the Minister of State for Multiculturalism to answer. After all, he does not have very much more to do. The question reads, Madam Speaker:

1. During the period January 1, 1980, to January 31, 1981, what amount was allocated by the government to each ethnic group in Canada and, in each case (*a*) what was the group's origin and mailing address (*b*) on what date (*c*) for what purpose (*d*) under which program (*e*) what was the amount originally requested?

The question is very simple and the minister should have it on his computer. I recall that when I was minister we had

something which could have been distributed to members who are interested in the ethnocultural community, not only myself but others. I think this is wrong and I hope the Parliamentary Secretary to the President of the Privy Council (Mr. Pinard) will talk to the Minister of State for Multiculturalism. He really does not have too much to do so maybe he can look after this one particular question.

Mr. Smith: Madam Speaker, I will make representations on the hon. member's behalf.

Mr. Nielsen: Madam Speaker, I want to inform the parliamentary secretary that I did not receive today the customary written notice of the questions to be answered today. I trust that was an oversight and the courtesy will be continued as usual.

Mr. Smith: Madam Speaker, the hon. member has a valid point. I do not know what happened but I can assure him we will follow the custom and I will inquire as to what the slip-up was today.

GOVERNMENT ORDERS

[*English*]

WAYS AND MEANS

INCOME TAX ACT

Hon. E. F. Whelan (for the Minister of State (Finance)) moved that the Ways and Means motion to amend the Customs Tariff, laid upon the Table Thursday, November 12, be concurred in.

Motion agreed to.

Mr. Whelan (for the Minister of State (Finance) moved that Bill C-90, to amend the Customs Tariff and to repeal certain acts in consequence thereof, be now read a first time and be printed.

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

* * *

FARM CREDIT ACT
FARM LOANS INTEREST REBATE ACT

MEASURE TO AMEND—MEASURE TO ESTABLISH

Hon. E. F. Whelan (Minister of Agriculture) moved that Bill C-88, respecting loans to farmers, be read the second time and referred to the Standing Committee on Agriculture.

He said: Madam Speaker, this legislation is extremely important to the farm community and to Canada as a whole. It proposes measures which will strengthen the role of the federal Farm Credit Corporation in helping Canadian farmers invest in their industry's future.

When one checks the record, Mr. Speaker, one will find this act has been amended many times since it was first proclaimed in 1959. It was amended in 1961, 1962, 1964, 1966, 1968, 1972, 1975, 1978, and a bill was placed on the Order Paper March 14, 1979, and died there. So when they say there has been no concern about farm credit, history shows how many times the bill has been changed to reflect economic conditions of the day. When you see the increasing amounts of money the farmers needed, how rapidly that escalated as the farm operations became larger and larger along with the increasing value of land, it is a most interesting history to read.

The proposed changes come at a crucial time. Canadian agriculture is on the verge of a new period of development. Of all sections of the national economy, agriculture is the one with perhaps the best opportunity for growth in the balance of this century. The agri-food strategy, which I announced last July, estimated that Canada could increase its output by two-thirds by the year 2000. Both world and domestic markets for agricultural products are expanding. I believe Canadian farmers must and will rise to the challenge of producing for those markets. However, they can only do so provided that we in the federal government do our part to ensure an environment which encourages the necessary investment, and which ensures they receive a reasonable income for their crops and livestock.

To produce food efficiently in order to be able to compete in world markets in the years ahead will require major investments in new technology and new machinery. Some of the new machinery they are working on, for instance in handling forage, will in the next five to ten years revolutionize livestock feeding in Canada. So when we talk about investment in machinery, it is a tremendous investment which a lot of people in Canada do not realize farmers have made. Some machines are used only a few days a year but they must have them to be efficient.

Some farmers will have to expand the size of their farms to achieve the economies of scale necessary to take advantage of modern production methods. They need money to buy land, so it is essential that the Farm Credit Corporation have access to additional funds and Canadian farmers are assured of a constant and sufficient supply of long-term credit.

Why, one may ask, does this money have to come from the Farm Credit Corporation? Why can the farmers not borrow from their local banks or credit unions, as I might if I were buying a new home or seeking funds to start a new business. Why, indeed? One need only look at the record of the banks over the last five years as to how they have handled, or maybe I should say mishandled, farm loans to know the answer to that question. I think hon. members from rural constituencies will agree when I say farmers need a supply of long-term credit from an agency which recognizes the needs of farmers and knows how to lend money responsibly in rural Canada, particularly to the agricultural sector. The Farm Credit Corporation has that kind of knowledge and expertise, Mr. Speaker.

Although I sometimes get letters from individuals who say the FCC has not dealt with them fairly, I think by and large the corporation has a good track record of considering the individual circumstances of their clients and treating them with more sympathy and human dignity than many private lenders have shown in recent months.

• (1530)

In its 22-year history, the Farm Credit Corporation has lent nearly $5 billion to some 160,000 Canadian farmers. Approximately 74,000 loans are in effect at the present time, including 4,328 loans made so far in the year 1981-82. The total amount lent to farmers in the current fiscal year, as of mid-January, was $426.9 million, with the average loan being a little more than $98,000—approximately $100,000.

In the last two decades, the Farm Credit Corporation has been one of the most important factors in helping Canadian farmers establish and expand their agricultural production and increase the efficiency of their operations. The federal government's conviction of the need for a national credit corporation to assist agricultural development has been reinforced by the excellent record which the Farm Credit Corporation has attained in carrying out its function. At the moment, more than 93 per cent of all Farm Credit Corporation loans are in very good standing. We should not forget that these loans are made to people who, in most instances, cannot borrow money from any private lending institution, because that was the intent of the Farm Credit Corporation in the first instance.

In better economic times, the farmers' rate of property payment of these federal loans is even higher. Sometimes less than 2 per cent or 3 per cent are in default or in some difficulty; however, at the present time it is about 7 per cent. We are right to put faith in the ability of Canadian farmers to invest well with the funds extended by the Farm Credit Corporation. We must now make more money available to the farmers through the corporation. I spoke earlier about the number of times amendments have been made to the Farm Credit Corporation, generally for the purpose of allowing the government to lend more money and to provide more capital for the Farm Credit Corporation.

The Farm Credit Corporation was established in 1959. For most of its history, this federal agency has been the major lender for farm mortgages in this country. As recently as 1975, the Farm Credit Corporation extended more than 70 per cent of all the long-term credit needed by farmers. In 1975, the banks extended virtually no farm mortgage credit. At that time, six years ago, I appealed to the banks to get involved in the long-term farm credit market because I saw a need for wider sources of credit. As I expected, the demand for long-term credit in the agricultural sector has rapidly grown in the last few years. The increase in demand for farm credit financing has grown by approximately 20 per cent annually. The banks have responded to this growing demand, and so have the credit unions. Let us look at some figures. In 1980, for instance, credit unions lent $424.4 million in long-term credit to farmers. That was 20 per cent of the total, across Canada, for farmers. The banks lent $457.6 million, or 23 per cent of the total. The Farm Credit Corporation lent $498.7 million, which was about 25 per cent of the total, nearly $500 million. The remaining amount came from provincial agencies and private individuals.

In many instances, what farmers thought was long-term credit which they borrowed from the banks turned out not to be long-term credit. I believe some of them signed agreements which they did not really understand. Agreements which they thought were mortgages could be turned over into demand notes when that lending institution so desired. In my office I have documented letters which show that some of them were refused long-term credit. The Bank Act clearly states that the banks can do this kind of thing; that is, they can provide long-term credit with fixed interest rates if they so desire, and they have done this in some instances. Many people buy debentures from the banks for long terms. I recently heard from a man in my constituency who sold his farm several years ago. His debenture with the bank now yields him 9 per cent on $150,000.

The banks have many ways of raising money, and they have a great deal of money on which they are not paying high interest rates. The Bank Act gives them a lot of leeway to do the kind of job which should be done in the rural, agricultural community of Canada. However, this has not been done in the right fashion, because it is obvious to me that a large percentage of these farmers would not be in financial difficulty if the physical structures which they built, such as new buildings for housing their livestock and feeding operations for both beef and swine, had been financed on ten-year mortgages. They would not be in difficulty now since in most instances they built during the period when the interest rate fluctuated somewhere between 9 per cent and 11 per cent. However, because they had a combination of floating loans and depressed markets for commodities they were selling, when the interest rates went as high as 24 per cent for some of these people, it was impossible to continue to carry on.

The need for economic restraint in federal government spending in recent years has prevented us from substantially increasing the funds available to the Farm Credit Corporation to meet the rapidly growing demand for long-term investments in agriculture. We realize that this is causing a serious problem for many Canadian farmers, especially since the private lending sector, as I said, has not performed as well as it should in the administration of farm loans. As I have said outside this House, I am extremely disappointed in the way in which most of the banks, but not all of them, have handled the demand for farm credit. I had made an exception, because I named one bank as being one which I believed to have the best farm lending program of all, but farmers immediately wrote to tell me that that bank was not so good either. Therefore, it is obvious to me that none of them is perfect. In many cases, they have handled the demand for farm credit in an improper way by extending credit beyond the ability of farmers to repay. Some have forced farmers to take out short-term bank loans at

floating interest rates when, as I said, long-term loans at fixed rates should have been made available instead.

Many lenders have shown neither mercy nor consideration for the future food supply of this country by abruptly foreclosing on mortgages and calling in demand notes. One of the things I find to be amazing is that there are cases where a farm has been in a family for four generations, has been built and expanded, with perhaps a quarter of a million dollars in interest paid over a few years to a bank or lending institution, which then puts the farm into receivership or bankruptcy. Many cases are not really listed or registered as bankruptcies, so they are not shown in the figures we use here. The number should be much greater. However, the banks are willing to take a loss rather than give a write-off to the benefit of the person who has contributed by paying high interest rates over a long period of time. No mercy will the banks show to that person, who has generally been deprived of even the necessities of life in order to pay interest payments to the bank over, say, a period of five years or ten years. However, the banks are willing to sell it at a loss to some complete stranger rather than give a write-off to that person who has made such a contribution to the lending institution.

This has been brought to my attention by many farmers. In my experience, only one bank has been able to offer a write-off of part of the loan. It has said that if one can obtain the rest of the money through the Farm Credit Corporation or the Small Business Development Bond, it would go along with that kind of an operation. This is the only instance in many hundreds with which we have dealt.

Nevertheless, the banks do have an ongoing and important role to play in farm credit, and I hope they are now looking, as I understand some are, at their farm lending policies in order to improve their future dealings with the farm community. However, there are legitimate credit requirements of farmers which banks and credit unions will never be able to serve because the potential borrower does not meet their security or repayment rules. These farmers, in particular, will benefit from the additional funding to be provided through this legislation which we are discussing today.

The most important amendment being proposed is that a new source of future funding be provided for the Farm Credit Corporation. The bill contains amendments which would enable the corporation to borrow money from the financial markets. A major portion of its budget would still be derived from the Consolidated Revenue Fund; however, the corporation would be in a position to supplement its loan funds from other sources. It is estimated that with an agent of Her Majesty status, under normal interest rate conditions the extra cost of borrowing from the financial market would be between one half and one percentage point above the current cost of funds through the government.

● (1540)

With the authority to borrow from sources other than the Minister of Finance, it is expected that the FCC will borrow in the financial markets through private placements by an agent. The debt instruments, such as bonds or debentures, offered by the Farm Credit Corporation would likely be purchased by institutional investors, such as life insurance companies, trust companies, pension funds and other investment companies interested in acquiring high-grade securities for their portfolios.

Farmers, particularly retiring farmers, have often asked me about the possibility of investing funds in the FCC so that they can assist young and beginning farmers. With this proposed amendment, a special investment mechanism could be developed to channel funds from these retiring farmers into the FCC.

A type of investment fund could be established where retiring farmers could invest the proceeds from the sale of their farms. In principle, it could be the same as the current registered retirement savings plans, with a retiring farmer being allowed a major contribution in the sale of his farm. A farm would essentially be transferring his retirement plan, that is the equity in his farm, to a more formal investment.

In the future, consideration could be given to providing special tax concessions on bonds sold by the Farm Credit Corporation. This would effectively reduce the Farm Credit Corporation's cost of funds and permit it to loan at a lower rate to young and beginning farmers, or to those in financial difficulty, for example.

A further amendment set forth in this bill provides that the maximum amount of a loan be prescribed by regulations rather than in the act. That is so that if conditions change, it is not necessary to come back to the House and wait your turn in the legislative line-up to get a bill through.

Currently the limits specified in the act are $200,000 when there is one qualifying applicant in a farming enterprise and $400,000 when there is more than one. It is no secret that financing a farming operation is getting more and more expensive all the time. It is no different from any other business.

If the Farm Credit Corporation is to meet the needs of today's and tomorrow's farmers, it must have the flexibility to adjust the loan maximum upwards when necessary. Some people think that when a farmer spends a tremendous amount of money in his farm operation he must be rich. A recent report in *The Globe and Mail*, a large daily newspaper in Canada, attempted to show how rich farmers are. I have the complete breakdown by the Farm Credit Corporation. It shows exactly what a farmer's investment is, how rich he is and what his returns are, but that was eliminated from the published report. It was not there.

There is hardly a businessman in Canada who would operate on as slim a margin as farmers. The ordinary person reading that newspaper report would think that every farmer in Canada is rich because of the amount of his holdings. As we know, they do have holdings, but very little capital that they can use.

Transferring the loan limits from the act to the regulations will provide an opportunity for the corporation to respond more quickly to changing agricultural conditions. At this time,

and we hope this bill becomes law quickly, we are proposing to increase these limits to $300,000 for one qualifying applicant and $500,000 when there is more than one applicant. It may be necessary to use regulations to change that before the year is out, who knows?

Another amendment which will benefit FCC borrowers provides the corporation with the authority to disburse up to 30 per cent of a loan on the basis of acceptable security until the mortgage registration and other security arrangements for the loan are completed. This is a common complaint from the farmers. Once a loan has been approved, there may be no funds. He may then have to go to a private institution to borrow the money temporarily at a higher interest rate. Sometimes this is done under very difficult conditions. In most institutions once the lending institution sees that the loan has been approved, they make the loan. However, it is more costly for the borrower. This initial disbursement will save farmers the cost and inconvenience of having to arrange interim financing until mortgage funds are actually extended by the corporation.

The corporation's borrowing authority is currently limited to 25 times its capital. It is interesting to note that the capital was increased from $56 million to $66 million in 1972, ten years ago. The current capital limit is $150 million. By the end of this fiscal year, capital contributed to the corporation by the Government of Canada will reach almost $143 million. That means the FCC will reach its maximum borrowing authority early in 1982-83. It is therefore necessary to increase the capital from $150 million to $225 million to head off a serious depletion in lending funds.

In recent years I have received numerous representations concerning the age limit fixed on the phasing-in program which allows borrowers under 35 years of age to work off the farm for up to five years. Bill C-88 proposes to remove this age limit from the program because it is discriminatory. Approximately 74 per cent of loans were made to those between 18 and 35 in 1980-81.

The second part of the bill will give the corporation the authority needed to rebate five percentage points on the interest for loans under the special farm financial assistance program announced in the November 12 budget. This authority will allow me to obtain the necessary funds through departmental estimates.

The FCC has already made 89 loans under this special program. A total of $11 million has been loaned with the average loans being almost $124,000. As hon. members know, of the $50 million budgeted for this program, $45 million will go to the farmers and $5 million for the interest subsidy. This is for farmers facing the most difficult financial problems at the present time.

It is interesting to see where these applications are coming from. Naturally, the vast majority come from Ontario. Applications in some western provinces are almost nil. The need is not there. It depends on the kind of agricultural production entity that they have. I am pleased that the FCC was quick to respond following the budget announcement and that it has already processed many inquiries. I am told that by the end of the fiscal year all of that money will be lent, and it better be! I am sure the corporation is doing a very thorough job, as it usually does.

In addition to doing the work on Farm Credit Corporation loans, the corporation has 203 credit advisers in 110 offices across Canada. They are also assisting farmers in making applications for small business bonds from other lenders. With this program the farmer can borrow the maximum $200,000 under the Farm Credit Corporation and the family can get a small business bond from another lender at a reduced rate of interest, fixed for five years. This will give them an opportunity to recoup their position. They will not make that much money unless there is a better marketing system for what they produce. I will touch on that later.

I have only touched on the most important changes being proposed. Many of the other amendments will help streamline the operation of the FCC and I look forward to a full discussion of these in committee.

The hon. member for Elgin (Mr. Wise) pointed out on Monday that this legislation has been promised for some time. I would have liked to have had this legislation considered sooner. However, it is my belief that my officials and I have used the extra time to good advantage to listen to and discuss the many suggestions brought forward by farm organizations. The hon. member for Elgin participated in a program that studied farm financing just before Christmas and I am sure he would not want me to bring in some legislation without hearing the report of that committee before we finally drafted this. I believe we have accomplished some of those things and I am sure the hon. member will tell me shortly that I have not accomplished them all. This is why, for the fourth time, I will have the hon. member for Saskatoon-Humboldt—

• (1550)

Mr. McKnight: You have the wrong party.

Mr. Whelan: I was looking forward to hearing from the learned and experienced member. I will willingly pay attention to the hon. member when he does speak.

I read in the paper that I had not done anything for farm credit in five years. We went back and reviewed the situation. Since I have been minister, there was a bill introduced in 1972, 1975, twice in 1978 and one in 1979 which died on the Order Paper—almost every second year we have done something about farm credit. One gets the impression from the paper that we have not shown any concern for the needs of farmers. I just want to put that on the record.

The amendments I have outlined today come as a result of many letters and personal representations from individual farmers, farm organizations, the FCC advisory committee, provincial ministers of agriculture and my fellow members of Parliament. All have stressed the need for more long-term credit for Canadian farmers. We are not pretending, by any stretch of the imagination, that this bill will be the answer for every Canadian farmer. We still think there is a definite place

for the lending institutions to develop a proper lending policy because of the importance of food production. They have just as much responsibility to those farmers who are in financial difficulty, because I suggest they have put many of them in trouble as a result of their lending practices. In fact, they probably have more responsibility to help those farmers out of their financial difficulty than I have as Minister of Agriculture. I asked them to make loans in rural Canada, and as I said earlier, I did not know they would do that kind of job.

This bill will provide more long-term credit for farmers and also strengthen the Farm Credit Corporation's ability to respond to the needs of our producers.

The FCC is helping to ensure that the Canadian family farm remains a stable and viable entity. It is probably one of the most decentralized organizations, as is Agriculture Canada, since confederation, because the vast majority or our employees are located from Nova Scotia through to British Columbia. They are not all here in the capital. These people understand the needs of the farmers in their communities because they work with them all the time. It is said that we have not done all the things we should have done. There is other money being provided to farmers actually interest-free, a fact which many people are not aware of. For instance, we passed the Advanced Payments for Crops Act for crops outside the responsibility of the Wheat Board. I believe it was estimated that we would probably lend $40 million under that legislation. This year we are lending some $136 million in interest-free advance payments to farmers for the lifetime storage of that crop.

If you consider the advance payments on grain under the Wheat Board this year, Mr. Speaker, you will find those interest-free payments amount to well over $300 million. Before the year ends, I think you will find about $500 million has been provided interest-free to farmers. You will also see in this fiscal year that the Farm Credit Corporation will have again lent over $500 million at an interest rate which will average much below the interest rate being charged by other lending institutions for the fiscal year. I would say we will average at least five points below what other lending institutions have provided for the whole year.

I urge hon. members to show their support for Canadian farmers. The House leaders have already come to an agreement on the number of days for debate of this bill before it goes to committee.

Again, I urge hon. members to show their support for Canadian farmers through this legislation, and if they have other sound recommendations, I am not beyond accepting them when the bill is before committee or when it comes forward for third reading in the House if the recommendations are practical and improve the legislation. I urge hon. members to show their support for Canadian farmers by improving, through this legislation, the farm credit service provided by the federal government so it is what we want it to be. Indeed, I cannot imagine a man or a woman among my colleagues, regardless of where they sit in this House, who would not support the farmers at this vital point in the agricultural industry by denying them this worth-while legislation.

I want to conclude by saying that the government, and I am sure the Farm Credit Corporation, would be irresponsible if we were to lend money carelessly. A large percentage of the people—some 95 per cent of them—who are in trouble are in the red meat industry in Canada. The other 5 per cent are from the horticultural sector, with a few in the dairy sector who borrowed money from a lending institution outside any provincial lending institution or the Farm Credit Corporation. They borrowed it thinking they had fixed interest rates and so on, and then when their return was about 10 per cent on investment and their interest rates went up as high as 24 per cent, they were just not able to carry on.

So what I am saying is yes, we can make the Farm Credit Corporation a better institution, we can help the Farm Credit Corporation people to do a better job—a job we all want to see them do—and people who are in financial difficulties will be unable to repay their mortgages unless they have better marketing facilities and we are able to guarantee them a better economic return.

I look forward to hearing what the next speaker has to say.

Mr. Bill McKnight (Kindersley-Lloydminster): Mr. Speaker, I think it is probably evident to most people in the agriculture industry that there are times when we agree with the Minister of Finance (Mr. MacEachen)—

Some hon. Members: Oh, oh!

Mr. McKnight: I am sorry, never the Minister of Finance! On a point of privilege, never the Minister of Finance! But, Mr. Speaker, we do agree at times with the Minister of Agriculture (Mr. Whelan), and just in case he thinks that somehow my hon. friend from Elgin (Mr. Wise) is relinquishing his control over the agriculture business in Canada, from the uneven match that we witnessed on the bill referred to as Canagrex the other day, my hon. friend from Elgin felt that it was only proper for the Minister of Agriculture and I to debate this bill since my hon. friend overwhelmed the minister in the Canagrex debate. So now we are down to an average of mediocrity!

We think it is important that we point out to the minister some of the things that could strengthen Bill C-88, the amendment to the Farm Credit Corporation legislation. But before doing this, may I say that we agree that the Farm Credit Corporation has over the past number of years provided a very valuable service to the agriculture industry in Canada—not just in any special part of the country but right across Canada.

Probably one of the reasons that the repayment rate under the farm credit program is right now in default in about 7 per cent of its loans could be that the criteria which has been established for lending under the Farm Credit Corporation is a little stiff, a little heavy. Perhaps we are not taking enough of a chance on young or new farmers, men and women who wish to enter the agriculture field. Maybe that is one of the reasons. The minister knows, and I know, that the other reason is that

people involved in the agriculture industry attempt to maintain a credit standing because credit is so necessary in the production of food in Canada. It is becoming more a part of production every day.

• (1600)

We wonder about the delay of this bill. The minister said he felt the time had been put to good use and that the delay had not affected the bill negatively but had strengthened it. I think that could be debated because since 1979 this is the only time we have had an opportunity to debate a Farm Credit Corporation bill. In 1979 when my colleague, the hon. member for Elgin, was in charge of the Department of Agriculture and the Farm Credit Corporation, $50 million was provided for additional farm credit lending. We had hoped that in 1980 there would be an additional $100 million. In 1981 there should have been an additional $150 million. In 1982 there should be an additional $200 million just to keep up with inflation and rising land costs all over Canada, and I am sure those costs will continue to increase.

I hope the government does not consider borrowing from the marketplace is the panacea or the only answer. I see that the minister agrees. I believe he is sincere in that, and I hope officials of the Farm Credit Corporation will increase pressure for additional funding from the federal treasury. However, there should not be federal funding if it is not necessary. The Farm Credit Corporation is anything but a granting institution. It lends funds to the agriculture industry and is repaid with interest. The corporation does not give money to producers. In times of financial difficulty and when there is pressure on the government, it may be that the government might decrease funding for the Farm Credit Corporation or fail to keep funding at inflationary levels. We have faced high inflationary levels in Canada over the last few years and will continue to face them in the next few years under some of the policies we see presented. When the Farm Credit Corporation bill, Bill C-88, goes to committee, I hope the minister will assure us that the federal government will not relinquish its role in financing farm credit and that he will put something into the law which we can accept as a guarantee that farm credit will continue to be funded by the federal treasury at least at the level of the inflation rate in the Canadian economy, and hopefully higher, and at the rate land prices increase throughout Canada.

Sometimes we wonder about the minister. He has stated he is very pleased to be able to do this, but it is interesting that according to the London *Free Press* of January 31, 1980, the minister said he would not allow the Farm Credit Corporation to receive funds from outside because that would create privatization of the Farm Credit Corporation.

Mr. Whelan: That is a misquote if there ever was one.

Mr. McKnight: The minister says that is a misquote.

Mr. Lewis: You can't tell when the minister is quoted properly or improperly.

Mr. McKnight: I will send it to him later.

Some of the other issues hinging on Bill C-88 are some of the promises made during the 1980 election campaign, and I hope the producers involved will not have to wait as long for those promises to be fulfilled by the Minister of Agriculture as they have had to wait for Bill C-88.

Credit is a necessity in the farming industry. It is important that everyone in Canada understands that about 15 per cent of the costs paid out by the agricultural industry is for interest. Right now 15 per cent of the cost of production is made up of interest payments in one form or another. Credit is one of the biggest problems farmers in Canada face today, and the cost of credit is continually rising. I hope the next time we look at farm credit the minister will not be increasing the rate of interest borrowers will have to pay to the Farm Credit Corporation. I hope he will be able to decrease that rate.

In 1979, $634 million was made available to the Crown Credit Corporation. I think there were some unusual circumstances that year. Farmers paid off some loans, which gave the corporation a little more money to lend out. However, from 1979 until now we have not seen an increase which would come anywhere close to maintaining the corporation's ability to lend at the 1979 level. I think the minister would agree that in some areas 30 per cent of the cost of production is interest costs. I refer here to cash crops. The Farm Credit Corporation will be called upon to lend more and more money as time progresses.

Perhaps one of the reasons farmers in western Canada are in a better financial position now is that the minister spends most of his time in Ontario rather than in western Canada. I think that probably speaks for itself. The other thing that might be to our advantage is that the red meat industry does not finish livestock in western Canada. The red meat industry finishes livestock in Ontario. Steps can be taken and should be taken to assist producers in the red meat industry. I do not accept the argument of the Minister of Agriculture that a national marketing board is the panacea for the red meat industry.

I would like to talk about the province of Saskatchewan. Statistics show that operating expenses in the province of Saskatchewan in 1976 were $966 million. In 1980 they were $1.58 billion. The percentage increase between 1976 and 1980—just four years—was 63.6 per cent. In 1976 farmers made interest payments amounting to $131 million. According to preliminary figures for 1980 that figure was $285 million, an increase of 117 per cent in four years. Let me compare total farm expenses with total farm cash receipts in the province of Saskatchewan. In 1976 cash receipts were $2.3 million. The preliminary figure for 1980 is $3.13 million. That is a 39.5 per cent increase in four years. However, net farm income decreased by 47 per cent in four years.

It is not that the government has sat idly by. This government has established interest rates which are costing producers in Canada. They are not assisting producers, so I do not think the minister should be so pleased to come in with a small piece of legislation because the legislation has been necessary for the last three years, and hope to see more legislation in the future.

I would like to refer to the budget of November 12, 1981. A lot of credibility and enthusiasm was developed by the Minister of Agriculture with an input of $50 million for farmers in dire straits or farmers who were in financial difficulty. Out of that $50 million, only $5 million is available to subsidize interest rates for farmers in financial distress. Those farmers have to be in the position that they cannot even get a small business bond. It is probably 20 per cent of what was necessary, maybe only 10 per cent, or perhaps it was put in without a great deal of thought. When you look at the number of farmers it would really help, you see that the number is negligible.

● (1610)

The Canadian Federation of Agriculture has said that the Farm Credit Corporation provision is disgracefully inadequate and is a sop to the requests of farmers for some real help. It points out that the $45 million provided in the budget allows only $100,000 for 450 farmers. Yet a farmer needs $200,000 minimum today to start up a farm, so that assists only 225 farmers.

I have some questions about how the minister's food policy will be developed when we do not have enough government assistance to enable people to become involved in agriculture. Even with this financial provision there is not enough financial assistance to transfer land from generation to generation or from individual to individual.

I hope that the refinancing of the Farm Credit Corporation by the private sector will work. I wonder if the Minister of Agriculture could persuade the Minister of Finance (Mr. MacEachen) or the Minister of National Revenue (Mr. Rompkey) to allow individuals who have retired and have sold their farms to place money in the Farm Credit Corporation with the same benefits that the government has given to the banks to lend money out on the Small Business Development Bond, where the banks do not pay tax on the interest received and where the individual does not deduct it from his tax when he borrows money. We know that the producers who find themselves in financial difficulty are not in a position to pay tax; therefore the cost to the federal treasury would be nil. Hundreds of Canadian farmers who are retiring would be pleased to place funds at the disposal of the Farm Credit Corporation in order to help other farmers come back into the industry.

In the province of Saskatchewan the average age of the farmer is 50 and the average age of retirement is 57. There are a lot of people who are no longer interested in, and in some cases are no longer capable of, carrying out the business of farming who would like to be able to transfer their land. With tight money and the high interest costs on other sources of financing, they are unable to do this.

I am sure the minister would agree that the changes made in the budget of November, 1981, regarding income averaging annuity contracts have frozen the land sales of this generation. Until there is some change in the capital gains tax and until there is some change in the ability of individuals to use the funds they have saved or the capital from their farms that will protect that from exorbitant taxation at the time of sale, this generation is going to have to continue to maintain control of the land. As a result, agriculture will not prosper when people would sooner retire from the business and have younger men and women take their place.

There is an option in Saskatchewan—but it is not a very good one—called the land bank, where the government buys the land from the retiring farmer. The government contends that this is a good plan because it offers the land back to the farmer in five years. In one instance, however, where the government bought the land for $100 per acre it offered to sell it back to the individual in five years for $400 per acre. The minister should consider such cases because due to the lack of funding by the Farm Credit Corporation some individuals in Saskatchewan are forced to sell to the land bank. The land usually remains in the hands of the government because it insists on recovering a profit of 400 per cent within five years.

I hope that the changes in the Farm Credit Corporation will assist individuals who are having difficulty transferring farms from generation to generation. Individuals who are asked about the treatment they receive from the Farm Credit Corporation say, in almost every instance, that it is good, fair and reasonable. I do not think that is due to the Minister of Agriculture as much as it is to a lot of the people in the field, such as the Farm Credit Corporation advisers. I hear it filters down from the top, but if that were the case I think some farmers would be in greater difficulty than they are now. I should like to commend the men and women who work for the Farm Credit Corporation for the service they give to people in the farming communities of this country.

I should not like to end on a negative note, Mr. Speaker, so I should like to put a few questions to the minister. I am sure he has heard them before but we have not had answers to them. Perhaps his parliamentary secretary, who is very capable and I am sure is of great assistance to the minister, could answer some of them.

We requested that a moratorium be placed on farm bankruptcies and we wonder why the minister has not taken any interest in this request. We do not think it is an answer to the problem but we think it is a way to save the farm in tough times. I am sure the minister would like to answer that question.

We also wonder why the Farm Credit Corporation was given $50 million in November, 1981, rather than $500 million. We also wonder why the Small Business Development Bond is administered solely by the banks. I have heard the minister express some feelings about the banks so I thought he would be the last person to place this matter in their hands. Why could it not be placed in the hands of the Farm Credit Corporation? It could issue the Small Business Development Bonds, especially in view of the changes we are discussing today.

I am sure the minister is familiar with the agri-bond concept and the proposal made by the Ontario Federation of Agriculture which wanted a market insurance risk plan. That sugges-

tion may not be the answer to the problem but it is something that would give assistance and add stability to the agricultural sector.

There are subsidies for all kinds of things all over Canada, Mr. Speaker, even in other areas of agriculture. We would like to know why there could not be a short-term or medium-term loan subsidy on interest rates.

● (1620)

It is also important to know what happened to the promise of the Minister of Agriculture on valuation day concerning the re-evaluation of capital gains. I distinctly remember the minister saying that it would be moved up to 1974. This would have helped, but he needed something else during the election campaign to entice votes from farmers. He said that he would give them a once-in-a-lifetime exemption from capital gains tax. That was a promise of the Liberal campaign, a promise of the Minister of Agriculture. Now we see what happened. Not only has valuation day remained unchanged from 1971, one of the years in which land was at its lowest price in a long time—it has not been changed to 1974—but there is no once-in-a-lifetime exemption from capital gains on farm land. There is no moratorium now, and there are still producers in the agricultural industry who are faced with forced sale prices. It is bad enough that the election promises were not fulfilled, but now we see men and women who have worked for a long time to build up their retirement stakes being taxed by the government under the budget of November 12.

I am sure the minister would like to see these changes. I hope he is successful in making them. The people of rural Canada, whether in the Atlantic provinces, central Canada or western Canada, need those changes if they are to retire with dignity and to pass along their farm land.

In 1979 there was an energy tax credit which would have assisted farmers in the production of food. It would have protected them to some extent against the increased cost of fuel used in production. This would have gone along with the 1979 increases proposed by the Progressive Conservative government, not the exorbitant ones proposed by the Liberal government which are being implemented immediately.

I notice that the minister talked about RRSPs in his speech. He will recall the proposal of the then minister of finance in the December, 1979, budget that there would be $100,000 for people to put into RRSPs; those RRSPs could have been put into farm credit now. The minister spoke of an investment of that type. It is something we look forward to seeing.

I hope I hear the answers I requested from the government side when the turn rolls around to them again, but in closing I should like to refer to the farm bankruptcy statistics between January and October, 1981. In the province of Nova Scotia there were 3; in New Brunswick, 3; in Quebec, 45; in Ontario from where the Minister of Agriculture comes, 126; in Manitoba, 12; in Saskatchewan, 18; in Alberta, 15; in British Columbia, 8, for a total of 230 bankruptcies. Those are 230 families, individuals, men and women, sons and daughters who worked to try to produce food for Canada and to contribute to our national good. They tried to do something on their own, but we have let them down. I say "we" because there must be some co-operation among hon. members of all parties in the area of agriculture. The agricultural industry is so important to Canada and to individual families that we cannot allow something called politics to destroy Canadian farms.

Some hon. Members: Hear, hear!

Mr. Vic Althouse (Humboldt-Lake Centre): Mr. Speaker, it is with great pleasure that I rise to speak to the amendments to the Farm Credit Corporation Act in Bill C-88. We have awaited this group of amendments for a long time. I am not sure why we have waited so long because in essence the amendments make the bill more general than it was. They allow for administration of the bill by means of regulation rather than by specific requirements in the bill itself. It loosens up the administration of the bill considerably. Therefore I fail to understand the argument of the Minister of Agriculture (Mr. Whelan) in his presentation as to the excuses for delaying the bill until after he had heard from one task force or another. They were excuses for delay so that he would have a so-called perfect bill, when in fact the bill is so general that it could have been written almost any time. It would apply to almost any day or age simply by the use of the regulations which are pertinent for that day or age.

I am somewhat disturbed by the minister's presentation of the bill. I feel he almost ignored the problem. Granted, he is dealing with a need for farm credit, but he has not been addressing, either in his policy statements and speeches across the country or in the House, what I consider to be the real problem in the area of farm credit. It is not a problem of inadequate credit. Probably more specifically it is a problem of a lack of adequate net incomes in the farming economy because of a lack of attention to other aspects of agricultural policy.

In order to finance agriculture adequately in the short run and to finance the reinvestment requirements of the industry to keep it up to date, net incomes in the long run must be adequate. The industry should be almost self-financing. It has seldom been, but it should be. When we look at net farm income figures, the outstanding farm debt, the value of farm capital, the cost of interest, and at the tables of Agriculture Canada, we see that from 1974 to the end of 1981 there has been very little change in realized net incomes in the country. They were $3.5 billion in 1974. In 1980 they were $3.3 billion. In 1981 we expected to make a little jump up to $4 billion, but the outlook for 1982 is that they will be down 15 per cent or 18 per cent. Basically net farm incomes have remained stable in a time when the value of the dollar has been eroded by more than half. In real terms, available net incomes to farmers are probably half what they were in 1974.

In order to overcome that shortfall, farmers have taken the only available route. They have done the only thing they could do to survive in business. Some of them have failed, but they have attempted to borrow money to make up the shortfall. The farm debt in 1974 was $6.9 billion. At the end of 1980 it was

up to $16.6 billion. In an effort to overcome the shortfall in net incomes, farmers have increased borrowings at a phenomenal rate. Because of other policies of the government and I suppose of this continent—because it is a copy of what is ongoing in the United States—along with increased borrowings and high interest rates, we see a very disturbing story of the cost aspects of farming with respect to interest.

In 1974 the total interest paid by Canadian farmers was $473 million. By the end of 1981 it is estimated to be $2.168 billion, which is something over five times as much just in the course of seven years. This was not the minister's expectation, if you go back and look over some of the speeches he has made regarding farm credit and farm income. I do not think he expected that. I think it is indicative of the kind of assessment which the minister has made of the problem. That has very much missed the mark on a solution.

• (1630)

For instance, the minister seems to have got it into his head around 1977, perhaps before, that the way to get out of this problem was not to attack directly the marketing problems that exist in Canadian agriculture, not to attempt to improve the stabilization program so that farm incomes could be maintained at income levels where farmers could refinance themselves, but rather to privatize the lending institutions, open up the banking system and thereby encourage the banking system to take up the slack.

On October 25, 1977, in a speech to the Canadian Bankers' Association at the Chateau Laurier, Ottawa, which was at a time when the minister was looking for something from the banks and not taking a very hard stance with them, he said:

I take my hat off to banks and other interested financial organizations who are starting to get involved in long-term agricultural lending programs because I welcome progress. And this is progress.

That is what the minister said in 1977. In this connection he said that the annual amount of credit used by farms ranged from a possible $9 billion to $12 billion by 1981. The minister saw increased need for credit. He went on to say that he could not see the Farm Credit Corporation taking up that slack.

In fact, the estimate of credit needs was quite a bit off the mark. Instead of being $9 billion to $12 billion, it exceeded $16 billion by the end of 1980. We do not know what the figure is for 1981. Needless to say, no one expects it to be between $9 billion and $12 billion. The minister did encourage the banks to get into the market.

The minister had some rather harsh words in September, 1978, regarding the role which the Farm Credit Corporation was playing up to that time. Agriculture Canada on behalf of the minister issued a news release on September 28, 1978, which reads:

The Farm Credit Corporation is on the verge of being freed from the control of civil servants who don't know about farming, Agriculture Minister Eugene Whelan said Thursday.

Yet we have before us a bill that frees up the role of Parliament and presents to this House a generalized bill, and through it all of the decisions will be made by regulation. I suppose from the minister's attitude toward civil servants that the regulations will be written and proposed to cabinet totally by the minister, but I doubt it.

Mr. Whelan: We are listening to your representations.

Mr. Althouse: The minister says that he will be listening to our representations.

Generally speaking, we have no major objection to the presentation of this type of bill. We understand that most of the governing of the country is done by regulation. We just do not appreciate the length of time being used as an excuse for slowness in introducing this bill. I think that such a generally worded bill could have been presented to the House much sooner. It changes very little. The actual changes are completely unknown to us. We will have to dig them out when we are in committee and watch for future announcements.

I return to the 1978 press release because it goes on to quote the minister as having said:

—he tried to get the change made when John Turner was finance minister but it wasn't until Jean Chrétien took over last September that approval was given.

Now we have approval. That was the basis of the 1978 announcement. Approval may have been given, but the bill has wended its slow and tortuous way to the House through this process and has finally arrived. Although it has gone through a long, tortuous process, we welcome the fact that it has finally arrived.

It is hard not to make any comments about the slow process in light of the minister's attitude toward civil servants getting things done when it took the minister over four years to do something. Instead of carrying on with his self-image of being lean, mean Gene, we should more correctly start referring to him as "glacier Whelan". Glaciers make very imperceptible movements, which is what this ministry and certainly this bill have done.

We in our party have assessed the situation that faces Canadian farmers and Canadian agriculture to be somewhat broader than a need for more credit. While more credit is part and parcel of the immediate solution to turning the situation around, we think that the basic problem is still one of inadequate prices brought about, admittedly in part, by the kind of world pricing situation facing agricultural products all the time. Some things we can do something about and some we cannot. There have been a great many attempts by different nations to combine action, to set up what are sometimes called cartels, other times called agreements, and yet at other times called interstate arrangements, so that the problems of shortages and surpluses can be worked out between nations. At any one time in the world there is usually no great amount of surplus food. Surpluses and shortages occur in certain countries and certain regions.

With the right kind of co-operation, perhaps some day the world will establish a means of communication and transportation that will create pools or banks of food so that countries suffering from shortfalls will be able to draw from those banks. In the meantime, we note the slow progress that has been

made in this regard. However, within the confines of our country there are certain things that can be done. For example, we can examine methods of improving the system of marketing so that farmers who produce the basic product are able to extract maximum returns from the marketplace. Very few of our commodities are structured that way, in part because of some of the difficulties arising from the British North America Act where jurisdiction over agricultural products is shared between the provinces and the federal government. So there has been and continues to be very real and jealously guarded jurisdictions. However, that has been overcome on a number of commodities and I think more effort should be made on those commodities that are not yet in a system of national marketing.

• (1640)

Along with the setting up of agencies to enable producers to extract the maximum return from the market, we have to be aware that, since prices are affected by world market conditions, some form of price insurance or price stability has to be provided agriculture if it is to be self-financing. I think improvements to existing stabilization programs are definitely required if Canada's agriculture is to continue to progress and recapitalize itself to face new challenges.

We have varying forms of crop insurance to cover natural disasters, which I think works moderately well. We should continue that and make certain it is updated to meet the full cash costs of production for those farmers in the position of losing a crop due to sudden weather changes. So we are saying that we do need an aggressive attack on the real problem, the price question which faces agriculture.

The need for credit is peripheral to that. We would not have a large shortfall of credit were there adequate incomes in the first place. However, because we are in this position and it will take a number of years to get ourselves out of it, we have been proposing over the last number of years, certainly since I have been in the House and I know my colleagues here before me have made similar suggestions to previous governments, that there must be a method whereby our agricultural resources can be turned over from one generation to the other, which method is self-generating and self-financing.

We have said on many occasions that there are some moves which this government could make to facilitate this. I wrote to the minister and the Minister of Finance (Mr. MacEachen) prior to the budget on a number of occasions, outlining suggestions to improve the credit position of farmers. These included a form of bond that would allow the retiring farmer to reinvest his money in farm credit bonds or some similar instrument, with the co-operation of the Department of National Revenue. We think there could be a great pool of funds developed for refinancing farm land by deferring the capital gains tax on the sale of land until such time as the retiring farmer has to withdraw his funds from the FCC in order to meet his retirement income needs. This would mean that the agency could have the use of that money for about two thirds or three quarters, probably two thirds, of the current interest rate. This would be useful and acceptable to the retiring farmer and would make a great deal more money available to the beginning or expanding farmer. It would not cost the government anything except a little bit of deferred taxes, and would be a very useful and obvious pool of investment capital.

Added to that could be a program allowing farmers with particularly high income years to invest in that kind of bond on a similar basis, which would make further funds available to the FCC at much below market rates on the understanding that tax on that income could be deferred until drawn out for use by the individual. Neither of those options has been taken up; instead the government chose to present a bill which leaves the option open, but we do not know if it is there.

We wish there had been some announcement along with this bill outlining the government's intentions regarding the regulations, and where they intend to get the funds mentioned in the bill. I think we will be pursuing that in committee and I hope the minister and his officials will be prepared to discuss those questions there.

Without taking up a lot of the time of the House on this particular bill, I am going to attempt to review my impression of it so that we can go on to complete the debate as quickly as possible. As I said, this bill has been talked about for four or five years, both by this minister and the previous minister in the Conservative government. Some of the original reasons for presenting these kinds of amendments seem to be changing as the minister changes his mind about whether the banks are good guys or bad guys. However, we still have the opening, the way this bill is written, for banks to take over an even larger chunk of Canada's farm credit needs.

Those needs are not unsubstantial. As I recall, the banks are filling about 30 per cent of the total requirements, most of it on a short-term basis, along with a goodly chunk of the medium-term capital required. This bill appears to increase the capital available to the FCC so that they may now have up to $5.6 billion outstanding, up from $3.75 billion, or roughly a 50 per cent increase. From the way the bill is written it is not clear how much of that will be available soon or from what source. We do not know how much is private money or how much is public money. This kind of basic information is not available to us in the bill. I hope the minister and his officials will be able to give us some indication of that when it gets to committee.

Because we do not know the relationship of public to private money, it is very difficult to get an idea as to what kind of interest rates there will be. If we do go out strictly on the public market without using any of the provisions I have discussed in my presentations to the minister and to the Minister of Finance, I do not see how the public money will be able to reduce interest rates to the Farm Credit Corporation. The government may have a magic formula, and I would be very interested to hear how that particular program will work to bring about lower interest rates.

• (1650)

In fact, an interesting altercation took place on the radio noon show today. George Price the farm broadcaster, while hosting an interview on this very subject, asked a very fundamental question, namely, whether interest rates will continue to rise. One of the civil servants who had been identified as a vice-chairman of the Farm Credit Corporation, Paul Babey, began to say yes, but the minister interrupted to explain that they will not be rising. We will be interested to find out the various points of view concerning that matter when it gets to committee, as well.

An hon. Member: Is the minister in charge?

Mr. Althouse: Well, it is not certain. My colleague asked whether the minister is in charge. It is not certain just who is in charge at the moment. He was not going to leave it up to the civil servants, yet the bill seems to leave a great deal of it up to the civil servants.

We agree that the corporation should be increased to seven members. We support this move. Also, we have no objection to the ceiling on eligibility for loans being set by regulation. We think this will allow for more flexibility and will probably allow hon. members of this House and farm organizations to have as much leverage in decisions as we would if such matters went into a bill and were locked in for several years before the bill could come back to the House. We have no objection to that.

While I am standing, I wish to make note that it seems that some changes and broadening of the regulations have been made as they apply to Indian bands. There was formerly a ceiling of $400,000 on loans to Indian bands. Now this ceiling will not be set in the act itself but will be subject to regulation. I hope that regulation will make that ceiling a great deal higher so that Indian bands with substantial agricultural land to develop can take advantage of Farm Credit Corporation loans to do so.

I also note that, while there is only one mention of agricultural production co-operatives in this bill, and a similar kind of notation would be made by the minister and his officials, some production co-operatives need great amounts of capital, too. As long as co-operatives are operated by their members and shareholders, when regulations are being drafted consideration should be given to that aspect of agricultural production as well. It is a kind of agricultural production which is very often forgotten in regulations made here in Ottawa. I hope when it comes to making Farm Credit Corporation funds available that that form of agriculture production will not be ignored.

I note that there will be some changes to the regulations and to the bill itself with regard to age limits on farmers. I would just like to take a moment to congratulate the hon. member for Selkirk-Interlake (Mr. Sargeant) for his work in getting the ceiling lifted on age 35. This was done through his discussions with the Human Rights Commissioner, Mr. Fairweather, who noted, upon reviewing the matter, that this was indeed a discriminatory clause. I think the intervention by my colleague, the hon. member for Selkirk-Interlake, had a great deal to do with the change in this part of the act.

Another aspect to this ceiling of age 35 in the bill is that a bit of sex discrimination was beginning to emerge in the Farm Credit Corporation as well. I hope the particular wording now contained in the bill will eliminate that. There were a number of instances where, because of the age 35 ceiling, a wife would make an application as the farmer and owner because she happened to be under age 35. In a great many of these cases there was much difficulty in convincing various officials that females could be farmers. I hope this aspect will disappear from the act as a result of this new wording and that it will not show up again in the forthcoming regulations.

In conclusion, I would just like to reiterate my initial comment that the farm income situation looks very grim. It is projected that in 1981-82 incomes will drop to the same level or slightly below the 1974 level. That is really a disaster because it means, in effect, a halving of farm incomes. It is no wonder that the thoughts and attentions of farmers have been directed toward the need for farm credit. The incomes generated on farms have not been adequate. This particular bill, this move to attempt to free up more funds through the Farm Credit Corporation, will assist; but I hope that the government and the minister will focus more attention on doing something about the real problem, the farm income problem, and will get on with programs for improved marketing and better stabilization which will bring us better net farm incomes.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Normand Lapointe (Beauce): Mr. Speaker, it is with great pleasure that I now speak to the amendment to the Farm Credit Act. The Canadian Farm Credit Corporation has been in existence for 22 years, during which period it has made about 147,500 loans totalling $5.1 billion. With its long-term credit programs it has been a major force in helping Canadian farmers to increase their production and efficiency during the last 20 years. The corporation has financed more than 60 per cent of long-term farm credit in recent years. The remaining funds were provided by provincial agencies, banks, credit unions and through private loans. Since 1973, the total amount of long-term farm credit has increased at an annual rate of almost 20 per cent, rising from $655 million in 1975 to about $1.9 billion in 1980. This trend is expected to continue, and it will therefore become increasingly important to ensure that the Farm Credit Corporation has an adequate and stable source of funding.

In 1980-81, the last year for which complete statistics are available, the corporation approved 4,686 loans totalling $508 million. A regional breakdown for the year 1980-81 shows that British Columbia received 175 loans totalling $21,597,000. Alberta had 640 loans totalling $71,739,000 and in Saskatchewan farmers received 1,346 loans totalling $128 million.

Commonwealth Caribbean

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Ethier): It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Erie (Mr. Fretz)—The budget—Employer contributions to medical and dental plans. (b) Employee loans; the hon. member for Kindersley-Lloydminster (Mr. McKnight)—Agriculture—National beef stabilization program. (b) Inquiry respecting consultation with Saskatchewan; the hon. member for The Battlefords-Meadow Lake (Mr. Anguish)—Mines and mining—Announced shutdown of mine at Uranium City, Sask. (b) Attendance of Eldorado Nuclear officials at standing committee meeting.

[*English*]

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

There being no items on the Order Paper under the heading of private bills, I will proceed with notices of motions (papers).

• (1700)

PRIVATE MEMBERS' MOTIONS FOR PAPERS

[*English*]

Notices of Motions Nos. 22, 35, 1, 48, 28, 43 and 5 allowed to stand by unanimous consent.

EXCHANGES BETWEEN CANADA AND COMMONWEALTH CARIBBEAN

Mr. Hal Herbert (Vaudreuil), seconded by Mr. Irwin, moved:

That an humble address be presented to His Excellency praying that he will cause to be laid before this House, copies of all correspondence, telegrams, minutes of meetings and other communications during the last year, between the government and the communities of the Commonwealth Caribbean that relate to the exchange of commodities and technology, the exchange of students, tariff changes and other measures to improve trade, tourism and cultural exchanges between Canada and the Caribbean area.

Mr. Irwin: Mr. Speaker, I withdraw my seconding of this motion.

The Acting Speaker (Mr. Ethier): The motion will be seconded by Mr. Demers.

Mr. Herbert: Mr. Speaker, I thought you probably picked the wrong individual to second my motion since the response is to come from the parliamentary secretary.

The motion originates back in July, 1980 when I was sent as a Canadian observer to the sixteenth Caribbean regional conference. However, my interest in the Caribbean goes back many, many years before that. I guess my first interest was when I visited Barbados many years ago after Trans-Canada Airlines had completed the airport on that island, the completion of which airport led to a substantial increase in tourism in Barbados and the resulting improvement in the economy of that island.

I personally was enchanted with Barbados. In fact, I termed it paradise island. I love the people, their attitude, and above all, I like the music. I mention the music because I will be referring to it in connection with another island in a moment.

I want to tell a couple of stories about Barbados which are pertinent. I talked to one of the barmen at the hotel where I was staying. He had been in Florida for some time. I asked him why he was working in Barbados at a much lower salary than he could get in Florida. He said it was simply because of the wonderful life, that there was a lot more in life than just earning a high salary.

I must agree with him because on that very happy island, when you look at the children very seldom do you see a child crying. They were always well dressed, particularly on Sunday. It was a pleasure to see them going to church on Sunday dressed in their finery.

I remember during my first visit there the emphasis on some of the social problems of these islands. As most people are aware, the majority of the inhabitants of Barbados in those days were what might be termed illegitimate. The church had gone to some length to try to get couples together to be married.

I watched a wedding ceremony. Along with the couple being married was a long line of their children. The observation was made to me that this couple was very brave. Because of their religious beliefs, they were getting married. In return, government assistance for their children was being cut off. As long as they were living in sin and their children were illegitimate, government assistance was available to them. When they got married, they had to start supporting their children. That is indicative of some of the problems in the islands of the Caribbean.

I have been very fortunate in the many years since, having been able to visit many of the Caribbean Islands from Bermuda in the north, through Bahamas and Puerto Rico, right through to the south, including the island of Cuba. I refer to Cuba because one cannot help but notice the difference in an island that is run by a dictatorship.

The first observation is that it seems as if one in three of the male population is in uniform. The difference in the music on that island is something that one cannot help noticing immediately inasmuch as it seems to be disciplined. It is almost as if the people who are playing are playing from music, which they

cannot do. They have never been taught from music. It is not the same rhythm. I attribute it to the conditions that pertain in that island.

I did observe while I was there that one of the things they are doing in Cuba is trying to provide a good education for the children. I visited the schools. I noticed the children were well dressed and well disciplined. I could not help but think that if that situation continues, in the years ahead the children in Cuba, because of the ease of communication with Florida and the southern states, will probably want to change the nature of the country in which they live.

Another one of my interests in the Caribbean of which I have spoken in this House on several occasions deals with the sugar industry. One knows that the giant controlling industry in the sugar business throughout the world is Tate and Lyle. It is installed in several islands including Bermuda, Jamaica, Guyana and Trinidad. I hope to speak in this House on other occasions, as I have done in the past. I am disappointed that the Foreign Investment Review Agency and the government have failed to enforce the regulation made by FIRA that Tate and Lyle divest itself of its interest in Redpath Sugars. Those two or three speeches which I made on this subject in the House are on record.

There are some very special problems in the islands of the Caribbean. The disadvantages of island developing derive from a combination of several characteristics of which the most fundamental and most easily identifiable factor is that of size of population and production. An inadequate reservoir of human resources, of potential producers, consumers or taxpayers to facilitate the attainment of self-generating development mitigate against development and, of course, give rise to serious communication problems.

Many Caribbean countries suffer from a limited and in some cases virtually non-existent natural resource base. Such countries are therefore more vulnerable to the disruptions caused by outside influences. Limited population and available land area inevitably expose a country to a greater extent to adversity, whether a natural disaster such as a hurricane or the incipient effects of brain drain.

Whilst I was in the British Virgin Islands in the month of July, 1980, I talked with a government representative from St. Lucia, Mr. Bruce Williams. He recounted to me how much the Island of St. Lucia is in need of assistance for development purposes. He pointed out that the Island of St. Lucia offers valuable incentives for hotel projects, condominiums, holiday villages and also industries. As he says, they enjoy seven years of tax holiday. He also pointed out, of course, that Canadians like St. Lucia, which is a bilingual country. After reviewing the figures which were supplied to me by the Department of External Affairs as well as representatives of the Canadian International Development Agency prior to my visit to the British Virgin Islands, I noted that our imports from the countries of the Caribbean outdistanced the value of our exports to those same countries by a ratio of approximately 2 to 1. I was studying the Commonwealth Caribbean countries of Barbados, Belize, Guyana, Jamaica, Trinidad, Antigua, Dominica, Grenada, Montserrat, St. Kitts, St. Lucia and St. Vincent, and in almost all cases we import from these countries approximately $2 of goods for every $1 that we export back to them. This would indicate to me that we need to look at this imbalance and I suggest that could be beneficial to our own Canadian manufacturers.

● (1710)

On my return from the British Virgin Islands, I wrote to the president of the Canadian International Development Agency, Mr. Marcel Massé, and I stated that in my opinion there is no over-all reviewing body which looks at the total picture, including private and institutional activity and the efforts of the other major assisting nations, the United States and Great Britain. Such a co-ordinating or information-gathering body might affect the direction, amount or the form of aid which we have provided. I am particularly interested in education in the islands.

While in the British Virgin Islands attending the Commonwealth regional conference, I met a group of Canadian teachers who advised me that their federation was funded in part by CIDA. This item is not shown on any listing of aid for the Carribbean that I had received from CIDA prior to my visit to the Caribbean.

I put a question to Mr. Massé which said:

Of the 17 Commonwealth countries of which I understand seven are dependent, do you have a consistent policy as to which countries you are willing to assist, either directly or indirectly?

Mr. Massé stated in his reply:

In your recent letter, you made reference to the need for an over-all reviewing body which would examine the total picture of aid flows to the Caribbean region. By way of background to your inquiry, I should explain that there was in fact a major interdepartmental review made of the Caribbean region which was spearheaded by the Department of External Affairs. All aspects of Canadian interests were looked into as well as the levels of co-operation of other major donors. This review resulted in a document that is presently being considered by the government. It should assign objectives in a co-ordinated fashion to the various governmental organizations involved in the Caribbean.

A little further down in the letter he continues:

—I can only answer by referring to the interdepartmental review that I have mentioned above.

Thus, on December 8, 1980, while still awaiting the set of documents, I thought that the best step to take was to put a motion on the Order Paper asking for the production of documents of interest to persons looking at the situation in the Caribbean. This I did.

A month later, in January of 1981, I noted a rather interesting article in the Ottawa *Citizen* by Dian Cohen. She starts off by saying:

Consider these facts about the Caribbean:

300,000 Canadians vacation there each year.

$200 million in Canadian exports are destined for its tropical islands.

$400 million Canadian invested in enterprises there.

$35 million a year is given on our behalf by the Canadian International Development Agency to help West Indians become more affluent in their own countries.

Later in the article she goes on:

Could it be possible that our goodwill, our good money, our sophisticated technology and expertise are not being put to proper use? Is it conceivable that a prime reason why the gap between "rich" and "poor" is growing wider rather than narrowing is that our leaders don't know what they're doing?

On March 9, a headline in *The Globe and Mail* read "Problems still plague Caricom as defenders seek co-operation". On March 21, in *The Financial Post* there was a headline which stated "Canada can celebrate Antigua independence." It speaks of the Canadian banks in Antigua; the Royal Bank, the Bank of Nova Scotia, the Canadian Imperial Bank of Commerce, and it speaks of the garment industry which is Canadian, of the condominiums owned by Canadians, a paint factory and several hotels in which there is Canadian equity participation. It goes on to say:

All these are dwarfed, however, by the multimillion dollar public projects, including the construction of a new airport for C$10 million, funded by the Canadian International Development Agency, supervised by an official on loan from the federal Department of Transport in Ottawa—

Then the article continues:

Other CIDA projects are the extension and modernization of Antigua's telephone system, school construction and assistance in irrigation. The Canadian Executive Service Overseas is involved in setting up a new prison and rehabilitation system and the Canadian Caribbean scholarship scheme is involved in vocational training.

[*Translation*]

Mr. Speaker, since we are on the subject of Canadian aid in the Caribbean, I would like to say a few words about the very substantial contribution being made by CUSO. This body, which started out without any assistance in the way of public funds, now receives a large part of its main budget from the Canadian International Development Agency. In some islands in the Caribbean where Canada has no official representative, CUSO is the only visible Canadian presence. CUSO is a non-governmental organization which co-ordinates the recruitment of Canadians who are prepared to work in Third World countries, including the Caribbean area. CUSO workers include teachers, nurses, agricultural and horticultural experts, technicians, fishery experts and food specialists. Thirty-two CUSO workers are now on assignment in various islands in the Caribbean. This number includes nationals working in various projects administered by CUSO. However, CUSO is not exclusively concerned with the transfer of human resources.

During the past few years, CUSO has become well known for supporting self-development projects. Its programs focus on development and change instead of being a straight transfer of technology and staff. CUSO assignments involve a training aspect, and projects supported by CUSO are expected to involve, and to be initiated by the local population.

CUSO helps to set up local non-governmental organizations that eventually will be able to manage their own affairs without outside help. Especially in the smaller islands in the eastern Caribbean, where almost half of the population is under 25 and three-quarters of the local people are unemployed, CUSO is supporting local co-operative projects specifically designed to create jobs. Two examples are the farm co-operative in Grenada and the craft co-operative in Dominica.

CUSO's involvement in such projects covers every stage, from initial planning up to the production and marketing of the finished product. Aid is given in the form of funding, materials and human resources. Each project has an educational aspect that ensures the continuity of the main goal: self-sufficiency.

Although a large part of CUSO's main budget is funded by CIDA, CUSO also receives valuable contributions from other sources, including Third World governments and agencies that pay the salaries of Canadian experts and provide housing, volunteer workers in Canada who give their time and energy to recruiting and selecting CUSO workers, and finally, educational institutions across Canada that provide office space and help with the agency's administration. Finally, the body receives financial contributions from a number of pharmaceutical companies, radio and television stations and newspapers and periodicals. Thanks to these contributions, CUSO's costs in keeping an expert overseas are much lower than for a number of other agencies, including CIDA. I believe, Mr. Speaker, that there are agencies working in the Caribbean—

● (1720)

[*English*]

It was important for me to have some information from the government as to the way these various groups co-ordinated their activities.

If I have 30 seconds left, I want to refer to the committee report which was tabled in this House on December 8. As a result of reading that report, which was presented by a committee which was formed on March 18, 1981, I came to the conclusion that the information which the Department of External Affairs—I assume it was that department—was unwilling to provide to me was essential for a better understanding of the problems in the Caribbean. Thus, on December 16 of last year I asked that this motion be transferred, after waiting over one year—

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. gentleman but his allotted time has expired.

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I want to take just a few minutes of the time of the House to speak about this notice of motion for the production of papers, to urge the government to produce the papers requested by our friend from Montreal and perhaps to make a comment or two about that.

I believe we should have more freedom of information in this country. We should not be so nervous about providing information to the public and to Members of Parliament. That is only one part of what we must do to make this place more meaningful.

I cannot help but think that Parliament is not really working. As an institution it is not really working as it should for opposition members or for government backbenchers. I think we have to reform the rules of this place to make it much more democratic, to make it a place where Members of Parliament actually become legislators, rather than just rubber stamps for government policy or opposition members whose only power is to make speeches, and try to motivate public opinion so we can change the opinions of the executive or the cabinet. I hope Members of Parliament will speak in this House and lobby for some meaningful change. Of course, members of the government must be included in this effort as well.

If the government were to produce papers when requested and make things public, that would be one small step in a direction that is very important in terms of making this institution meaningful, making it work and making our work here useful and worth while to the Canadians who have elected us to this very honourable institution.

In terms of the issue itself, the hon. member who has just spoken referred to the importance of the Caribbean, and I cannot help but agree with him that it is a very important part of the world to our country. As we look at our own country, we see a country of many, many miles of tremendous resources, of mountains, lakes, streams, great prairies and great forest regions. We have almost everything we need in Canada, with perhaps one gereral exception, and that is a warm, tropical, southern climate. The United States has that. I suppose the southern part of China has that. The southern part of the Soviet Union has that, but that is really all we lack.

Mr. Cosgrove: What about Toronto?

Mr. Nystrom: Not even in Toronto do we have that kind of climate. The minister responsible for housing has a lot of hot air from time to time, but we lack that, and it seems to me that the natural place to make up for it is the Caribbean. We are not very far away from the Caribbean countries, and if we had a trading link with Caribbean countries which was more substantial, I think that would be something which would be of great benefit to us as Canadians and also of great benefit to the people who live in the many Caribbean countries.

The part of Canada this trading link would help the most would be the Atlantic provinces, Newfoundland and part of Quebec. That is the natural shipping route between Canada and the Caribbean. There are many things we produce in this country that people in the Caribbean could use. We produce many technological products. We have an aerospace industry and a telecommunications industry. There have been advances in relation to railways and aeroplane motors. We have expertise in hydroelectricity, forestry and so forth. We could provide many things to Caribbean countries to help them develop, to help them become more self-sufficient and more advanced, more developed and more prosperous as a society. In return, we could be importing much more from them. We could be importing things we cannot produce in our own country, such as tropical fruits, bananas and commodities of that sort. We could be importing cotton, sugar and many of the commodities we now import from the United States.

Our trade policy puts too many eggs in one basket, the American basket. About 70 per cent of our trade is with the United States, and it is important that we diversify that trade. Of course, it goes without saying that the United States will remain our main trading partner. We are neighbours. We share a border stretching thousands of kilometres. It is very natural that we trade back and forth. But I think it is also very important that we do not build a store in this country to sell to one customer only, because when we have only one customer, we become totally dependent on the economy of that one customer. If the United States retrenches or becomes more protectionist, that will affect Canadians very drastically.

If we are to diversify our trade, the natural place to look is to an area of the world which, in terms of proximity, is very close to us, and that is the Caribbean, a part of the world which exports products we do not have. It has a tropical climate and exports tropical produce, and it is very close to us. I might also say that it is a part of the world which has two linguistic groups.

[*Translation*]

Many people in the Caribbean speak French. French is very widely spoken in Martinique, Guadeloupe, Haiti and, as the hon. member for Vaudreuil (Mr. Herbert) already mentioned, there are also many places such as St. Lucia where both French and English are spoken. It is very important for Canada as a bilingual country to have trade relations with countries that have a similar cultural badkground.

[*English*]

These are just some of the advantages of trying to escalate and improve our relations with the Caribbean.

Hon. members might remember that at one time a member of my party, Mr. Max Saltsman, then the hon. member for Cambridge, went as far as to suggest one cold winter day in the House of Commons, that we talk to representatives of the Turks and Caicos Islands about the possibility of their becoming a province of Canada. That idea was examined and pursued by officials of both the Turks and Caicos Islands and Canada. Without endorsing the idea or rejecting it, I think that just demonstrated that there is a natural affinity, a natural friendship and a natural pattern which should be pursued and encouraged in the two countries.

In this respect I think of Cuba. During the difficult years in the 1960s under the Diefenbaker government and the Pearson government, Canada continued to have diplomatic and trade relations with Cuba when the United States cut theirs off. I think that was very important. It is very important that we continue our ties with the Cubans in the years which lie ahead.

Before sitting down, I want to make one general comment about trade and why we should diversify our trade and our contacts with the Caribbean and other parts of the world. Up until now, in addition to being dependent on the United States we have also been very dependent on being an exporter of raw materials. I noticed just the other day, for example, that in

1980 we had a net surplus in terms of export of raw materials of $23 billion. On the other hand, we had a net deficit in terms of finished products or finished goods of some $18 billion. That is the worst record of any industrialized country in the world, Mr. Speaker.

• (1730)

We all know that resources are very important to us—in my province potash, grain, oil, gas and in Quebec, hydroelectricity and so on. In addition to all that, it is important in terms of jobs to diversify; it is important in terms of jobs to start processing and semi-processing more of our goods before they are exported, and it is important, in terms of jobs, to start doing some things that we can do ourselves and that other countries such as Japan, France, Germany and others in Europe are doing.

I think that in this country we are going to have to put a lot more emphasis on trying to become specialists in more areas such as processing our raw materials and on trying to export more processed goods.

In 1608 when Champlain first opened a trading post in Quebec, it was primarily to have a point at which to gather furs, beaver pelts and so on in order to export them to Europe. Unfortunately, we have not changed our trade policy very much since the days of Champlain. We must make changes if we are to survive in a highly competitive world market.

About 25 per cent of our work force has jobs which are related to the export market. We now have a big problem of unemployment in this country, in large part because trade is becoming more and more competitive. We are moving into the post-industrial age but other nations such as Japan, France and other European countries are moving faster. We will have to start scrambling in order to catch up, never mind moving ahead.

In conclusion, Mr. Speaker, I want to encourage the government to produce the papers requested by my friend from Quebec. I want to encourage the government to make public as soon as possible the plans the government House leader has for reforms of the rules of this institution so that MPs can be legislators and not just chronic bitchers and cryers and rubber stamps for government policy.

I should also like to encourage the government and Canada as a whole to continue expanding and improving our links, and trade with the Caribbean and with trade there. That part of the world can provide something that we do not have—a tropical climate, lots of sunshine and lots of produce from that sunshine. In return, that can help the economy of Atlantic Canada because of the natural shipping pattern that exists. As an industrialized nation with advanced technology, we could give people in that part of the world an extra boost to help develop their economies in the years that lie ahead.

Some hon. Members: Hear, hear!

Mr. Ron Irwin (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, I want to thank the hon. member for Vaudreuil (Mr. Herbert) for bringing this motion before the House. The hon. member is not really complaining about the rules, as was suggested by the hon. member for Yorkton-Melville (Mr. Nystrom). He knows the rules very well, and the day we produce all the documents he wants is the day that he will have no opportunity to speak about the things of substance that he cares for! He talked about trade, aid, lack of information in general—and not specifically to him—about the Caribbean. He spoke about tourism, about sugar—he has spoken about sugar at least half a dozen times, and I thank him for that. The hon. member for Yorkton-Melville has a valid point about all our eggs being in one basket. In 1980, we did a total export business of $73.8 billion and a total import business of $68.7 billion. Of this, $46 billion of export was with the United States and $48 billion was import business with the United States. Approximately $90 billion business was done with the United States last year. If there is a criticism of Canadians in general and not just governments, it is that we must treat the Caribbean and South America much more seriously than we have to date.

I should like, first of all, to look at the broad problem of what is happening in the world. The foremost problem is poverty, and this is shown by what is happening in the Caribbean and South America. The poorest country is Haiti where the gross national product per capita is $260 per year. The 2.5 billion of the world's poorest people depend for almost all their energy needs upon wood and agricultural residues. Of the world's 150 countries, 100 consume more food than they produce. At the present rate, the world's forest cover will be halved by the year 2000 because we are cutting the forests down for fuel and energy—things that they should not be used for—because better sources of energy have not been developed in these various nations.

By the year 2000 there will be two billion more people on this planet. We spent almost a year on the Constitution and perhaps we are inclined to forget the reality of the rest of the world until we see that each year 15 million children under the age of five die, mostly from water-borne diseases. Next year 15 million children will die for the same reasons. Three quarters of the world's population consumes 15 per cent of its commercial energy, and 90 million people in the world are short of firewood.

The parliamentary task force on North-South relations recently issued a report in which it dealt with the 800 million people who live in conditions of absolute poverty. The criteria of absolute poverty are unbelievable. It means that only four out of ten children complete more than three years of primary school. Of every ten children born, two die within a year, another dies before age five and only five survive to age 40. A child that contracts measles has a 200 per cent more chance of death than a Canadian child.

The task force report has the following to say:

> Half of those people live in south Asia, mainly in India and Bangladesh. A sixth live in east and southeast Asia, mainly in Indonesia. Another sixth are in sub-Saharan Africa. The rest—about 100 million people—are divided among Latin America, North America and the Middle East.

It is ironic that in the second paragraph on the same page the report states "some $500 billion is spent each year for military purposes." Yet so little is spent on important things such as shelter, food, and economic stability.

Why should our policy regarding the Caribbean be different from that of the United States? Sometimes I think that the United States has had so much trouble in the last number of years when it has been picking losers, that we should let them choose first and then pick the other side!

Our major contribution in the Caribbean so far has been tourism. Maybe that is why there are so many experts on the Caribbean in Canada who know so little about it.

For certain valid reasons we are moving out of the Caribbean. For instance, we are going to Australia for aluminium. The main reason, however, is that this country had had two decades of easy times in trading with other countries. What has happened in the last ten years is that there has been an increase in exports with Third World countries from $1.7 billion to $8.8 billion, while with the Commonwealth Caribbean the increase has been from $123 million to $286 million. In other words, the increase has been fivefold and sixfold with Third World countries but only double with the Commonwealth Caribbean.

• (1740)

In our travels through Caribbean countries we were told repeatedly that we were not competitive. We were told that our businesses were shifting to the more affluent industrialized areas such as Brazil, Venezuela, Mexico and perhaps Argentina and Chile, and that in areas where it is difficult to operate, Canadian businessmen have folded their tents. Prior to what was done this year, it was almost embarrassing that Trinidadian aid in 1980 to the Caribbean was greater than that of Canada—aid from a little country like that!

I think what was said by the hon. member for Vaudreuil was absolutely accurate. The fault is that we require more information. We may have to bring in trading companies and credit mix. We may have to provide more money and more facilities for Canadian businessmen dealing in that particular area. We may need more face-to-face discussion with government officials. We need much more education on what is happening in the southern half of this great area.

Let us look at the United States policy. The United States has had almost a disastrous two decades of supporting governments which have fallen. In the process there have been some atrocious governments. In 1953 or 1954, I was in Cuba and saw the combination of Batista organized crime and United States interests in Cuba. It was wrong then for the United States to support that regime. Canada was wise in not getting involved in that decade of hate which evolved around Cuba. Canada was wise to keep its dialogue open with the present administration. In 1979, the United States received at least half a dozen jolts. In Nicaragua the Somoza regime was replaced by the Sandinistra regime. In Grenada, Eric Gairy was replaced by the new JEWEL movement. In Surinam there was a semi-leftist coup. On top of this, Iran erupted and finally, just recently, there was the assassination of President Sadat in Egypt. The Rear Admiral and Naval Commander of the Caribbean, Robert P. Mackenzies, said that Nicaragua, Grenada and Cuba were "practically one country". Consequently the United States policy is different from ours. It is to provide direct aid to a specific country which fosters direct United States interest, usually business. This is why Canadians are so well accepted in the Caribbean—we have no colonial aspirations; we do not support governments for philosophical reasons resulting in profit; we support governments in the Caribbean because we think it is right. This is why we are *ad idem* with Venezuela.

At the present time Venezuela is the only major democratic option to Marxism and communism in the Caribbean. Prior to Venezuela becoming interested in the Caribbean and starting to expand, what did poor people do? They either lived in poverty and their children and grandchildren lived in poverty, or they resorted to guerrilla tactics and civil war. There was no other option except Cuban exploitation. They either lived in poverty and stayed there, or they aligned themselves with Cuban export of guerrilla warfare until Venezuela started to export not only philosophy but a few dollars, along with Trinidad and Mexico.

Last year the Secretary of State for External Affairs (Mr. MacGuigan) reported to the CARICOM ministers in Jamaica that we would give the Commonwealth Caribbean priority status. After the conference he indicated that there were certain countries which would be targeted by Canada. He specifically named countries such as Venezuela. In the interim we have done everything to try to build a connection between Canada and Venezuela. I do not think we should kid ourselves; because we talk of the Caribbean here and talk of our importance there, we are not that important yet. We should be, but we will not be unless we make the effort. Also the minister announced a framework. The major elements of the framework announced at the CARICOM conference were as follows:

All countries in the Commonwealth Caribbean, regardless of level of development, will be eligible for Canadian development assistance, with special attention on the LDCs of the eastern Caribbean.

LDCs refers to least developed countries. They continue:

Canadian development assistance will focus on the promotion of sustained economic growth and development.

With self-reliance of the recipient countries, the ultimate objective:

(a) Canada will increase its ODA levels in real terms;

(b) increased levels of technical assistance will be provided for economic and financial management in the public sector and for improving private sector management and productivity;

(c) increased support for industrial co-operation will be given;

(d) at the regional level, Canada will focus on supporting the Caribbean Development Bank, on essential common services, where appropriate, and on regional institution building and co-operation including that with CARICOM.

What does this mean? In dollars and cents it has some meaning. For the fiscal year 1981-82, we will almost double our assistance to the Caribbean to $55.3 million. This will be in addition to the $6 million already announced for Jamaica in support of its economic recovery program. Funds will be used

for specific countries as follows: Barbados, up to $2.6 million; Belize, up to $1.5 million; Dominican Republic, up to $2.3 million; Guyana, up to $7.5 million; Haiti, up to $7.2 million; Jamaica, up to $10 million; Leeward and Windward Islands, up to $11 million. The funds to the Caribbean Development Bank will be up to $4.3 million. Industrial co-operation will be up to $2.5 million. Non-governmental organizations will be up to $4.5 million. Our total aid to the Commonwealth Caribbean will be $43 million, which is more than double what it was last year.

We will also be providing bilateral assistance as follows: up to $30 million for Guyana, up to $41 million for Jamaica, up to $44 million for the Leeward and Windward Islands, and up to $25 million for Barbados and Belize. Also Canada will provide non-bilateral assistance to the tune of $85 million which will be administered through the Caribbean Development Bank.

It is important to treat each one of these sectors as individual sectors. There is a misconception among Canadians that Caribbean people know each other well. The truth is that they do not. Many of these countries are large islands and are more familiar with the United States than they are with their neighbours. We must develop a separate policy to fit in with the culture and the economy of each individual area. Within the remaining time I will try to run through some of these countries. I will start with El Salvador. Right now the option which the president and the people of El Salvador have is either to try to become democratic with the aid of countries such as Venezuela, or to succumb to another revolution. I find it rather humorous that we in the House try to impose our democratic standards on a country that has not really had an election in over 50 years and in which there is civil insurrection. I think some of the members who are really attacking the electoral process that is evolving in El Salvador are more interested in getting headlines in Ontario than they are in the welfare of that particular country. They do not really understand. There is only one man there standing between the country and another dictatorship, whether it be a communist one or the normal type of dictatorship which the people have known in these regions of the Caribbean and South America, and that man is President Duarte. President Duarte has been a democrat for over 20 years. He was a mayor and he was a member of the opposition. He is president of El Salvador. On his right side he has the army and the rich and on the left side he has the poor and the guerrillas. In this House we repeatedly attack the government of El Salvador, which is really President Duarte. We do not attack the right or the left. We attack the only man who has a chance of bringing a democratic process into El Salvador.

● (1750)

I do not know one member of this House who deplores the fact that 26,000 people have been killed in that country or who deplores the instability in El Salvador. I think we should, as former prime minister Lester B. Pearson once said, bury our differences at our waterline when it comes to our foreign policy. We are not doing that. Consequently, by attacking what President Duarte is doing, we are not really espousing human rights there or in any other place in the world.

Venezuela is probably our most important partner in the southern hemisphere economically. We exported to them $641 million worth of goods last year, but we imported from Venezuela over $2 billion worth of goods. I think our Canadian businessmen should be much more aware of that imbalance. They should be prepared to go to Venezuela to sell our goods with the help of the Canadian government. Venezuela needs wheat. Is it not odd that a country we traditionally think of as being rich in agriculture cannot support itself for such reasons as that it has no water or that the weather is too hot? This also applies to the Bahamas. Venezuela needs pigs. We sell pigs, but we do not sell pigs to Venezuela. Venezuela needs certain technology, but we are not selling that to them. Meanwhile we buy $2 billion worth of goods from Venezuela, an ally with whom we agree philosophically. I think the parliamentary task force report dealing with trade is completely accurate. This report of the Special Committee on a National Trading Corporation, issued June, 1981, stated:

Canada has only a minimal position in many of—

[*Translation*]

The Acting Speaker (Mr. Ethier): I regret to interrupt the hon. member, but the time allotted to him has expired.

[*English*]

Mr. Gordon Taylor (Bow River): Mr. Speaker, it appears that I have only four minutes in which to speak, the last speaker having gone one minute over his time. I want to deal with the motion. I cannot understand why the parliamentary secretary did not deal with the motion instead of telling us all the things he did. The motion is simple. It asks for the production of papers and communications during the last year between the government and the communities of the Commonwealth Caribbean relating to the exchange of commodities and technology, the exchange of students, tariff changes and other measures to improve trade, tourism and cultural exchanges. But the parliamentary secretary did not say one word about any of that. Why is the government refusing to give us this type of information? Surely to goodness Canadians, particularly members of the House, are entitled to this kind of information.

The parliamentary secretary tells us that we will continue to give to the Caribbean area $55 million, $6 million, $43 million and $85 million. He did not say one word about what we are getting for this money. He did not tell us what is being produced. He did not say anything about the extravagance or waste. He did not say anything about the low interest we are charging or indeed if this money is being given away while Canadians have to pay high interest rates. Why is the government not giving us this information? Is the government afraid to do so? Is it because the government is being extravagant? Is it because the government is giving this money and nothing is resulting?

The members on the other side of the House are saying that they live in absolute poverty, yet they live in a climate where

production could be high. Why does Canada not make sure when making contributions to these countries that the money is used to increase production and not used as welfare purposes? That is what Canada should be doing. Why are we granting low-interest rates to these countries and yet charging high interest rates to Canadians? Even our own Indian band councils cannot get money at these low rates. Why does the government not answer questions? Is the government afraid? The government is refusing to give us the information and, therefore, people have to reach their own conclusions. Some of the information I have seen in information sheets from the Secretary of State for External Affairs (Mr. MacGuigan) and from CIDA indicate that in many cases the money is being wasted. What about Grenada? Two hundred thousand dollars was spent for a garage in Grenada. What are we doing? We are helping a military build-up so that the communists can step in and get along a lot better. I am not in favour of helping communists in any country. I am in favour of helping people to help themselves. We should not give money away at low interest rates while charging high rates to Canadians. What about these amounts of $55 million, $6 million, $43 million and $85 million? The parliamentary secretary brags about this. But I want to know what the government is doing with this money. What good is it doing? Are we simply handing this money out as a gift from the people of Canada? Why does the government not answer the questions? What is the government afraid of? That is what I would like to know. That is what the people of Canada would like to know.

I am not going to talk this bill out. I am going to give hon. members over there a chance to vote in favour of this bill. If they had any guts, they would force the government to provide this kind of information.

[*Translation*]

Mr. Pierre Gimaïel (Lac-Saint-Jean): Mr. Speaker, I am pleased today to speak about such interesting countries, the Commonwealth Caribbean Islands. I might add that I am not at all surprised that the hon. member for Vaudreuil (Mr. Herbert) should show interest in those countries, all the more so since the Caribbean Islands are much closer to us than we think. Of course when Canadians think about the West Indies they dream of sun-drenched beaches. Mr. Speaker, we should not forget—

The Acting Speaker (Mr. Ethier): Order, please. The hour allotted for the consideration of private members' business having expired, I do now leave the chair until eight o'clock.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*Translation*]

FARM CREDIT ACT
FARM LOANS INTEREST REBATE ACT

MEASURE TO AMEND—MEASURE TO ESTABLISH

The House resumed consideration of the motion of Mr. Whelan that Bill C-88, respecting loans to farmers, be read the second time and referred to the Standing Committee on Agriculture.

Mr. Deputy Speaker: Order. When the debate was interrupted at 5 p.m., the hon. member for Beauce (Mr. Lapointe) had the floor.

Mr. Normand Lapointe (Beauce): Mr. Speaker, I would like to resume my comments on the amendment to the Farm Credit Act as I was then explaining that during 1980-81, which is the last year for which full statistics are available, the Corporation approved 4,686 loans amounting to $508.8 million. For example, British Columbia, Mr. Speaker, obtained 175 loans amounting to $21,597,000. Alberta 640 for a total of $71,739,000. Saskatchewan, 1,346 for $128,456,000. Manitoba, 470 for $47,052,000. Ontario, 1,084 for $138,308,000. Quebec, 742 for $80,961,000 and the Atlantic provinces, 229 for $20,769,000.

Mr. Speaker, the Farm Credit Corporation also has outstanding loans under the Farm Credit Act of March 31, 1980. In this regard, British Columbia accounts for $111,440,000, Alberta for $594,533,000, Saskatchewan for $876,686, Manitoba for $306,275,000, Ontario for $917,487,000, Quebec for $413,587,000 and the Atlantic region for $81 million. Mr. Speaker, the purpose of the Farm Credit Corporation is to help as many young farmers as possible, and in fact, the majority of approved loans are granted to people under 35. Their share has remained relatively constant at 70 per cent in the last three years. Indeed, 3 per cent of all approved loans were granted under the special loans program for new farmers under which the borrowers can keep an outside full-time job for up to five years while they get their farm operation under way.

As for the purpose of the loans, about 27.9 per cent of those approved last year were used to purchase additional land compared with 29.8 per cent the previous year. Other loans can be classified as follows: new units, 24.4 per cent; permanent improvements, 16.5 per cent; mortgages, 12.3 per cent; other debts, 12 per cent; equipment, 2.3 per cent; livestock, 2.2 per cent and miscellaneous, 2.4 per cent.

The repayment record of farmers has remained favourable in 1980-81. Of the $75.2 million due during the period, 89.4 per cent has been repaid and the farmers have also repaid $52.2 million on the undue principal. During the year, 91.9 per cent of the $279.1 million in due interest was paid. At the end of the last fiscal year, 93 per cent of the active accounts of the

Farm Credit Corporation were in order compared with 93.2 per cent the previous year. Real losses on these loans amounted to $1,537,000, or 1.4 per cent of the portfolio of the FCC.

During the current fiscal year, from April 1, 1981, to January 15, 1982, the Farm Credit Corporation approved 4,328 loans for a total of nearly $429 million. According to the estimates, the total budget for this year will reach nearly $455 million. We can only give approximate figures since an important part of the total budget of the corporation is made up of reimbursements or advanced payments by the borrowers.

Up to this point for this year, the major purpose of the loans seems to be the purchase of additional land, closely followed by the purchase of new units. However, the number of loans for debt consolidation purposes has increased markedly because of the crisis triggered by high interest rates which reached 24.8 per cent on March 31, 1980, and 27.1 per cent on September 30, 1981.

● (2010)

The FCC is quite aware of the fact that the profit-earning capacity of credit is directly related to a borrower's managing ability, and that tight management of a farm has never been more important than over the past few years, because of the instability of interest rates. That is why it also provides a counselling service on a voluntary basis to all borrowers, old and new, who apply for it. The purpose of this service is to give advice in the areas of organization, planning and management, and thus help families living on farms to achieve their economic and individual objectives. As of December 1, 1981, some 3,025 borrowers were availing themselves of this service.

The corporation also administers the Farm Syndicates Credit Act which makes loans to farmers who are willing to join forces to beat the high costs associated with the individual purchase and use of machinery, equipment and buildings. Loans are made available to syndicates of three or more farmers up to $100,000 or $15,000 per individual farmer, whichever is the smaller. In 1980-81, the FCC lent $4.8 million to syndicates, representing 169 loans. Between April, 1981, and January, 1982, it lent them $5.4 million, representing 171 loans. Therefore, there has been clearly a marked increase in the demand for this type of loan over the past few years, and it is due especially to the rising cost of sophisticated farm implements.

In this respect, I cannot help but think about my own riding and the way this new amendment should help the farmers of the Beauce region who are so close to me. Being a farmer myself, I am one of them. I am proud of my constituency which accounts for 40 per cent of all the maple syrup produced in North America. I am sure that with this new amendment and the new Crown corporation Canagrex, we shall be able to export the maple syrup of Beauce. That will be of interest not only to Beauce but also to neighbouring ridings, such as those of Lévis, Bellechasse, Montmagny, Mégantic-Compton-Stanstead and Frontenac which are not far from mine. To my mind, it will be a very good thing for all those farmers and maple syrup producers, Mr. Speaker.

Last week, I had the pleasure of welcoming to my office a great friend of mine, Mr. Victor Poirier, chairman of the board of maple syrup producers of Beauce. He told me that there still remains to be sold on the market in Beauce some 468,000 pounds of maple syrup. They are still on tap, as we say in Beauce. Well, with the new amendment and the new Crown corporation to be known as Canagrex, I feel sure that our producers in Beauce will be happy to learn that the Canadian government has decided to establish the Crown corporation of Canagrex and that in the future we can sell our syrup outside Quebec and Canada. Then, we of the Liberal party, will be able to tell the people in Beauce, in Quebec and across Canada that the Crown corporation Canagrex is a wonderful thing not only for our own farmers and maple syrup producers in Quebec, but for all farmers throughout Canada.

It is all very well to discuss all that, but something else must be kept in mind: from time to time we also have bankruptcies, and I would like to say a few words about that tonight. I am increasingly concerned as well as the farming community about the fact that from 1979 to 1980, the number of farm bankruptcies has increased from 124 to 222. There have been 261 in 1981, a 17.6 per cent increase over last year. As I said, I hope Canagrex and the amendment will bring about significant improvements. In 1979-80, 32 FCC borrowers went bankrupt compared to 56 in 1980-81. As of January 1, 1982, 70 FCC borrowers had already gone bankrupt. The government certainly recognizes the seriousness of this situation, knowing full well that official bankruptcies are only part of total farm failures.

I have already suggested that the Farm Credit Corporation should help farmers in distress through counselling assistance. The government itself provided further assistance to those farmers by setting up a special financial assistance program for farmers last November. This $50 million program enables the corporation to make loans to farmers unable to get a Small Business Development Bond from chartered banks. The corporation charges its current 16¾ per cent interest rate, on those loans, but it also grants a yearly interest rebate equivalent to 5 per cent up to two years. In some cases, the FCC loan must be combined with the Small Business Development Bond, the SBDB, because the farmer needs large sums of money to recapitalize his debts. In such cases, the corporation co-operates with the private sector in the best interests of farmers. In so doing, the government shows its concern for the precarious position of some farmers and its willingness to take concrete steps to help them. Since the program was set up November 12, 1981, the Farm Credit Corporation has approved 89 loans, for a total $11 million, as of January 15, 1982. It is expected that the funds earmarked for the program will be all spent by March 31, 1982.

This legislation is a further step toward improving the financial situation of Canadian farmers. The important amendment to the Farm Credit Act that will grant the corporation authority to tap the financial market for funds will enable it to meet the credit needs of farmers adequately.

• (2020)

[*English*]

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, I listened with some interest to the remarks that were just made. Unfortunately, they were not in the language in which I am fluent. However, I did understand that there is a lack of funding in the hon. member's province.

During the course of my visit to my constituency, I was told by my people that the farmers are very sadly disappointed. The government knows the problems of the farm community. It knows that the income in the farm community translates into incomes in other areas. When the farmers are prosperous, they are able to purchase new farm machinery, which in turn assists that industry.

Farmers are not greedy. It is through their efforts that we have food. Therefore, it is very disappointing that I have to speak on their behalf because of their need for additional money. They are making a desperate appeal to a government that will not listen. Why? Because it is this government which has brought in the present inflation. It is trying to restrain the farm economy in the same way as it is restraining other sectors of society.

One of the areas selected by the government was, unfortunately, agriculture. I saw an ad in the *Western Producer,* which I do not have with me at the moment, advertising a farm for sale at $1,600,000. Therefore, what good will $50 million do in a situation like this? The funds in the office in Tisdale will be drained with three such applications.

I have an office in Tisdale which I visited during the Christmas recess. When I asked the girl in the office what they were doing, she replied "Biding our time". I asked her what I could do or what kind of message I could take back to Ottawa. She said, "Get more money."

The minister thinks he is being responsive. I am saying he is not doing anything when three applications will drain the funds of that office. That office might as well be closed.

How do I go back to my people and ask them to transfer their land? What is a transfer? It no longer means a couple of hundred thousand dollars. Because of the tax measures brought in by the government, people are so screwed up they do not even know how to transact business between family members.

What are we doing here? We are wasting our time. The Minister of Agriculture (Mr. Whelan) should be ashamed of himself for perpetrating such a farce. He knows that $50 million does not mean anything with today's rate of inflation.

I again ask the minister to look in the *Western Producer* where there is an ad for a farm for sale at $1,600,000. That is the kind of money we are dealing with, yet the minister is coming through with $50 million. Does he for one moment think that three applications will satisfy the people of my constituency? Nothing of the sort will satisfy them. You are a farce. You are a phoney.

Mr. Deputy Speaker: Order, please. I call to the attention of the hon. member that his remarks should be addressed through the Chair. I am sure the hon. member will address himself accordingly.

Mr. Korchinski: Yes, Mr. Speaker, I will address them through the Chair.

• (2030)

Mr. de Corneille: Mr. Speaker, I was trying to bring to your attention the point which you were making, that the hon. member was not addressing the Chair, he was addressing the minister.

Mr. Deputy Speaker: The Chair has already brought this to the attention of the hon. member.

Mr. Korchinski: Mr. Speaker, I agree that I should have addressed it through you. Through you, I say it to the minister. If that will take a little longer to get through to him, then I will wait.

If you think for one moment that those people out there are waiting for some kind of an answer from this minister, then you most know that they have lost hope in this minister. I say to him, through you, Mr. Speaker, that we made several proposals to him. I made a proposal some time ago, long before the Minister of Finance (Mr. MacEachen) brought down his budget, that there is a way out of this dilemma. I will repeat it as concisely as possible for his benefit. If he had presented my proposal to cabinet, he would have found a way out of this dilemma. But he lost his bet. The minister alone could have gone to the Prime Minister (Mr. Trudeau) and told him that there is a way out of this situation.

I will repeat this solution to him once again. If and when a farmer is selling out, he does not want to be taxed on the whole price. I know, as a farmer myself, that he will accept 10 per cent, 11 per cent or 12 per cent. If the minister puts these funds to use for the benefit of other farmers—and the minister should listen to this very carefully—then the minister can tax them at that rate. Does the minister for one moment think that I, as a farmer, will throw my money into a fund for other farmers just to discover that the greedy Department of National Revenue will just gobble it up?

The minister has a way through his own administration to charge the farmer just that limited amount, and he will find that he will have a fund so large that he will not know what to do with all the money. I say to the minister: do it in the way I have suggested and in the way our party, through our spokesman, the former minister of agriculture, has suggested. I ask the minister to listen to me and all others involved in this debate.

Finally, I have just a simple admonition to make to the minister, through you, Mr. Speaker, that the farming community, as do other areas of our business community, deserves attention at this time. I say to him that he should talk to his leader and make a proposal to him. He should tell him that there are funds available, including mine. I have a farm I could sell tomorrow. I do not know to whom I will sell it, but I want it to be turned over to a young farmer who wants to start his own business. I have three sons who may or may not be interested in agriculture, but there are neighbours of mine who are interested and I want the minister to take the bull by the horns and pick up the funds which are available and do it for the benefit of those young farmers.

Mr. Leonard Hopkins (Renfrew-Nipissing-Pembroke): Mr. Speaker, as one of several members of the House who grew up on a farm and has retained a close interest in the agricultural industry in Canada, I am pleased to see these Farm Credit Corporation amendments before the House tonight. For some reason, I have a somewhat different opinion of the present Minister of Agriculture (Mr. Whelan) from that of the hon. member for Mackenzie (Mr. Korchinski). I will explain that a little later, Mr. Speaker.

I was also pleased to see the Canagrex legislation in the House this week and the sense of urgency with which it moved through its stages. It is important that we maintain this kind of co-operation among all parties in the House. In that spirit, we saw the meat import bill passed through both Houses of Parliament before Christmas. All these bills are important pieces of legislation which will be welcomed by the farming community.

I would be remiss, Mr. Speaker, if I did not take this opportunity to compliment the Minister of Agriculture for his strong continuing efforts to help the agricultural industry in Canada. He has been untiring in his job and it is important to give him encouragement and support. We all know that he is humble and very dedicated and we certainly know that he is not egotistical. He is just like an old racehorse—every time the bell goes, he is off and running to try to do good for the agricultural industry of Canada. I hope these complimentary remarks are just like that bell and will encourage him to continue working hard on policies such as the ones which I have just mentioned.

The agricultural industry should be given as much serious attention as any other business in Canada because agriculture is the biggest industry in Canada. Everyone must realize that as you drive through the countryside and see the farm buildings, the silos, the great variety of equipment and everything else related to farming, that agriculture has indeed become a very serious business and not just another way of life.

If we expect young people to take up this honourable profession of farming—because it is a profession—then we in Parliament must provide some policies which will prove to them that we recognize that agriculture must receive the full recognition of the important role that it plays in the lives of everyone. If we want to have food at reasonable prices that are related to costs of production and a return on farm investment, then we have to nurture the industry with viable and practical policies such as the three I have mentioned in my speech.

• (2040)

The farm community at large is not looking for a handout, contrary to the thinking of some. What farmers are looking for today is not unlike what they have always been looking for, and that is a decent price for their products and a decent return on their investment.

Unlike many other business sectors of the Canadian economy, agriculture consists almost entirely of small family farm businesses. In addition to the normal vagaries of the Canadian and world economies, farm businesses are subjected to hazards of nature which affect the supply of and the demand for commodities, both domestically and internationally. This results in the drastic fluctuating of farm incomes. Thus, although market conditions may indicate a change in production requirements due to the nature of the production cycles of some commodities—especially livestock—producers can often only respond to changing market conditions over a period of a few years or even longer.

The rapidly rising cost of land, buildings, livestock and equipment and the continual need for the adoption of new technology implies a heavy reliance on debt financing for those expanding or wanting to enter into primary agricultural production. The national average capital value per census farm was estimated at $79,800 in 1971, up to $190,000 in 1976 and at $340,000 in 1980, with equity averaging between 80 per cent and 85 per cent of the total capital requirements per farm. However, for young farmers, as we can well imagine, the average equity level is much lower.

In this climate of rapid change and uncertainty, the Farm Credit Corporation offers a type of loan which is highly beneficial to farmers but which has all but disappeared from the commercial sector, and that is the long-term mortgage loan at a fixed rate of interest.

Although bank lending to agriculture may appear to be long term in the sense that it is on the security of a mortgage with long amortization periods, the mortgages typically call for readjustment of interest rates at intervals as frequent as one year or floating, although in some cases five-year renewable mortgages are still being offered. This adds more uncertainty to a sector already faced with much uncertainty. Certain mortgages also have promissory notes attached, and if the conditions of payment are not met, the promissory notes can be activated or called immediately, thus forcing farmers to liquidate their assets, even though they could have a high probability of success in the long run. The nature of the agricultural industry just simply does not lend itself to this kind of financial arrangement.

The FCC lending program enables a young farmer to acquire farm assets over a long and progressive schedule. The farmer can predict the exact annual payments and incorporate this cost in the long and short term planning of the farm business. Knowing the cost of a basic ingredient like credit adds a great deal of stability to the farm plan—and we have

seen that in recent months—and insulates the farmer in times of crisis such as periods of fluctuating interest rates.

It is my firm belief that this type of loan must continue to be offered to those Canadian farmers who need it to remain viable. Access to the financial markets may mean that the Farm Credit Corporation will also be able to offer mortgages with interest fixed for shorter terms such as ten years.

The Farm Credit Corporation also plays a vital role in ensuring that all Canadians have access to the advantages offered by a national program. Regional differences can make it more or less attractive for commercial lending institutions to extend credit in a given area. Higher returns can often be obtained by placing their funds in other areas or economic sectors.

The Farm Credit Corporation brings a strong national influence in the field of credit. In areas without provincial credit programs the FCC is almost the only source of financing for young people who want to start farming.

When an organization is established with a clear and distinct mandate, its mission is clear. The Farm Credit Corporation exists for the primary purpose of providing long-term farm credit and advisory services in order to develop viable farm operations. Its programs are therefore sensitive to the needs of farmers and to agriculture. Repayment schedules are tailored to meet the income-generating cycles of production.

In times of serious difficulties in a particular industry a borrower can make arrangements to defer his payments up to two years.

The FCC's philosophy in the administration of its loans is flexibility and service to the farmer. Credit advisers spent hours working on solutions to repayment problems, and the corporation fosters a lenient collection policy. In making over 70 per cent of its loans to young farmers, the FCC also accepts considerable risks.

Because commercial lending institutions deal primarily with farmers who have an established track record and are regarded as commercially acceptable credit risks, young people—in this case those under 35 years of age—beginning farmers and small farmers are excluded from commercial sources of long-term farm credit. Their exclusion has important policy implications, as it is these farmers who will play an important role in the future of agricultural development and the attainment of the potential envisaged by the agri-food strategy for Canada. Because agricultural production is based almost entirely on the family farm structure, entrants into the sector must be encouraged if the agricultural sector is to maintain or improve productivity levels.

Because of the additional risks in agricultural production, a higher equity ratio is normally required to survive than for other types of businesses. In addition, farmers, like other small businesses, do not have access to debt or equity markets which are available to large businesses. Beginning and small farmers are at an even greater disadvantage than established farmers because they have much less equity and are considered to be too great a risk by commercial lending institutions. Recognizing these factors, the risks faced by farmers and the unique credit needs of agriculture in general, most developed countries in the world have specialized agricultural credit programs with preferred terms and preferred conditions.

The Farm Credit Corporation is the government's way of showing its confidence in an industry which, over the years, has proved time and time again that it can, and will, pay its own way. Statistics on arrears and defaults are proof of this.

The FCC also plays a significant role in the transfer of family farms. Without sufficient long-term government credit, the intergenerational transfer of farms will be jeopardized. Out of the total Canadian labour force, those readily available to work in that sector or those wanting to become primary agricultural producers are generally those who have practical farming knowledge and experience. These are usually the sons and daughters of farmers. Without a mechanism by which they can take over the family farm, which is the unit on which Canadian agricultural production is based, human resources required for agricultural production could diminish, resulting in the possibility of decreased productivity of the agricultural sector.

One of the strengths of an organization like the Farm Credit Corporation is the calibre of its staff. I would like to pay a compliment to them. FFC personnel are trained in agriculture and farm management practices. The great majority are sons and daughters of farmers. They are familiar with the needs of the industry and have been trained in advisory services to help the individual applicant.

• (2050)

In 1980-81, 204 credit advisers, these are the front line staff, conducted more than 57,000 interviews in the selection of loan applicants or the administration of loan accounts. The Farm Credit Corporation was only able to approve 17 per cent of the applications received. This represented over half a billion dollars in loan funds, which is a considerable sum. But it is my firm belief that the amendments tabled by the Minister of Agriculture will bring much needed support to the Farm Credit Corporation in its mandate to provide even more assistance to Canadian farmers.

The increase in the amount of money that will be made available at a lower rate of interest will go a long way to help promote this.

We all know, Mr. Speaker, that if the farm community is healthy financially, that means that the implement dealer is healthy, the local car dealer is healthy, and the local stores are healthy, and so on down the line.

In conclusion I should like to say that we can never cease to bring forth constructive and useful legislation which will encourage and help farmers to use the initiative that they have demonstrated over the years to build a healthy agricultural community. We must ensure that they will receive a fair return for their products and a fair return on their investment, which is very substantial.

Some hon. Members: Hear, hear!

Farm Loans

Mr. Gordon Taylor (Bow River): Mr. Speaker, I am delighted to have an opportunity to speak on this bill and on agriculture generally, because agriculture generally revolves around credit and income.

I should start off by saying that this bill is certainly no panacea for farmers in this country. It is a step forward but it does not touch the real problems of agriculture in Canada. The real problem, of course, is that farmers do not receive an adequate net income compared to the expenses that they incur.

For a number of years, farm income has remained somewhat stable but the cost of machinery, the cost of transportation, the cost of labour, the cost of everything that the farmer buys has gone up. There has been a constant wearing away of income to the point that it is not now adequate. In the last year, hundreds of farmers who might have been called reasonably well off found themselves in a very bad cash flow position. They may have assets but they do not have the cash to meet everyday expenses. This is a serious problem. Those who have not been farming for a long time have been in a serious position in that they did not have the cash flow and so were not able to get credit.

I want to deal with some items in the bill but I do regard it as a step forward. I will deal with the principle of a number of items. I am happy that the definition of agriculture has been broadened because I think it was too restrictive previously.

I should like to pay tribute to the officers of the Farm Credit Corporation in Alberta. I do not know the officers in other provinces but Mr. McEwen in Calgary and Mr. Jones in Edmonton carry out an excellent public relations program. They talk to anyone who wants to talk to them about these things and they explain whether they can or cannot meet the application of a farmer. I believe that the farmers of Alberta appreciate that.

Such officers should not be confined to a definition of farming because they know, better than anyone else in the country, what farming is in that province. The former definition held that farming included livestock raising, beekeeping, dairying, fruit growing and all tillage of the soil. That was a fairly wide definition but certain items were not included. I prefer the new definition which incudes livestock raising, beekeeping, dairying, fruit growing, tillage of the soil and any other husbandry activities that the corporation describes in writing as farming. That gives some discretion and some responsibility to the officers of the Farm Credit Corporation. I like that particular clause of the bill.

I am not sure whether I like the next clause. I should have liked to hear the minister say why the board membership has been increased from five members to seven. Today there is a tendency to increase everything, particularly boards. More members on the board means more overhead, more costs, more bureaucracy, and perhaps more Liberals. I hope that for once the government will appoint people because of their ability and not their political stripe.

Maybe the work load of the board is greater than it was when five members were sufficient. I suppose the greater number gives a little better chance of having a quorum in case some members are absent. If the minister can give us sound reasons for the increase, I am sure the committee will endorse it but if not, I think it should be brought back to five members. After all, Mr. Speaker, the corporation does not do very much of the work. It does the planning and makes the policies, which are now included in the act anyway, but the advisory board, which consists of people in the field, really knows the score and it has most to do with administering of the bill.

The next item that I am interested in is the increase from $150 million to $225 million which is to be paid out of the Consolidated Revenue Fund. Some other members have already spoken about this item. I think the increase is long overdue and I do not think it is enough—perhaps it would be impossible to have enough money to meet the demand. I hope the figure was reached after a survey of the needs of agriculture in the various provinces. That should be the criterion in determining the amount of money to be made available.

No industry in Canada is more important than agriculture, Mr. Speaker. It produces the food of this nation. The family farm has been a major factor in the production of our food, and if we do not make sure that production continues, then in future we may expect to run into severe difficulty.

A few weeks ago we discussed the sterilization or killing of land by pesticides. That is only one item but today there are many others that are taking good agricultural land out of production. That is something that should concern every thinking Canadian. At times there is no other alternative but in many cases there are alternatives. Poor or non-productive land should be used for purposes other than good agricultural land. I hope this $225 million figure was arrived at after careful study of market demands, because it is a very important item.

● (2100)

Then the next clause of the bill deals with Section 13, which is really the key to the entire bill. It is an amendment which will give the corporation additional authority to borrow money. Clause 8(2) reads in part:

> At the request of the corporation, the Minister of Finance may, out of the Consolidated Revenue Fund, lend money to the corporation—

As well, Clause 8(1) reads:

> The corporation may, with the approval of the Minister of Finance, borrow money by any means, including issuing and selling bonds, debentures, notes and other evidences of indebtedness of the corporation.

I hope "by any means" will mean that they will not suddenly go into the bond market. Over a period of time the Farm Credit Corporation should build up its credibility in regard to this particular item. It should build up its credibility in regard to borrowing. If it does not build up credibility first, it will not receive the best results in borrowing.

In the United States, its corporation may borrow money from pension funds and from various other funds. I hope it is not the purpose of the federation to go to banks to borrow from them. After all, the present rate of interest is 15.75 plus one, which is 16.75 per cent. I would hate to see the Farm Credit Corporation having two interest rates—one with the

money which comes from government revenue, taxpayers money, and one which it must levy to meet the charges for the money it borrows. This would be dynamite and counterproductive; I would hate to see it happen. Some very careful thought must be given to the borrowing of money if we are to keep the common interest rate down. In my view it is too high now. This is not a gift to farmers, it is a loan. Farmers pay interest on it and the Farm Credit Corporation pays the interest to the government. It is earning money for the people of Canada; farmers will pay that money to the people of Canada, for the use of money which belongs to the people of Canada. I do not think it is unsound. It is fair and sensible. But the amount they will pay for the borrowing of that money will have a very important effect.

Perhaps in Alberta the Farm Credit Corporation will be able to borrow from the Alberta Heritage Trust Fund. I understand that it will have the guarantee of the Government of Canada. If so, I do not think there would be any objection from the people of Alberta if this money was lent to the FCC for the use of young farmers in the province. I have not discussed this matter with the trustees of the Alberta Heritage Trust Fund, but I know the trustees well. They are interested in lending money where it will do the most good, where it will help to not only develop farms but the agricultural industry, and will have the effect of increasing employment all the way down the line. There is a possibility that the FCC would be able to borrow money from the fund. After all, the Alberta Agricultural Development Corporation now borrows from the fund and pays a reasonable rate of interest. Because it is receiving a reasonable interest, it is able to give farmers of Alberta a much better deal; probably one of the best deals available any place in Canada. Farmers pay 12 per cent on their borrowings which might have been high a few years ago, but it is quite low when one considers today's rates. Every percentage point means a substantial amount of money out of the pockets of farmers. It also charges 15 per cent to processors. Both those rates are below the interest rates of the FCC. Consequently, there has been a tendency in Alberta to move, wherever possible, to the Agricultural Development Corporation and away from the FCC, although the legislation indicates that ADC is the final borrowing, not the first. The FCC has been out of money; it has not had any money, so it has not been able to accept many applications. The banks will not touch these applications at all, except at prohibitive interest rates. I am not sure whether the policy is still in effect, but at one time the ADC lent money to young beginning farmers at 6 per cent because the objective of the government of Alberta was to keep people on the land, to encourage them to stay there, and to increase production. The entire country benefits when farmers produce.

After building up a good credit rating, it may well be that the Farm Credit Corporation will go on the bond market and do well. I think this is a step forward, giving the FCC the right to borrow money. I hope the section which includes "with the approval of the Minister of Finance" will not be detrimental. I hope the minister views this from a broad horizon because the money will be used to develop the country probably as much as any other money in the entire economy.

This section dealing with borrowing is fine, but I wish the minister had gone one step further. I read an article about some easterner who studied farms in Canada. He said that farmers in Alberta were better off than farmers anywhere else in the country. Perhaps that is so for some farmers, but there are farmers in every province, including Alberta, who are having difficult times because of inadequate net incomes. We must recognize this. But there are some farmers who have done well, who have had lucky breaks, who have made the correct decisions and have been able to accumulate considerable wealth. There is no better way to provide an incentive for those farmers who are wealthy, those farmers who have made their money from the land and from agriculture, to invest their money in helping other young people to become farmers and help in the development of the agricultural industry throughout the country. The minister should have provided an incentive in the bill for people who have become wealthy through their farming operations, their ability and their hard work, perhaps some good luck, co-operative weather and making correct lending decisions. Farming is probably one of the biggest gambles in the world. Sometimes a gamble pays off, sometimes it does not. For those with considerable wealth, what would be a better way than supplying them with some incentive to provide money to the FCC; then it could be lent to young farmers to start farming. There is plenty of land available in Alberta. We need more food; the world is hungry for food. We must get our young people on the farms. When one looks at the price of land, of machinery and of getting started today, it is practically prohibitive for any young farmer unless he has extra currency from some place. His father may be able to help him to some degree, but many times it is not sufficient for him to start producing. In fact, the farmer may have several other sons who require some of the wealth he has accumulated. I ask the minister to consider putting incentive into the bill.

• (2110)

If a farmer invests in FCC, it is somewhat like having an RRSP. The farmer will get some benefit from income tax, incentive enough to encourage him to lend his money so that he will put it there instead of putting it in short-term loans. Therefore, it would have to be somewhat comparable. I think this would be excellent. Many people in this country have made good money off the land. They are now looking for places to invest. They would invest in this sort of thing if the government were to provide an incentive and guarantee that three or four years down the road that incentive will not be removed, as has been done with the IAACs and the RRSPs.

That is what takes the breath of life out of our farmers and our people when they see something like that going on. The government has done more harm to itself in this budget than any other single thing by the action it has taken affecting retiring farmers. However, I will deal with that in a few moments. But the government has broken the hearts of many farmers who plan to retire. After all, the land is the farmers'

pension. A farmer has no pension scheme from a government or from a large corporation. His only pension scheme is his land. You take that away from him, and you leave him destitute in his old age, destitute in his retirement years. That is a very important item.

Let us deal with one other item. I know we are not in the Committee of the Whole so I will not go clause by clause. Nevertheless, I do want to deal with the final section of the bill, an act respecting rebates of interest on farm loans made under the Farm Credit Act. This is an important item. This is the legislation under which the government is making $45 million available plus $5 million for the interest subsidy to help farmers who are in dire straits. It seems as though every time our Prime Minister (Mr. Trudeau) mentions farmers, he also mentions the words dire straits. I do not know why he does this. Surely our farmers who are on the verge of bankruptcy should be able to seek some help to prevent them getting into dire straits which causes them to lose their farms.

But what does the Canadian Federation of Agriculture say about this bill? I say the minister is telling us that it is doing us some good. I think it will. But the government is providing $45 million for an industry across Canada when probably $500 million would be more appropriate. What does the Canadian Federation of Agriculture say with regard to this particular item? I shall quote for hon. members' benefit as follows:

> The FCC refinancing capability of $45 million at 5 per cent under regular FCC rates would be a help if there is a decent amount of funds available to lend. But the $45 million is wholly inadequate. To qualify, you have to be in such bad shape that you can't even get an SBDB loan, and are sure therefore to go under, if you don't get relief. Also, you only get two years of interest relief. The $45 million will in any case only refinance 450 farmers at $100,000 each—

The next paragraph reads:

> The FCC provision is a disgracefully inadequate sop to the requests of farmers for some real help. Under the absurd and deceiving budgetary convention that federal investment is called an expenditure, the government says it will spend $50 million to help farmers in trouble.
>
> It is doing nothing of the kind. It is spending $5 million over two years (2.5 per year) in reducing interest rates. The other $45 million is an interest-bearing loan to farmers that must be repaid. Where a billion dollars of such money is needed, $45 million is provided.

That is what the Federation of Agriculture, which is made up of agricultural people, thinks about this particular bill. I hope it will be able to help some farmers, however. But even if it cannot help everyone, it will help some. I think the Minister of Agriculture (Mr. Whelan) should take the thoughts of the Canadian Federation of Agriculture to heart and deal with them.

The next item that follows is a very important item also. It involves financing. It involves whether or not farmers will be going to the FCC. The difficulty with the present government, particularly in the field of agriculture as well as almost everything else, is that it does the turkey dance. The government takes one step forward; turkeys only take two steps backwards. The government outwits the turkeys. The government takes one step forward and five or six steps backwards. You cannot advance doing that. It is somewhat akin to what the army does. I had a commanding officer who told us our battalion would never retreat. He said "If things get too bad, I will say 'about turn, forward march. But we will never retreat'." That is what agriculture is doing. Here we have something that is hurting the farmers and something unnecessary, in my opinion. I am referring to the capital cost allowances. Capital cost allowances are important to farming. A farmer has to buy machinery. Machinery wears out. For many years it was understood that machinery would wear out and that the farmers would be able to write that off in capital cost allowances. On page 41 of the document entitled "The Budget in More Detail", tabled with the budget papers, we read the following under the heading of Capital Cost Allowances:

> —it is generally recognized that assets can be written off for tax purposes at much faster rates than is warranted by their actual economic lives.

The income tax people made it very clear that they are recognizing capital cost depreciation. If we take a look at the 1981 farmers' income tax guide, we find that this particular item is dealt with. In order that everyone who is not acquainted with this document will know, I will read what is found on page 9 as follows:

> It is, however, recognized that over a number of years these assets wear out or become obsolete.

The government arranges for the person to depreciate this equipment over a period of years. But suddenly the Minister of Finance (Mr. MacEachen) thinks that depreciation is too fast, faster than is warranted by their actual economic lives. In other words, a person can depreciate a machine before it is actually worn out and make money from it. On page 2 in "The Budget in More Detail", we read:

> In many cases, the capital cost allowance rates are deliberately set in excess of economic depreciation rates in order to provide incentives to certain types of investments in the economy.

Then they come to this conclusion:

> For assets acquired after November 12, 1981 taxpayers will be permitted to claim only one-half of the normal full-year's capital cost allowance in the year of acquisition.

They, the bureaucrats did not know what was going on in the agricultural industry when the Minister of Finance came to that conclusion. They say the rates are deliberately set. You can only take depreciation in accordance with the rates which the Department of Revenue permits. The rates are there on the back page of the farmers' income tax guide. If you use one percentage point more than what they say, the people in the Department of National Revenue correct your income tax. How can the Minister of Finance say that some of these are being depreciated at much faster rates than is warranted? They can only be depreciated at the rates that are allowed by the Department of National Revenue. How can he say that some of these rates are deliberately set in excess of economic depreciation? They can only be applied as granted and permitted by the Department of National Revenue.

● (2120)

Now, let us look at whether this is sensible and reasonable, at whether, as one of the hon. members opposite said the other night, it will hurt anyone if he only gets half the depreciation the first year because he can get the rest later on. I say he

might not be alive later on. He needs it now in the same way he has always had it.

Let us look at a drawn combine. You can depreciate that at 10 per cent a year. That means ten years before you can depreciate the purchase price. It is little enough, but it helps to buy a combine. Now, who uses his combine for more than ten years? Advances in technology make it necessary to buy a new combine earlier than that. If you are working a lot of land, you are going to need one before ten years. Is that too fast? It is just being sensible. When you say that you can only depreciate half of that the first year, well, you know what happens?

An hon. Member: Twenty years.

Mr. Taylor: Right. A farmer said to me the other day that he was going to buy a combine this fall, but nothing doing. Another one said he was going to buy a tractor this fall, but we will just have to buy parts and put up with the old one.

So, who is that hurting? It is hurting the manufacturers in Ontario and other places where they make these machines. The Minister of Finance should put that in his pipe and smoke it. It is not just hurting the farmer, it is hurting others. You can only depreciate a swather by 10 per cent, a tractor by 15 per cent. Whoever came up with this nonsense in "The Budget in More Detail" that such machines can be written off "at much faster rates", and some are being "deliberately set in excess". Well, there is something wrong with their heads. It must be the Department of National Revenue who made the mistake; they are the ones who set the rates. We need something better than that.

Then we have another statement in *the Manitoba Co-operator* of December 10, 1981, at page 6. It says:

> Indications are that the new tax law has already had an adverse effect on farm machinery sales. Co-op Implements' executive officer David Tate said the firm suffered a 70 per cent drop in sales last month from November last year—

For example, one of the men said:

> —the purchase of an $80,000 tractor would now result in a farmer paying an additional $5,000 in income tax the first year.

Well, already the farmer is short of income, and here we are loading another $5,000 in taxes on him. It is not going to help farming because the farmer will have to start buying parts. It will hold him up if that tractor is too old. Yet here we are forgetting all about the farmer and his family. It is hurting the family farm.

I would like to see members from all sides speak for the farmer for once and say we do not want this "one half of the capital cost allowance the first year." Maybe in some industries it is sensible, but not in farming. You only use a combine for part of the year, while you use a tractor for practically the whole year, but no one is going to buy a combine in the latter part of the year if he is only going to get a little bit of depreciation. Even if he buys at the beginning of the year, he is only going to get half the first year. What nonsense. Let us encourage the farmer to keep his equipment up to date and help him operate efficiently.

I want to deal next with the matter of capital gains. Again the government takes a step backwards. I said before that the land is the farmer's pension, and we should remember that. I received a letter from the County of Wheatland which is situated east of Calgary. The councillors there are all farmers and have been for many years. They wrote me saying that there is not one farm being financed by the banks in western Canada. The sale of farms to young people has stopped because of this item in the budget. They cannot find the money. Prior to this the farmer would say, "Yes, I will sell this farm perhaps to my hired hand. He cannot raise $200,000 but he can raise $10,000". So he said he would take the ten, put it into an RRSP and live off the interest the first year. The next year there will be another five and the next year maybe another ten.

So the man has spent 50 years of his life on the farm, he is able to retire and the new man comes in to make a living, but that is not good enough for the Minister of Finance. He says no, you are not going to do this any more. If I had the time I would read the section of the bill saying that we are not going to permit this any more, which is ridiculous. How are young farmers going to get farms? Do you want centralization and the wealthy people of the United States, of Germany or Saudi Arabia coming in and buying our farms? Well, I do not. I want the family farm maintained, and this is one of the worst features I have ever seen for defeating the family farm.

I wish the members of this House would realize what will happen if this is permitted to stand. Surely a man who wants to sell his farm on the basis of receiving so much every year should be able to do it, surely that is sensible and he should be permitted to do so.

I have some pitiful letters from people who have sold their farms and were going to buy an RRSP or an IAAC. Now they cannot do that because the minister says, no more. Well, he does not realize what he is doing to our farms. The pillows of women who have been on the farm for 40 or 50 years are wet with tears, and I am not kidding. Children are crying and frustrated, as are the farmers because they do not know what to do. They never thought their own government would treat them like this, would stop them from retiring.

That land is their nest egg, their pension. They do not have a pension from the government or the corporation, so how can a reasonable person ask them to pay the capital gains tax all at once when they do not get it all at once? A man sells a farm for $200,000 and all he gets is $10,000. Where in the world is he going to get the money to pay the capital gains tax? It does not make sense. This policy is not going to work for the family farm, but will only work for the wealthy, because only those who have $200,000 or $500,000 are going to be able to buy farms from now on. Let us change this thing. There is demand enough now on the FCC without this going any further. The capital gains tax itself is wrong. A farmer pays tax on his land all his life and when he goes to sell, the government comes in and takes another chunk out in capital gains. It is bad enough that they have to do it on the small amounts; but when they

have to pay it on the whole sum, and they do not even get the whole sum, it becomes an entirely ridiculous operation.

• (2130)

Next, I would just like to deal with one or two of these other matters. These are backward steps. Consider this thrusting of the metric system on the farmers, which is costing them more money. Consider the policy of the government, with the CTC and the CPR abandoning railroads, again costing the farmers more money. Recently the CTC approved an application of the CPR to abandon the line from Carbon to Kirkpatrick. These farmers must now haul their grain from 8 to 30 or 40 miles. Who pays for it? The farmer. It comes out of his income. The CTC would not even bear to listen to that. It made up its mind that it would not even permit sufficient time to get the grain out of the elevator. I mentioned this to the CTC officials the other day. There are still 12 carloads of grain in the P&H elevator in Sharples, and the CPR decided it would not haul one carload after December 31. Who is running this country, the government or the CPR?

Mr. Deans: Neither.

Mr. Taylor: It seems to me that the CTC is right under the thumb of the CPR. When the CTC refuses to abandon one line which is affecting our farmers, then I will believe there is someone in that corporation who has some interest in the farmers and in retaining the farm.

Yes, there are all kinds of things like this which are going on and which hurt the farmers. Let us see what some of our people are saying about it: "I have not been able to have an RRSP but relied on my land and hard work to provide me with a little nest egg at retirement." They say to the Minister of Finance, "Now you have squashed that in your budget." What does a farmer or small-business man do to keep himself in his old age?

The Acting Speaker (Mr. Ethier): I regret to interrupt the hon. member, but his allotted time has expired.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Marcel Ostiguy (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, I also have very important remarks to make on the bill now under consideration, since it is of vital importance not only for farmers but also for our customers abroad and for all Canadians. We know that every Canadian and every individual throughout the world depends on thriving agriculture to live comfortably and eat properly. That is why I will try in my comments to stick to Bill C-88 now before the House instead of doing like my colleague from Bow River (Mr. Taylor), who made a general survey of agriculture and often wandered from the subject. That is why I feel the government and everybody else, Mr. Speaker, cannot remain indifferent to the financial problems faced by farmers.

Agriculture would never have been so thriving without the determination and ingenuity of Canadian farmers. The role of the government has always been confined to supporting and promoting efforts and, in my opinion, it should continue to precisely play that role; for instance, through the many research programs carried out by Agriculture Canada, the stabilization programs and inspection services. Yesterday, Mr. Speaker, I also had the opportunity to speak about the bill to establish a corporation for the export of agricultural products, Canagrex. I would like to dwell on one of the essential instruments of farming, a modern instrument called credit. Canadian agriculture would never have achieved such an output and such efficiency without various forms of credit. And when the Minister of Agriculture (Mr. Whelan) praises the efficiency of the family farm and of Canadian Agriculture, he is not making up stories. He is simply trying to induce an awareness of that undeniable fact. The government has set up the Farm Credit Corporation to give farmers that tool that is essential to their development. Established in 1959, precisely 22 years ago, the corporation has assisted over 160,000 farmers.

As the minister pointed out this afternoon, out of these, 114,000 now have loans with the Farm Credit Corporation. It is, of course, difficult to measure in dollars and cents what contribution the Farm Credit Corporation is making to our country by financing the establishment of productive farms. However, we do know that as of January 1, 1981, Canadians farmers had about $117 billion in farm capital, breaking down as follows: 12 per cent short-term assets, 25 per cent medium-term assets and 65 per cent long-term assets, and 117.5 billion is a lot of money for Canada's agricultural sector.

The Farm Credit Corporation facilitates the transfer of farms to the younger generation and provides farmers with the investment capital they need for long-term productivity and stability. The agricultural sector must have access to investment capital if it is to provide the Canadian consumer with abundant supplies of high quality commodities at reasonable prices, and also supply foreign markets, thus contributing very substantially to our balance of payments. The Farm Credit Corporation is helping the family farm to play its role as a major supplier of food at national and world levels. In 1979-80 and 1980-81, the FCC granted nearly 90 per cent of all these loans, to family farms. In 1980-81, FCC borrowers increased their operating expenses by almost $100 million as a result of expansion projects, capital improvements and other farm investments which have been described by various members of this House since this afternoon. Loans granted by FCC and the annual expenditures generated by the corporation contribute very substantially to the economy and growth of rural communities and agricultural industries and services.

The successful results achieved by FCC borrowers show that the corporation is helping improve farm productivity and thus the Canadian economy. During the past years, it had to turn

down many loan requests because it did not have enough funds, and that was particularly the case during this past year and the past months. Statistics show us that 65 per cent of loan seekers who were turned down because of their sound financial situation had previously borrowed from the FCC. Ninety-one per cent of 2,622 borrowers whose loans were either taken over or reimbursed in 1980-81 were a financial success. Furthermore, 93 per cent of the 72,663 accounts were paid up as of March 31, 1981.

Mr. Speaker, all this goes to show that farmers are indeed worthy of the trust placed in them by the Canadian government. Once more, I can say that as a representative of a typically rural and farm riding in the province of Quebec, namely the riding of Saint-Hyacinthe-Bagot, that the farmers in this area are strong and proud people. I used to work with some of them before I entered politics, and I am sure that they will continue to honour their debts in the same way they always have done. Last year, an analysis of the effectiveness of the FCC showed that the corporation had promoted the establishment of viable farm businesses and had made a very substantial contribution to the Canadian economy. A special farm survey made by the FCC in 1981 shows that the Corporation is now lending to operations that are below average in size. This statement strengthens our view that the government has a definite role to play in financing Canadian agriculture. We feel that this role should be emphasized, notwithstanding the fact that the private sector has become increasingly active on the long-term farm credit market during the past five years. Only a few years ago, the Farm Credit Corporation was providing over 70 per cent of long-term farm credit in Canada. At that time, the remainder came from provincial institutions, credit unions and private lenders. In 1980, in spite of pressing demands, it could only provide 26 per cent of the long-term credit. The proportion this year will be even smaller for the simple reason that the total demand for long-term credit has increased by as much as 20 per cent every year, while the funds made available to the Farm Credit Corporation have decreased year after year. And this is quite understandable when one considers the rising cost of farms in this country, of farm land per acre, and realizes that the prices of farms have doubled and sometimes tripled over the past ten years. The prices of farm equipment necessary to operate farms have also doubled and even tripled. The prices of inputs, animals and everything else have increased as well. Which means that a farm which was bought for $100,000 some ten years ago could be worth $300,000 or even $400,000 today.

● (2140)

It is clear therefore that the budgetary restraints imposed by the government over the past few years have made it impossible for the Corporation to meet an increasing demand. We recognize that this situation is creating serious problems for many farmers. Some of them have had to obtain short-term loans from banks with floating interest rates but with interest rates spiralling upwards, this credit is becoming very expensive, if not too expensive.

The action of the Farm Credit Corporation has nevertheless contributed significantly to the stability of agriculture, because its interest rates on loans are not only attractive, but fixed for a period of up to 30 years, while private lending institutions can only provide long-term credit with floating interest rates. And of course a farmer could not go to banking or lending institutions to borrow $100,000, $200,000 or $300,000 for 30 years. All he could get at the most would be a ten-year loan while the Farm Credit Corporation with its formula has always been able to lend Canadian farmers money to be reimbursed over a 30 year period. Moreover, it makes money available to applicants with worth-while projects but who lack collateral to borrow from private lenders.

The Farm Credit Corporation will continue to give credit to high risk and not only those who cannot obtain loans from lending institutions. Since 1975 when it was authorized to grant loans up to full government guarantee, it has been lending increasingly on lower guarantees. Often new farmers are unable to give enough guarantee to private credit institutions but the corporation does not hesitate to take greater risks. Let us not forget, Mr. Speaker, that over the last few years, the corporation has, much to its credit, made 70 per cent of all its loans available to young borrowers.

Recently, I heard hon. members on the other side complaining that the Canadian government provides no assistance to young farmers, that it does not help them find the money necessary to settle down on a farm. The figures I have here tell another story. They show that 70 per cent of all loan recipients were young farmers; in other words, the Canadian government, more specifically the Farm Credit Corporation, is eager to assist young people who wish to take up farming. In addition, it authorizes some of its borrowers to defer their payments until such time when pressures on their income have eased off. I need not say, Mr. Speaker, that at the present time, pig breeders in Canada, and more specifically in Quebec are having a rough time and I have just been informed that pig abattoirs will shut down on Monday. As a result, the corporation may at the request of borrowers and after examining their situation, have to allow them to postpone their payments on either the interest or the capital. That has surely allowed quite a few of them to survive and will enable them to carry on their operations.

Despite budget restrictions, the corporation has managed to stay in touch with the farming community. The farmers, even when they knew that the corporation had less money to go around, kept on calling on its personnel for advice. The FCC was thus able to foster a sensible utilization of credit while assuming a consulting role in so doing. Mr. Speaker, I want to congratulate the staff of the Farm Credit Corporation, whether they operate out in the field, in regional offices, as provincial representatives or here at head office in Ottawa. I have

been in contact with them on a regular basis and I can say that they have always listened well to what I have had to say, and that they are eager to help the farmers. Inevitably, some of the latter will claim that it is impossible for them to get in touch with the FCC personnel. It may have happened, but I would suggest that it has been a very rare occurrence because I have had many opportunities to discuss with them, and I can certainly commend them for the work they have been doing for 22 years in the field of Canadian agriculture.

In its budget of November 12, the government introduced special measures to bring immediate assistance to those people who have been unduly affected by the economic doldrums. As the previous speakers pointed out, unincorporated businesses, particularly farmers, now have access to the Small Business Development Bond. Thanks to the special agricultural assistance program, the Farm Credit Corporation has spent additional funds of roughly $50 million to help the most severely affected farmers. Earlier this evening, the hon. member for Mackenzie (Mr. Korchinski) was saying that three loans in his riding would just about account for those $50 million. He ought to think it over a bit before speaking because in the first place the corporation is not allowed to lend more than $400,000 if the applicant is a company. In other words, those $50 million will indeed help quite a few farmers and the measure we are studying today, Bill C-88, opens another avenue for potential loans to farmers. It is precisely the bill we are studying which matters and which will give us a more permanent solution.

According to the agricultural food strategy of Canada, Canadian farmers might boost their production by two thirds between now and the year 2000. However, if the farmers want to achieve a degree of efficiency which will enable them to corner the available markets, they will have to reorganize their production over maximum scope units so as to benefit from modern production technology. One cannot optimize economies of scale unless one is prepared to use credit judiciously and make major investments. Farmers must therefore have ready access to sufficient long-term financing at reasonable conditions. This document highlights the role which the federal government and the Department of Agriculture want to play by making long-term farm credit available to farmers so that Canada's agriculture will reach its objectives.

It is therefore essential that the Farm Credit Corporation be given access to additional funds for Canadian farmers so they will be guaranteed an uninterrupted and sufficient long-term credit margin by a body which acknowledges their requirements. The most significant amendment to the Farm Credit Act paves the way toward a new source of funds. Several provisions of the bill will authorize the Farm Credit Corporation to borrow on financial markets. Most of its budget will still come from the Consolidated Revenue Fund, but it will be able to supplement it by borrowing on Canadian or international markets. As the borrowing mechanisms are gradually set up and as the Farm Credit Corporation carves a place for itself on the financial markets, it will be in a position to secure on those markets an ever-larger portion of its funds. The bill also provides that the limits for loans will be set by way of regulations and not by way of the act itself. The minister explained this earlier this afternoon when he said that the present limit is $200,000 for any single operation with one eligible applicant and $400,000 for an operation involving more than one applicant. It is a well known fact that farm financing is becoming increasingly expensive. To be in a position to meet the present and future needs of farmers, the Farm Credit Corporation must be able to increase the limit on its loans when the situation warrants. Providing that the limits will be set by way of regulations rather than by way of the act gives the corporation the required flexibility to respond more quickly to the economic conditions of the eighties. We now intend to raise these ceilings to $300,000 and $500,000 respectively for operations involving either one or several applicants. I can assure you, Mr. Speaker, that this ceiling of $300,000 for one applicant and $500,000 for a corporation is not too high, far from it, as I said earlier, when you think about the over-all value of the farms, the equipment, the herds, the livestock, the quotas and so on.

● (2150)

The Farm Credit Corporation will also be able to pay up to 30 per cent of a loan on provision of satisfactory security before the mortgage is registered and the other documents respecting the security have been completed. This new provision will avoid additional costs and administrative inconvenience for the farmers who, previously, had to obtain bridge financing before the FCC could provide the approved funds. Mr. Speaker, this change will actually help the farmers as they often have had to wait for deeds executed by a notary or other documents and borrow from the banks for a certain period of time, and always at higher rates. The borrowing authority of the FCC is now lmited to 25 times its capital, which amounts to $150 million. The capital provided by the government to the corporation will be just under $143 million at the end of this fiscal year. The Farm Credit Corporation will therefore have exhausted its borrowing authority early in 1982-83. It is therefore imperative that its registered capital be increased from $150 million to $225 million to avoid a serious shortage of funds to be made available to farmers.

In recent years, we have received many representations, as I believe have all members who represent rural ridings, with respect to the age limitation in the case of gradual establishment loans. The age is now 35 but the bill will remove that. Part II of the bill enables the Farm Credit Corporation to write off 5 per cent of the interest rate on loans granted under a special farming assistance program intended to help the farming community in difficult times. This will make it possible to get the necessary funds out of departmental estimates.

In recent years, serious consideration has been given to the transfer of farms to the younger generation, with a view to finding a way of ensuring the continuation of the family farm system that is so important in our country. Bill C-88 which is before us is offering a solution to this very problem. It will authorize the Farm Credit Corporation to lend a farming corporation money to be used to grant a loan to anyone wishing to become a shareholder and member. It will thus be easier for sons and daughters of farmers to join the family operation. According to the present Farm Credit Act, the FCC may lend money on the security of farms lands alone or on farm lands and chattels. The FCC can obtain additional security but it cannot take it into consideration when determining the amount of the loan. The bill will make it possible to get additional security, as defined by regulation, and to take it into account when figuring out the amount of the loan. The additional security could, for instance, consist of equity in feeder cattle or even in savings certificates that cannot be cashed in before maturity without incurring a loss.

At present, the Farm Credit Corporation can keep accounts in its name only in the Bank of Canada and the chartered banks designated by the Minister of Finance (Mr. MacEachen). The bill would enable the corporation, with the approval of the Minister of Finance, to keep accounts in its name in any financial institution in or out of Canada. This would streamline the financial operation of the corporation and enable it to improve its financial efficiency. The bill would increase from five to seven the number of members of the board. The number has been limited to five since 1959, but the business of the corporation has increased, as mentioned earlier, and has become more complex since its inception in 1959. The addition of two members will increase the expertise and resources available to the corporation and Canadian farmers. Other housekeeping amendments are made to the act. Their purpose is to eliminate some obsolete aspects and to update others. The wording of the act will thus be improved and it will be easier to administer.

The Farm Credit Corporation plays a vital role by helping Canadian farmers finance their operation and giving them valuable advice. This is done without calling upon Parliament for money. Operation expenses, including losses, are paid for by a 1 per cent margin. Again, it must be especially commended for its flexible and tolerant repayment policy toward farmers in difficulty. Over the years, it has followed sound and worth-while management policies, but above all it has remained humane and understanding.

I would like to comment at length on the role played by the Farm Credit Corporation, but before I conclude, I must pay tribute to the Canadian farmers. Loans are repaid by the borrowers. The Canadian government, the Department of Agriculture, the Farm Credit Corporation do not extend charity. Quite the opposite, they make very sound and viable investments. Farmers repay their loans. They are proud people. I am convinced they are worthy of our faith in their ability and competence, by using the credit facilities we are extending to them. This legislation certainly will bring significant benefits to all Canadians, both consumers and producers. Mr. Speaker, I am confident this bill will pass second reading. We can then consider it without delay clause by clause in committee, in order that we may help Canadian farmers as soon as possible.

• (2200)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

THE BUDGET—EMPLOYER CONTRIBUTIONS TO MEDICAL AND DENTAL PLANS. (B) EMPLOYEE LOANS

Mr. Girve Fretz (Erie): Mr. Speaker, this evening I read a speech delivered by the Minister of Agriculture (Mr. Whelan), and I want to read one sentence from that speech: It is up to governments to provide an atmosphere where Canadians can pursue opportunities, and I think that is happening in this country. How I wish that were the conviction of the Minister of Finance (Mr. MacEachen); how I wish that were the vision of the Prime Minister (Mr. Trudeau), and how I wish that were the conviction of the government of this country!

Mr. Neil: And the Minister of Agriculture (Mr. Whelan).

Mr. Fretz: And the Minister of Agriculture. However, sadly, that is not the case.

On December 11, I rose in the House to ask the Minister of Labour (Mr. Caccia) a question regarding the negative impact of the budget on working Canadians, especially the provision which calls for employer-paid medical and dental plans now to be considered as taxable benefits. At that time the Minister of Labour indicated that he had made representations to the Minister of Finance on behalf of those millions of Canadian workers and their families who would suffer because of this provision. In spite of those representations and the representations of many unions and employers, the Minister of Finance has not seen his way clear to dispose of this reprehensible proposal.

Instead, in the House on Tuesday the minister responded with his usual sophistry to a question on this very issue raised by my colleague, the hon. member for Vancouver Quadra (Mr. Clarke). The minister, who while minister of national health and welfare introduced medicare and who has cloaked himself in the robe of the great social reformer, is, by his actions, condemning millions of workers to higher taxes in these times of unspeakably high inflation.

We on this side of the House are reasonable people, but when the Minister of Finance has the bare-faced effrontery to call this budget one of fairness, one which takes from the rich and gives to the poor, when in actuality this particular provision will affect Canadians, 78 per cent of whom earn less than $25,000 annually—such outrageous behaviour makes it extremely difficult for us to respond with sweet reason. More than that, these actions on the part of the minister are leading to a growing sense of disenchantment on the part of Canadians with the democratic process. People have been moved as never before to take pen to paper or to pick up the telephone to plead with the minister to change his mind. All these entreaties fall on deaf ears, and the minister goes on his merry way, seemingly oblivious to the damage his budget has wrought on Canadians already straggering under the burdens of obscenely high interest rates and skyrocketing inflation.

On this issue employees and employers are on the same side. The employers are just as upset as the employees. I received in my office just today a letter from Mr. E. B. Magee, Jr. of the Port Colborne Iron Works, who sums up the feelings of employers pretty well. I would like to quote briefly from his letter addressed to the Minister of Finance:

Dear Sir:

I am greatly disturbed that no change has been announced to your budget proposal to tax employer-paid Extended Health Care and Dental Care premiums and also the proposed imposition of personal tax on the so-called "income accruing" within life insurance policies.

This proposal sounds great in theory but is destructive in practice. Let me explain how it affects my employees. My Extended Health Care and Dental Care plans have been in existence for many years. The annual premium cost per year per married employee is $478. My company pays 100 per cent of the cost therefore the full amount will be taxable to my employee. This will increase the tax paid by my average employee by $157.74 per year.

This is wonderful. If you repeat this same calculation for millions of working Canadians you generate millions of additional revenue. Its high time we increased taxes on these rich people!

While you get $104.11 and Ontario gets $53.63, a total of $157.74, what do I get?

I get:

(a) the pleasure of explaining to some employees why they should continue to belong to my Extended Health Care and Dental plans (i.e. "Why should I pay taxes of $157.74 when my drug bills and dental expenses last year were only $50.00?")

(b) the thrill of adjusting my tax reporting systems to include this trivial benefit and increasing the workload of my clerical staff already bogged down by government paper work.

(c) the joy of telling my customers my prices will have to increase if my insurer is forced to raise his premiums to cover lost revenue from subscribers who drop the plan; and

(d) the depressing feeling that comes from realizing that the party of Wilfrid Laurier has indeed lost all contact with reality and the needs of working Canadians.

● (2205)

In conclusion I should like to know, Mr. Speaker, in the light of these facts, and in view of the impassioned pleas from the millions of Canadians who are going to be adversely affected by this budget, if the minister has any intention of putting the interests of the little guy before his own narrow political ambitions, and will he withdraw this iniquitous provision? Indeed, will he withdraw this whole budget altogether?

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, the hon. member for Erie (Mr. Fretz) makes reference to two of the budgetary measures relating to employee benefits—the taxation of employer contributions to private health and dental plans and the subsidy element of loans from employers. Before I comment on these specific items, I feel it is essential that the general concept of equity that underlies these measures be explained.

Critics of the budget have argued that if this is a "soak the rich" budget, then it is a sham because it really hits lower and middle-income employees. This kind of criticism involves a fundamental misunderstanding of the concept of equity. An equitable tax system has two fundamental characteristics: higher-income individuals bear a proportionately greater share of the tax burden; and individuals with the same income should bear relatively equal portions of the tax burden.

The full taxation of employee benefits improves the equity of our tax system in both of these fundamental respects. The previous exemption for health plan benefits, for example, was inequitable to those who did not have access to such plans through their employer. In fact, they were subsidizing, through the tax system, those employees who did receive these benefits through their employers. The exemption was also inequitable between low and high-income employees. For example, the exemption for a $200 premium paid by the employer was worth only $50 to those in a 25 per cent tax bracket, but $100 to those in a 50 per cent tax bracket. The proposed change will also be consistent with the treatment of employer contributions to hospital and medical insurance plans administered by the provinces. For example, employer contributions to OHIP have always been a taxable benefit so why should supplementary benefits available to Canadians not be a taxable benefit when OHIP is a taxable benefit? These contributions have always been taxable in the hands of employees.

More generally, budget changes such as those referred to by the hon. member for Erie (Mr. Fretz) serve to achieve a more coherent and consistent set of rules for the taxation of various types of income. While these employee benefits accrue to individuals in all tax brackets, they accrue to a relatively small percentage of individuals in the lower-income brackets and their amounts are modest. More importantly, for a vast majority of low and middle-income Canadians, any tax increase due to the removal of such tax exemptions and deductions is more than offset by the lowering of the marginal tax rates and the enrichment of the federal tax cut of $200 per individual and allowing married taxpayers to claim an additional $200 tax cut in respect of the spouse. This provision is worth over $1.5 billion per annum in federal and provincial tax savings to Canadians.

AGRICULTURE—NATIONAL BEEF STABILIZATION PROGRAM. (B) INQUIRY RESPECTING CONSULTATION WITH SASKATCHEWAN

Mr. Bill McKnight (Kindersley-Lloydminster): Mr. Speaker, on December 16 I asked the Minister of Agriculture (Mr. Whelan) a question related to the national marketing and

stabilization required in the red meat industry, and particularly the beef industry. I wanted to know if he had had any communication with the province of Saskatchewan about the process or feasibility of implementing a stabilization program. I want to emphasize the word "stabilization" as compared to the program of supply-management. I should like to supplement my words, Mr. Speaker, and try to lay the groundwork for the minister and the House.

• (2210)

The reason I asked the question is that it is important now for stabilization to take place within the Canadian beef industry. The Minister of Agriculture has the power under the Agricultural Stabilization Act to implement the necessary planning of stabilization within the beef industry. This planning should involve three groups. The first group would be the federal and provincial governments of the cattle producing provinces and cattle producers. There should be a three-way partnership in stabilization among these groups.

The cost which is necessary to implement the plan should be shared by these three groups. Ways must be found so that cattle producers can share in the cost of the program, much in the same way as wheat producers share in the grain stabilization program. I hope there could be some set time period for adjustment in the cattle stabilization program, as I see it, rather than following the manner in which the grain stabilization program has been carried on, where increases have been made once and predicted to be made the next year after producers are locked into the program. Cattle producers must share in the cost of their own stabilization program. Most important, the 95 per cent figure could assist the cattle industry. If it were adjusted on a quarterly basis, it would be significantly greater than if it were 95 per cent straight across the board. If it is 100 per cent and the cost is shared by producers, there would be some form of stabilization to save the beef industry as we know it in Canada today. If we have to move to 100 per cent, I think it is acceptable if the costs are shared. The only additional burden in the first year would be the payout which is needed. The payout is needed now, right now. If we continue to ignore the problem, we will see greater and greater distress in the beef cattle industry across Canada.

I should like to refer to a survey of 93 beef farmers in three Ontario counties. This survey is applicable across Canada, I do not think there is any doubt about it. The three Ontario counties were Bruce, Grey and Wellington which showed that 42 of the 93 producers surveyed had debts of more than 75 per cent of what they owned and 23 had debts which exceeded their assets. It would appear that most of these producers whose debts exceeded 75 per cent of their assets are in serious financial difficulty. Most of those farmers will not likely be able to finance their cattle operations this year. The average debt of the 93 farmers was $405,000; nine had liabilities of more than $1 million; one had a debt of $2.2 million. Most of this debt is at floating interest rates which has doubled in the past year while beef prices remained low.

The survey also showed that only seven farmers answering the questionnaire reported a profit of more than $5,000, while 22 of them said that they lost more than $75,000 in 1981. To cope with interest rates of more than 20 per cent, 12 farmers sold off land or machinery, four liquidated their assets, six got off-the-farm jobs, and 23 of them, for whatever good it might do, took out another mortgage. I submit that this survey speaks for the cattle industry across Canada, not just Ontario.

The province of Saskatchewan has the space, the cattle numbers, and the grain to finish those animals. The province introduced a beef stabilization program which is neither stabilizing nor marketing. It is a program which less than 60 per cent of the farmers have joined. The criteria for joining the program eliminates any benefit to the cow-calf operator. There is no point for the feed lot operator because he is not eligible. The biggest drawback in the Saskatchewan program is that one must join for six years. Before one joins for six years, one should know that not much planning has gone into the program as yet. According to the minister responsible, Mr. MacMurchy, it is still being worked out but it is a start and an important one. I understand the Saskatchewan government rejected an offer from the federal government for 100 per cent cost of production in 1977 as a stabilization program. I can understand the minister responsible in Saskatchewan, Mr. MacMurchy, when he said that he rejected the Minister of Agriculture's supply-management approach.

• (2215)

I would like to know tonight if the 100 per cent cost of production return offered by the federal government was based on the province of Saskatchewan entering a supply management project. Stabilization is needed now in the province of Saskatchewan. It is needed across Canada in the cattle industry. The longer we delay, the more difficult it will be to rebuild the industry, if our beef producing herds can ever be rebuilt in the future.

[*Translation*]

Mr. Marcel Ostiguy (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, the hon. member for Kindersley-Lloydminster (Mr. McKnight) wants to know whether we have conferred in the last two or three weeks with representatives from the province of Saskatchewan regarding the implementing of a national beef prices stabilization program. The answer is yes. However, I should also explain to the hon. member the advisory mechanism that was set up several years ago.

When the Agricultural Stabilization Act was amended by this House in 1975, departmental officers did try to standardize Canadian stabilization programs for all farm products. Their efforts have ended in failure, Mr. Speaker, mostly because there were widely differing views among various provinces as to the level of assistance that was to be extended to producers. A number of provinces were advocating very strong aid while others recommended very limited aid or no aid at all. In 1978, after having ascertained that this approach was

leading toward a deadlock, we offered all provinces the "GM 100" plan. Essentially, this program would have assured all producers a cash refund of all production costs paid out in cash, plus 100 per cent of the average five-year return obtained on the market, this latter amount being added to the cash production costs.

This was a sure guarantee linked to the way the market works, through which the farmers would have avoided very costly adjustments in their operations from year to year. We have to remember, Mr. Speaker, that the beef market was especially strong in Canada in 1978. The devaluation of the Canadian dollar in 1977 had caused a rapid increase in the price of beef from $45 to $80 a hundred pounds. The market was up and producers were not really interested in support programs. As a result, the provinces unanimously rejected the GM100 approach in the belief that this program was too much of an incentive and might cause overproduction and the eventual collapse of the beef industry. Since 1978, the price of beef has been ranging from $75 to $80 a hundred pounds for A1 and A2 steers in Toronto, and costs have been rising quickly. Because of this, what was a good price in 1978 has become an unrewarding and stagnant price unrelated to increasingly high costs. Obviously, beef producers do not apply the cost of living factor to their prices. In 1980, Department of Agriculture officials tried once again to develop a joint stabilization program for Canada as a whole, but again without success.

I would like to point out to the hon. member that Saskatchewan has always taken part in these discussions. Of course, in 1981—and I shall close with this comment, Mr. Speaker—the provinces and the producers abandoned the position they had taken in 1978 and indicated that even the GM100 approach would not be enough.

● (2220)

[*English*]

ANNOUNCED SHUTDOWN OF MINE AT URANIUM CITY, SASK. (B) ATTENDANCE OF ELDORADO NUCLEAR OFFICIALS AT STANDING COMMITTEE MEETING

Mr. Doug Anguish (The Battlefords-Meadow Lake): I would like to begin by saying how pleased I am that the federal government and Eldorado Nuclear have co-operated in setting up a task force to examine the problems associated with the closure of the Beaverlodge mine and mill. The task force is composed of representatives from the Uranium City area, the Saskatchewan government, the federal government and Eldorado Nuclear. The group will be formulating recommendations and submitting them to the appropriate people or agencies in an initial report due March 31, 1982. However, this is where my pleasure stops.

I am extremely disappointed that the Saskatchewan government and the municipal corporation of Uranium City had to push so hard to get the task force set up. I am even more disappointed that the meeting between the four concerned groups was held in Ottawa instead of Uranium City, the area most gravely affected by the closure.

How can a federal Crown corporation be allowed to spend millions of dollars on the Beaverlodge operation and then shut it down so abruptly? In the last couple of years expenditures have been made that include: Relocation of head offices from Edmonton to Saskatoon; purchase of a Boeing 737 aircraft; a new hangar for the aircraft; a new cookery; new homes in Uranium City, with the total of homes now exceeding 500; the Charlotte River hydro dam; a complete overhaul of the mill; the recruitment of people up until the week the closure was announced, and other expenditures too numerous to mention, but which total hundreds of millions of dollars.

Everyone accepts the fact that eventually all mines must close down because the ore runs out. But no one expected the mine and mill at Uranium City to close because of the confidence Eldorado had shown in the ore body, through large expenditures and an active recruiting program. Was this a cynical plot, or the result of gross mismanagement?

As the Member of Parliament representing the Uranium City area I want to do everything I can to see the town remain a viable and active community. This is why I am particularly interested in the section of the task force's mandate dealing with economic development of the area. It would have been great if the federal government had asked Eldorado to remain open for an extended period of time to allow the development of alternate industries, but with the closure announced for June 30, 1982, everyone is under the gun. Many people have already left Uranium City. I do not like to see it, but with all the uncertainty I sure do not blame them.

When we look at the closure of the Beaverlodge operation we find that the people fall into three easily identifiable groups: Those who are direct employees of Eldorado Nuclear; those who do not work directly for Eldorado Nuclear but depend on the spin-off benefits of the company and those who live in other communities such as Camsell Portage, Black Lake, Stoney Rapids and Fond du Lac.

On behalf of the people of Uranium City and the Athabasca Basin I am asking you to help us revitalize the community, not just relocate the employees of Eldorado. Granted, there are some who will want to leave and they should be assisted, but there are others who have strong roots in Uranium City and they wish to stay. Some of them were born there and grew up in the community; still others have lived there ten, 15, 20 years or more. It is their home and they do not want to leave. They won't leave. These people have investments in the community. If some are forced to leave they must receive compensation for their investments in their homes and businesses.

It can be appreciated that someone living in Ottawa, Toronto or Montreal would have some difficulty understanding what it would be like living in a community of 3,000 people after an industry employing 840 of its residents had closed down. If an industry employing 840 people closed down in a city of say one million people it would have small effect on the total population and devasting effects on the families of the 840 who lost their jobs, but the day after the city would go on

as if nothing had happened. Neighbouring communities would not likely even be affected. This is not so with Uranium City. If that situation happens in this community, the communities in the Athabasca Basin lose their supply centre. The displaced employees have no other jobs to go to and there is no economic base to support the remaining businesses in town. If the Beaverlodge mine and mill must close there has to be something else developed to replace the economic base.

• (2225)

Please allow me to tell you a bit about this area, about this community. As I mentioned, Uranium City has a current population of about 3,000 people. One industry, Eldorado Nuclear, employs about 840 of its residents. The setting is on the north shore of Lake Athabasca, the largest lake in Saskatchewan, which is not many miles from the 60th parallel, or the Northwest Territories border, as it is more commonly known. There are no all-weather roads; the only year-round access to the town is by air. During certain times of the year it is accessible by barges on the water or ice roads in the coldest part of the winter, for a very short period of time. The people of Uranium City and the Athabasca Basin are good, hard-working Canadian citizens, and we are asking for your help, just as we are asking and receiving help from the government of Saskatchewan and the municipal corporation of Uranium City.

There should have been consultation with the local people before the announced closure so that many of these problems could have been worked out satisfactorily.

In the past, Eldorado Nuclear was always viewed as a good corporate citizen by the residents of Uranium City and the area. The abrupt announcement of an unexpected closure hurt that image deeply. It is the hope of all those concerned that Eldorado Nuclear may be viewed as a good corporate citizen again after June 30, 1982.

Mr. Roy MacLaren (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, in a statement in the House on December 4, the Minister of Energy, Mines and Resources (Mr. Lalonde) explained that the decision to close the uranium mine at Uranium City had been taken by Eldorado Nuclear Limited with much concern and only after careful assessment of all factors. Further, the mine will not be closed until June in order to give time for the implementation of measures to ensure that the workers and their families will find suitable new employment. The prospects are favourable in this respect because there is a considerable demand for competent workers in the mining industry.

On the matter of consultation, there was a thorough appraisal of all factors concerned with the economics and operation of the Eldorado mine before a decision was reached. In the course of this assessment, there was consultation with the minister, with Premier Blakeney, and with the federal Department of Employment and Immigration. The company then concluded that it was important to make the decision known as quickly as possible so that steps could be taken to provide for the phasing out of the operation in a manner that would protect the employees to the maximum extent possible.

Concerning an earlier reference by the member for The Battlefords-Meadow Lake (Mr. Anguish) to financial support being given the heavy water plants in Cape Breton, each form of assistance must, of course, be assessed on its own merit. Not only is the cost of uranium production at Uranium City about two and a half times the selling price, but also the world market for uranium has been declining and will remain at greatly reduced levels for the foreseeable future. It will be recalled that 80 per cent of our uranium goes into the export market. On the other hand, the two heavy water plants in Nova Scotia and the plants in Ontario are the only significant producers in the world. It is important to maintain heavy water production capacity for the domestic market and also in relation to heavy water export opportunities in Mexico and Korea.

To ensure the effective co-operation of all interested parties in dealing with community problems arising from the closing of the mine, the Uranium City task force has been established. It consists of representatives of the community, the Saskatchewan government, the federal government, and Eldorado Nuclear Limited. The task force is charged with developing recommendations by March 31 concerning a development plan for future economic development in Uranium City. It is also required to investigate the social and economic impact of the mine closure and to consider compensation and mitigating measures, if appropriate.

Eldorado Nuclear has already made provision for implementing generous measures for its employees consisting of the following: a special severance package; a new contract involving a 13 per cent wage increase retroactive to January 1, 1981; and a relocation program providing for up to $9,000 per employee. The relocation program would involve total—

The Acting Speaker (Mr. Ethier): Order, please. The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 11 a.m.

At 10.30 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, January 29, 1982

The House met at 11 a.m.

• (1105)

ROUTINE PROCEEDINGS

[*English*]

THE BUDGET

CALL FOR WITHDRAWAL—MOTION UNDER S.O. 43

Mr. Albert Cooper (Peace River): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. Whereas the Minister of Finance has long been known for his quiet, withdrawn demeanour, I move, seconded by the hon. member for Erie (Mr. Fretz):

That the Minister of Finance quietly withdraw his misdemeanour.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

CANADA SHIPPING ACT

PREFERENTIAL TREATMENT FOR SHIPS BUILT IN COMMONWEALTH COUNTRIES—MOTION UNDER S.O. 43

Mr. Gus Mitges (Grey-Simcoe): Madam Speaker, I rise under the provisions of Standing Order 43 to move a motion. At the present time ships built by offshore countries and plying their services completely in Canadian waters are subject to a 25 per cent duty. However, this duty does not apply to ships built in Commonwealth countries. This has created considerable hardship and unfair competition for the Canadian shipbuilding industry, which is having a difficult time as it is competing for contracts with these countries, that give a greater subsidization to their industry than does Canada. I move, seconded by the hon. member for Simcoe North (Mr. Lewis):

That the government take the necessary steps to change the Canada Shipping Act and remove this preferential treatment which has been an anachronism for many years.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EMERGENCY MEASURES

AUTHORITY TO ESTABLISH CIVILIAN INTERNMENT CAMPS—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. The emergency planning order, Order in Council No. 1981-1305, gives the Solicitor General for Canada authority to:

Facilitate the selective reduction and transfer of prison populations to provide for the establishment of civilian internment camps.

The government has to date refused to supply the background information upon which this authority was premised. Therefore I move, seconded by the hon. member for Grey-Simcoe (Mr. Mitges):

That this House either produce the reasons for this authority for a full debate in the House or rescind the said order in council at once.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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HAZARDOUS SUBSTANCES

UREA FORMALDEHYDE—FUNDING FOR REMOVAL—MOTION UNDER S.O. 43

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43 concerning the government's urea formaldehyde foam insulation policy. The government's UFFI aid policy for victims of urea formaldehyde poisoning is completely inadequate because it is a token remedy for a serious problem the government now admits it created; it fails even to begin to help thousands of Canadians who must rid their homes of UFFI; it will bring serious financial hardship to home owners who are now left with properties that have little or no resale value, and it arbitrarily sets a suspect gas level without considering the different reactions by thousands of Canadians who are and will be exposed to UFFI. Therefore I move, seconded by the hon. member for Broadview-Greenwood (Mr. Rae):

S.O. 43

That the Minister of Energy, Mines and Resources reassign funds now allocated for CHIP to insulate homes this year and next and make these moneys available for an emergency fund to assist all UFFI victims with the costs of removing this foam and restoring their homes to previous condition.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE BUDGET

PROVISION AFFECTING MEDICAL AND DENTAL PLANS PAID FOR BY EMPLOYERS—MOTION UNDER S.O. 43

Mr. Girve Fretz (Erie): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. Given that the budgetary provision deeming that employer-paid medical and dental plans are now to be considered taxable benefits has caused consternation and upset throughout the business and labour communities, and further given that this provision will affect millions of Canadians, including a local business person who writes:

—the proposal is destructive—the average increase in tax payable per employee will be $157.74 per year—my prices to my customers will have to increase—

—therefore I move, seconded by the hon. member for Grey-Simcoe (Mr. Mitges):

That this House urge the Minister of Finance to reconsider all representations on this particular provision, and after having given it cool, sober second thought, withdraw this inequitable provision.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1110)

GOVERNMENT OF CANADA

PROPOSED DECENTRALIZATION OF DEPARTMENT OF ENERGY, MINES AND RESOURCES MAPPING BRANCH—MOTION UNDER S.O. 43

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, concerning the decentralization program of the government I move, under the provisions of Standing Order 43, seconded by the hon. member for Yukon (Mr. Nielsen):

That the President of the Treasury Board make a statement forthwith as to whether it is the policy of the government to move the survey and mapping branch of the Department of Energy, Mines and Resources to Sherbrooke, or whether that move has been abandoned because of the uncertainty it is causing for those public servants employed in that branch.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

UNEMPLOYMENT INSURANCE

DELAY IN PAYMENT OF BENEFITS IN BRITISH COLUMBIA—MOTION UNDER S.O. 43

Mr. Sid Parker (Kootenay East-Revelstoke): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the fact that our foundering economy has resulted in a 37 per cent increase in unemployment insurance applications in British Columbia over the last year, and in view of the fact that this mass of unemployed has swamped Manpower offices resulting in a two-month backlog in the handling of unemployment insurance claims, I move, seconded by the hon. member for Cowichan-Malahat-The Islands (Mr. Manly):

That this House instruct the minister to have his regional unemployment officials hire whatever new staff is necessary to handle the backlog and to write emergency cheques so unemployed workers are not forced to apply for social assistance while waiting for their unemployment insurance benefits.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

SUGGESTION BENEFITS BE PAID TO FRESHWATER FISHERMEN—MOTION UNDER S.O. 43

Mr. Jack Shields (Athabasca): Madam Speaker, I rise under the provisions of Standing Order 43. Whereas there are thousands of freshwater fishermen across Canada who are obliged to make unemployment insurance contributions but who, at the same time, are unable to collect benefits under this program because their season does not coincide with that of saltwater fishermen, and whereas not only is this situation grossly unfair it is also causing undue hardship for those thousands of fishermen unable to find work in the off-season due to the disastrous state of the economy under this Liberal government, and who are suffering, like all Canadians, from the effects of the government's high interest rate policies, I therefore move, seconded by the hon. member for Peace River (Mr. Cooper):

That the government take action immediately to amend this unjust and discriminatory section of the Unemployment Insurance Act so that unemployment insurance benefits can be received by freshwater and saltwater fishermen alike.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

FINANCE

RECOGNITION OF RAPE ASSAULT CENTRES AS CHARITABLE ORGANIZATIONS FOR TAX PURPOSES—MOTION UNDER S.O. 43

Mr. Jim Manly (Cowichan-Malahat-The Islands): Madam Speaker, in view of the growing concern about family violence, wife battering and sexual assault, and in view of the fact that the Rape Assault Centre in Duncan has not been able to get a tax number as a charity because, in addition to front line work with victims of assault it also works toward change in our antiquated laws, I move, seconded by the hon. member for Vancouver East (Mrs. Mitchell):

That this House instruct the Department of National Revenue to cease its anti-women policy and issue the Duncan Rape Assault Centre with a tax number as a registered charity, and to give such recognition to all rape assault centres across Canada.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE BUDGET

CALL FOR WITHDRAWAL—MOTION UNDER S.O. 43

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, in view of the pending lay-offs, summer shutdowns, and early retirement schemes affecting hundreds of mine, mill and smelter workers in resource communities across Canada, due largely to the government's misguided economic policies and the November 12 budget, I move, seconded by the hon. member for Western Arctic (Mr. Nickerson):

That the government withdraw immediately the November 12 budget and take positive steps posthaste to restore economic stability and productivity to this nation.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

THE BUDGET

QUERY RESPECTING TAX INDEXATION

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is for the Minister of Finance who has been going around claiming he has reduced taxes for some 12 million Canadians. His own figures indicate that a basic

component of what he calls a tax reduction is simply the continuation of the principle of indexation. Does the minister consider continuation of indexation to be a tax cut?

• (1115)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, of course it has that very effect. It must be regarded as such. The President of the United States is discussing and implementing tax cuts which, in total, globally, are much less than the tax cuts which are provided through annual indexation. As the Right Hon. Leader of the Opposition knows very well, it is an option, at each budget time, for the Minister of Finance to determine what happens to indexation. Indeed, the Conservative Party has recognized that this is an option for the Minister of Finance each year, because before the October budget of last year, that party ran extensive advertisements appealing to the government not to disturb indexation which, in itself, is an important part of tax reductions.

Some hon. Members: Hear, hear!

FORECASTED INCREASE IN GOVERNMENT REVENUES

Right Hon. Joe Clark (Leader of the Opposition): Well, things are a little clearer now. The minister has admitted that if, indeed, there has been a tax cut for some 12 million Canadians, and that is highly arguable, that it is largely due to indexation. The House knows that the architect of indexation was the Hon. Robert Stanfield.

Some hon. Members: Hear, hear!

Mr. Clark: Therefore, if the minister is saying that there were tax cuts for 12 million Canadians, those tax cuts were introduced by Bob Stanfield.

Some hon. Members: Hear, hear!

Mr. Clark: What he is also saying is that if what he calls tax cuts were protected for Canadians, they were protected because of the advertising program of the Progressive Conservative Party of Canada. That is what he is saying.

Some hon. Members: Hear, hear!

Mr. Clark: Now that we have cleared up a little of that deliberate Cape Breton obscurity, let me ask the Minister of Finance another question.

The Minister of Finance is predicting higher unemployment and low growth rates for the next two years, yet his own budget papers also claim a $3.7 billion increase in revenues coming to the government from the personal income taxes paid in 1982-83 by ordinary Canadians across the country. Will the minister explain how he can reconcile his claim that he is cutting taxes for individual Canadians while gaining nearly $4 billion from these same people?

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the first point is that we all know that the minister of finance who introduced indexation into the House of Commons was the former minister of finance, Mr. Turner.

Some hon. Members: Oh, oh!

Mr. Baker (Nepean-Carleton): Oh, the hero, the darling of the backbenchers!

Mr. Paproski: What's his name?

Mr. Nielsen: The new leader!

Mr. Crombie: You are in trouble when John comes back!

Mr. MacEachen: While I have the greatest admiration for my fellow Nova Scotian, Mr. Stanfield, to my knowledge he has never occupied the post of minister of finance, which would have given him the opportunity to introduce tax legislation to the House of Commons.

Some hon. Members: Right on!

Mr. MacEachen: The right hon.—

Mr. Nielsen: Now, where was I?

An hon. Member: It's Friday.

Mr. MacEachen: —member, the Leader of the Opposition, has referred to Cape Breton obscurity, and he has a habit of ridiculing that part of Canada, which I find to be rather upsetting.

Some hon. Members: Oh, oh!

Some hon. Members: Shame, shame!

Mr. MacEachen: But I would remind the hon. member—

Mr. Nielsen: Right honourable member.

Mr. MacEachen: —that in the budget tax tables the source of all the tax cuts is clearly laid out, and indexation is included among those. There is absolutely no obscurity. What is obscure is the hon. member's—

Mr. Nielsen: Right honourable.

Mr. MacEachen: —grasp of the information which ought to be available to him.

Now the hon. member—

Mr. Nielsen: Right honourable!

Mr. MacEachen: —talks about tax cuts. I have stated and repeat that in January, 1982, the total amount of tax deductions implemented in Canada comes to $3 billion. If that had not taken place, let me explain to the right hon. gentleman that the volume of tax collections would have been increased by that amount.

• (1120)

BASIS FOR TAX PROPOSALS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, let me say that I intended no slight upon Cape Breton. The only, most outstanding, and perhaps the singular example of Cape Breton obscurity is the person of the Minister of Finance. I am sure the people of Cape Breton would be as delighted to get rid of that obscurity as would the members of the House of Commons.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Clark: I am not going to argue with the minister whether it was John Turner or Bob Stanfield who introduced the tax cuts that he claims are in the budget. The point is he did not do it, and he should stop pretending to the people of Canada that he did.

I would like some clarification from this minister who claims he is cutting the taxes of people from whom he is claiming $4 billion more. Let me ask the minister the following question. He is saying that in effect the continuation of indexation would be a tax cut for Canadians. The only way it would be a tax cut would be if the income of Canadians did not go up at all, despite inflation. Will the minister tell us whether he based his budget on the assumption that the income of Canadians will not go up this year?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I based the budget strategy on the necessity of doing something to control the deficit. That was the basis. In achieving that I attempted to apply the greatest possible expenditure restraint and to gain new revenues. I had an option in gaining new revenues either to make a general tax increase, which I rejected, or to attempt to increase the tax base by removing what I considered to be in certain cases unjustified tax preferences. That is the basis of the over-all thrust of the fiscal stance of the budget.

EFFECT OF REMOVING INDEXATION

Hon. Bill Jarvis (Perth): Madam Speaker, I have a supplementary question with regard to this indexation. As I understand it, the minister pleads before us to believe that continued indexation is a tax cut. He is nodding in the affirmative. That, by the way, is the same as a notorious killer, having murdered his mother and father, saying to the jury, "Have mercy on me, I am an orphan." That is exactly what he is saying.

Some hon. Members: Hear, hear!

Mr. Jarvis: Let us follow the minister's logic. He is alleging that indexation is a tax cut. By his logic, as he points out, at the whim of the government it can be done away with, thereby raising billions more in tax revenue. Given that situation, is the minister now saying that doing away with indexation is not a

tax increase? Is that what he is saying? He cannot have it both ways.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I have not said that. It is evident to me that if indexation had been limited or eliminated, there would be a very great benefit to the treasury.

GOVERNMENT POSITION ON INDEXATION

Hon. Bill Jarvis (Perth): Absolutely. Absolutely! When a predecessor of the minister, John Turner, introduced this measure, adopted from Mr. Stanfield, this is what he said, and this was eight years ago:

● (1125)

A person will no longer pay tax at a higher marginal rate simply because inflation swept him into a higher tax bracket.

There was not one word from the then Liberal finance minister or any member of the government that indexation was a tax decrease. It was an adoption of a progressive tax reform—not a word about increase. It was to prevent the government from having a vested interest in inflation. That is what it was for.

Does that principle which was enunciated by his predecessor, John Turner, continue to be a principle of this government and of this Minister of Finance? If that is the case, will he now stop misleading taxpayers by alleging that continued indexation is any kind of a tax reduction whatsoever?

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, it is quite evident that if indexation had been eliminated, or had been limited in some way—

An hon. Member: Taxes would have increased.

Mr. MacEachen: Taxes would have increased.

Prior to the budget of November, 1981, there was a great deal of speculation, which I had not originated—

Mr. Clark: Yes you did.

Mr. MacEachen: —that it was my intention to eliminate indexation. Members opposite raised a very strong protest on the understanding in their minds that that would have been a tax increase. When indexation is retained, it is a tax cut. That is very clear.

Some hon. Members: Oh, oh!

Madam Speaker: The hon. member for Oshawa.

Mr. Clark: A supplementary, Madam Speaker—

Madam Speaker: Order, please. I will recognize the Right Hon. Leader of the Opposition later. At this point in the question period I do have to recognize the hon. member for Oshawa.

* * *

AUTOMOTIVE INDUSTRY

CANADA-UNITED STATES AUTO PACT—REQUEST THAT TERMS BE OBSERVED

Mr. Edward Broadbent (Oshawa): Madam Speaker, my question is for the new Minister of State for International Trade. In Canada today there are 50,000 auto workers on lay-off, 21,000 of whom are not likely ever to be able to return to their jobs. Because of the failure of the minister's predecessors in Industry, Trade and Commerce to insist that the Canada-U.S. Auto Pact be lived up to, we have 15,000 fewer jobs than we ought to have. Will the minister take immediate steps in exercising his responsibility to ensure that this pact is lived up to so those 15,000 Canadians who ought to have jobs in this industry, because of that pact, will get them?

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, first of all, I would like to say that no one has ever worked harder for the Canadian automobile industry than my colleague, the hon. member for Windsor West.

Some hon. Members: Hear, hear!

Mr. Andre: You have identified the problem. Let us have the solution.

Mr. Lumley: Last year, for the first time in our history, this government made an effort to obtain export markets for Canadian automobiles. We were successful in obtaining the largest single contract in export markets ever in the history of Canada, for Canadian automobiles. In Iraq we sold 13,000 cars worth over $100 million.

Some hon. Members: Hear, hear!

Mr. Lumley: We on this side of the House are not as pessimistic about the future of the automobile industry as the hon. member alleges.

QUERY RESPECTING INVESTMENT IN CANADA

Mr. Edward Broadbent (Oshawa): Madam Speaker, if hard work by his predecessor produced 50,000 lay-offs for the Canadian automobile worker and a shortfall of 15,000 permanent jobs, I hope that the present minister will fall asleep, if he says that is what hard work will do.

I do not want to joke about this. That pact has been in existence since 1965, as the minister knows, and in the first clause of that pact it says that both countries were to share on a fair and equitable basis in future growth. That has not happened. We now have a lower percentage of jobs in that industry in Canada, compared to our sales, than we had before the pact came into existence. That is a disgrace for which the government and no one else is responsible.

I would ask the minister, quite apart from export sales to other countries, which are important, will he take immediate steps to ensure that the major producers in North America live up to the letter of the auto pact and ensure that we get investment in Canada proportionate to our purchases in this country, so that we will get our fair share of jobs?

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, I am sure that the hon. Leader of the New Democratic Party understands that both the United States and Canada are experiencing severe domestic decline in our automobile industries.

Mr. Broadbent: We have had greater decline.

Mr. Lumley: One of our major concerns is that if the North American automobile industry improves the North American share of the world market, this will ensure jobs for Canadians for many years.

• (1130)

With respect to the implementation of the auto pact we are determined that Canada will attain its fair share and that the letter of the auto pact will be followed by both our countries.

Mr. Broadbent: Madam Speaker, we are looking forward to the concrete realization of that goal. All the minister's predecessors have failed, since 1965, to achieve that goal, and we want to see some evidence from the minister soon that there is a new approach being taken by the Government of Canada.

REQUEST THAT JAPANESE AND EUROPEANS UNDERTAKE MANUFACTURING IN CANADA

Mr. Edward Broadbent (Oshawa): Madam Speaker, I would like to talk about a different aspect of the auto industry. Considering that imports from Japan as well as some European countries are increasing their share of the Canadian market, I would like to ask the minister whether, in fairness to Canadian consumers as well as workers, the Government of Canada will enter into agreements with those offshore producers to obtain from them a commitment to start producing in Canada either parts or assembled vehicles equivalent to what they are selling to Canadian consumers, so that we will get some of those jobs we need in this industry, and to which we are entitled.

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, as the hon. member knows, at the present time the United States has a three-year agreement with respect to Japanese imports from Japanese automobile manufacturers. We happen to have a one-year agreement, and we will be initiating discussions next week with the Japanese under the terms of our agreement. My colleague, the hon. member for Windsor West and I have both made trips to Japan and talked to authorities there, both in the private sector and in the government, to try to encourage exactly what the hon. member suggests, the purchase of more Canadian parts for cars from that country sold in Canada.

THE BUDGET

MINISTER'S POSITION ON TAX EXEMPTIONS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I want to try to clear up the most recent fraud the Minister of Finance is trying to perpetrate on the Canadian public.

Some hon. Members: Oh, oh!

Mr. Clark: In admitting now that the basis for his claiming to reduce taxes is that he has kept in place the indexing proposal, the minister is saying that he has cut taxes by leaving in place an element of the tax system which was already there. That is what he is saying. Just following that logic along, I want to ask the minister whether he will be arguing, in a subsequent budget he might introduce in a couple of months, or at any other time, that continuing the $100 charitable exemption or any other exemption that is available—for example, for pension contributions, for children or for spouses, other exemptions which are already in the tax system—will also be a tax cut. Is that his logic?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, just to clear up the first point, I have said that the basis of my claim that there has been a very substantial tax cut amounting in deductions to $3 billion this year is not entirely indexation. That is part of it. There is also the reduction in the marginal tax rate, and there is also the reduction in the federal tax credit, which has benefited and will benefit over a million low and medium-income families in Canada. Taken together, the indexation, the cuts in the marginal tax rates, and the restructuring of the federal tax credit, that is the total basis.

I am not forecasting what arguments might be necessary in the future to meet the rather erroneous position taken by the Leader of the Opposition this morning, yesterday, the day before yesterday, and probably on into the future.

* * *

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS

CALCULATION OF PROVINCIAL REVENUES

Mr. Tom McMillan (Hillsborough): Madam Speaker, my question is directed to the Minister of Finance. A front-page story by Andrew Szende in the *Toronto Star* this morning reports revised Department of Finance calculations that provincial revenues for health, post-secondary education and other services will be slashed on a net basis by $4.5 billion over the next five years. That estimate is twice the size of the one contained in the minister's budget when he brought it down on November 12.

Will the minister confirm those revised calculations, and will he not admit that the new figures will almost definitely force the provinces to cut back substantially vital services to their

people and to increase taxes in order to cope with the shortfall?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I have not had an opportunity to examine that particular article; therefore, I cannot comment on the figures quoted. However, it is my contention that the proposals which I have placed before the provinces will improve the fiscal position of the provinces each year during the course of that five-year period. Even with the proposed elimination of the revenue guarantee, for each province, taking into account the total transfers there will be and the tax offsets which were provided in the budget, these transfers will grow on an annual basis quite significantly.

REQUEST THAT MINISTER REVIEW FORMULA

Mr. Tom McMillan (Hillsborough): Madam Speaker, my supplementary question is directed to the Minister of Finance. He does not have to see the *Toronto Star* article. It was based on documents made available by the minister himself to the provinces on Friday in anticipation of the negotiations on the economy with the premiers this coming week. In light of that, and in light of the fact also that the minister has already made one multimillion dollar error—$660 million, to be exact—in calculating the impact of his budget on provincial revenues over the next five years, is he therefore reviewing the projected impact of his new formula for equalization payments to ensure that he is not also underestimating the harm that proposal will inflict on the have-not provinces of the country? I am thinking in particular of the Atlantic provinces.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, as the hon. member knows, I had a meeting last week with the ministers of finance, and I will be meeting with them again next week. The question of equalization is very much at the fore. We have been considering the Ontario standard, which is the proposal I have made to the provinces. As a result of representations made by ministers I have made some adjustments to the Ontario standard as it was first proposed. I think we all understand fully the impact that formula will have. It will flow additional funds each year into the equalization-receiving provinces.

* * *

[*Translation*]

FEDERAL-PROVINCIAL RELATIONS

REQUEST FOR ASSURANCE QUEBEC WILL NOT LOSE SUBSIDIES

Hon. Roch La Salle (Joliette): Madam Speaker, my question is directed to the Minister of State responsible for Quebec affairs. In view of the present lack of communication between the governments in Ottawa and Quebec City, a situation that has been deplored on both sides of the House, I should like to remind the minister that, as the leader of the Liberal caucus has pointed out, Quebec might lose two subsidies—one for $11 million for the modernization of pulp and paper plants and another for $30 million for the Montreal convention centre. In the circumstances and considering the agreements that have already been finalized for some time, can the minister give us the assurance that Quebec will not lose the subsidies?

Hon. Serge Joyal (Minister of State): I wish to thank the hon. member for Joliette for his question. Regarding the subsidiary agreement signed with the government of Quebec with a view to modernizing the pulp and paper industry, I can inform the hon. member that the total envelope provides for $240 million in funds; to date, $200 million have been committed to specific projects, which leaves another $40 million. There are a number of projects on the table that could be covered by the remaining amount, but to do so, a satisfactory agreement must be reached by representatives of both governments. As for the subsidiary agreement on tourism, it is a fact that the Canadian government has offered to contribute $24 million for the convention centre. Early in December, representatives of the Quebec government informed representatives of the Government of Canada that they were willing to accept this amount which, at first, they had refused. So as far as the Montreal convention centre is concerned, we shall soon be able to announce that documents have been signed and the designated funds transferred.

The remaining aspects of the agreement on tourism which concern the ski industry and the renovation of Old Montreal are still being discussed, but to date it has been impossible to reach any agreement on specific projects.

Mr. La Salle: Madam Speaker, yesterday I was informed by a very reliable source that officials of the two departments in Quebec City are now negotiating and discussing the subsidies with their federal counterparts. At this point, could the minister give us the assurance that, contrary to the views of the hon. member for Longueuil, there is no danger that Quebec will lose the subsidies if they are not claimed before March 30. It seems that negotiations between senior officials of both governments are taking shape.

Mr. Joyal: Madam Speaker, the hon. member for Longueuil was correct in saying that a real danger exists in this respect. I mean that without immediate and close co-operation between both levels of government, Quebec may not be getting all the benefits defined in the agreements. The representative for Quebec failed to attend a federal-provincial conference on tourism held on December 10 and 11 of last year. It is clear that if Quebec had been present at this federal-provincial meeting, the funds earmarked for Old Montreal and the ski industry could have been used immediately, which unfortunately is not the case. Consequently, if the hon. member for Joliette has any influence with the Quebec government's representatives, he should make the point that co-operation is the best policy to ensure that Quebec will receive substantial economic benefits.

• (1140)

[*English*]

CANADA LABOUR CODE

PROCEDURES TO COPE WITH NUCLEAR CONTAMINATION

Mr. Rod Murphy (Churchill): Madam Speaker, my question is directed to the Minister of Labour. In the case of the Atomic Energy of Canada Ltd. spill at Tunney's Pasture there were numerous examples of lax emergency procedures, such as I shall enumerate. There was no established plan of action in the event of a spill; some workers left the dangerous area without being inspected for contamination; cleaning staff reported to work without being informed of the spill or its potential dangers; workers reported to work the next day and the area was still not decontaminated, and there were no shower facilities for women workers in the operation.

Does the minister not feel that this is yet another example of federal workers not being adequately protected by the laws of this land and by the safety procedures of government-operated facilities?

Hon. Chas. L. Caccia (Minister of Labour): Madam Speaker, the hon. member probably knows that the workers in the various buildings are protected and that a number of measures are taken by different departments. We in Labour Canada do not have jurisdiction in most of the cases the hon. member has mentioned this morning. Nevertheless, I will take his advice as notice and look into the question.

REQUEST THAT MINISTER TAKE ACTION

Mr. Rod Murphy (Churchill): That is exactly the point, Madam Speaker. We have been waiting for a number of years for the government to introduce changes to Part IV of the Canada Labour Code. This is the section which deals with occupational health and safety for workers. Is it not time that the government finally introduced this important legislation and, speaking to the ministers concerned, is it not time that we protected all federal workers under that umbrella legislation and that we made sure that no other legislation interferes? The minister admits that that is a problem at the AECL plant. He should do something about it.

Hon. Chas. L. Caccia (Minister of Labour): Madam Speaker, I have received a number of letters from all sides of the House urging the introduction of amendments to the Canada Labour Code. I hope that, when a measure is introduced, which I hope will be very soon, it will be given speedy passage by all members of the House so that we can reach the objectives that everyone has at heart, including this particular matter.

FINANCE

EFFECT OF BUDGET ON EMPLOYEES MEETING INCREASED ACCOMMODATION COSTS FOLLOWING TRANSFERS

Mr. John Gamble (York North): Madam Speaker, my question is for the Minister of Finance. One of the provisions that concerns some of my constituents with respect to the recent budget is that which amends Section 80.4(1) of the Income Tax Act relating to the non-inclusion in income of the interest element of employer-provided mortgages to employees. While that may well be regarded as one of the loopholes, the problem is that some people have moved at the request of their employer and found that accommodation in the new location was much more expensive than the accommodation they could afford at their previous residence.

Some of my constituents have found themselves in that position, and the consequence is that it will cost them at the very minimum $200 per month extra after tax as a result of the move. I wonder if the minister might consider the circumstances that relate to this amendment introduced in the budget, upon people who have been obliged to move at the request of their employer and now find themselves caught in this unfortunate position?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I understand the concerns that the hon. member has raised. Representations have been made to me on this subject. I have introduced these changes in order, in a sense, to establish a more common treatment of compensation. That is the purpose of the proposal in Section 80.4(1), as the hon. member has reminded us. However, he has asked me to consider his views, and I shall certainly do that. We will have an opportunity, as members of the House of Commons, to consider each of these proposals in detail when the tax measures come before the committee.

REQUEST THAT PROVISION AFFECTING MORTGAGES BE POSTPONED

Mr. John Gamble (York North): Madam Speaker, further to that issue I have one more question for the minister. Obviously what has happened is that taxpayers have relied upon specific provisions of the Income Tax Act which were implemented by a former Liberal government, and which this Liberal government now wishes to remove. This is equivalent to one government setting a snare and another government tripping that snare and catching the taxpayer.

I should like to ask the minister if it would not be appropriate that an arrangement be made so that the mortgages that are now in place, and implemented, as a consequence of that trap or snare set by the government, at least be permitted to go their full course before the tax provision to which the minister refers is implemented?

Mr. Nielsen: Spring the trap on the minister!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, as I said to the hon.

member, his representations will be considered, as will the representations of all members, when we are considering the bills in committee. I can certainly assure the hon. member that his particular views on this matter will be scrutinized very carefully.

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VETERANS AFFAIRS

REQUEST THAT PENSIONS BE PAID TO VICTIMS OF MULTIPLE SCLEROSIS

Mr. Doug Neil (Moose Jaw): Madam Speaker, my question is for the Minister of Veterans Affairs. The minister is probably aware that when one contracts multiple sclerosis in the Armed Forces it is not considered a disability and does not qualify for a disability pension. I understand that recently in the United States the veterans affairs administration decided to include MS as being pensionable. I wonder if the minister is prepared to give similar consideration to this, because there are a number of Armed Forces personnel who have contracted MS in the service and are not entitled to a pension.

Some hon. Members: Hear, hear!

Hon. W. Bennett Campbell (Minister of Veterans Affairs): Madam Speaker, the answer is yes.

* * *

FISHERIES

INQUIRY RESPECTING RECONSTRUCTION OF WHARF AT RIVERPORT, NOVA SCOTIA

Mr. Lloyd R. Crouse (South Shore): Madam Speaker, I wish to direct my question to the Minister of Fisheries and Oceans. On December 1, 1981, the management of Riverport Seafoods Limited informed the minister that it would commence a program of reconstruction of its plant which was destroyed by fire on September 26, 1981—which put some 600 people out of work—if the government made a commitment to reconstruct the wharf which was also destroyed by the fire. When no answer was received, this request was repeated by telex on December 22. Still no answer has been received.

Since more than four months have passed since this disastrous fire, I would ask the minister if his officials have completed their surveys of the damage and when we can expect a statement concerning the government's plans for this area.

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Madam Speaker, I am sure the hon. member can read *Hansard* if he was not in the House. Certainly I did answer very clearly that if the plant was rebuilt the facilities would be prepared to accommodate the fishermen who landed their fish and that, if the plant was not rebuilt, then of course we might be dealing with a different situation. We would look at it to ensure that fishermen had the necessary facilities in that district. But if the company has a firm plan to rebuild, and if it is not sent to me through the newspapers, then obviously that commitment will be honoured in the next fiscal year, April 1.

● (1150)

REQUEST THAT MINISTER MAKE COMMITMENT

Mr. Lloyd R. Crouse (South Shore): Madam Speaker, I have a supplementary question. I am very well aware of the minister's statement, for he made it to me in committee. He avoided my original question this morning by stating that if the company makes concrete plans the commitment will be honoured. I hope he will reread my question wherein I stated that the company has already sent him not one but two firm notices that it will rebuild, if the government makes a commitment to reconstruct the wharf. If any activity is to take place at Riverport, the company requires some lead time, since it cannot proceed unless it is certain that the wharf will be reconstructed. Will the minister make that commitment today and not roam all over the lot? Will he just make a commitment today so that management can make concrete plans to proceed with development in this area?

Mr. Nielsen: Yes or no.

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Madam Speaker, devoid of the rhetoric and the gesticulation, I would say very simply that, if a decision is made to rebuild the plant, we will have facilities to accommodate the fishermen who have to land fish.

* * *

FINANCE

REQUEST FOR MORATORIUM ON STUDENT LOAN REPAYMENTS

Mr. Laverne Lewycky (Dauphin): Madam Speaker, my question is directed to the Minister of Finance. Because the budget contains no job-creation measures for students, and since the government high interest rate policy is discouraging business investment and expansion for job creation, many recent graduates of colleges and universities are unemployed and are unable to repay their student loans. Will the minister consider placing a moratorium on student loan repayments for registered unemployed students?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I will be glad to consider the hon. member's representation on that point.

* * *

EMPLOYMENT

JOB-CREATION MEASURES FOR STUDENTS

Mr. Laverne Lewycky (Dauphin): Madam Speaker, my supplementary question is directed to the Minister of Employment and Immigration. I have with me, for example, a letter

from a frustrated job-seeking graduate who must begin her $1,800 loan repayment on February 1, 1982. What job-creation measures or help will the minister be providing for students who are registered with his department but cannot find jobs to repay loans which are coming due? Will he work toward a moratorium on loan repayments if graduates are registered with his department?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, it may be of interest to the hon. member and perhaps other hon. members of the House to know that in the current fiscal year the federal government, through its federal job-creation programs, will be providing over 100,000 direct employment jobs in the country. This is a significant contribution to keeping people, particularly young people, in the job market. As part of that program we have instituted a major summer employment program which hires people both for work in the federal public service and in a number of community projects. Furthermore, it provides placement opportunities for close to 300,000 Canadian students.

We are very aware of the need to provide for Canadian students alternative employment and summer employment. We have those programs in place. If the hon. member would check his own desk he would know that he has already received information about how he can develop projects in his constituency to help students work this summer.

Some hon. Members: Hear, hear!

* * *

AIR TRANSPORT

CANADA-UNITED STATES DISCUSSIONS ON CROSS-BORDER ROUTES

Hon. J. Robert Howie (York-Sunbury): Madam Speaker, in the absence of the Secretary of State for External Affairs I should like to direct my question to the Minister of Transport. I am sorry I could not give the minister notice; I sent it to the Secretary of State for External Affairs. My question concerns the bilateral Canada-United States air talks which are now in progress. I want to ask the minister whether, in addition to the five routes from western Canada and three from Toronto, at least one from the Atlantic provinces will be added to the list of priority routes which are now under discussion?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I regret that I cannot be specific. The discussions are ongoing, as my hon. friend said. I admit that they are quite difficult and that the negotiating parties have not yet arrived at a determination of routes. They are still debating more fundamental issues, for example, who at the moment is receiving the most from the bilateral air agreement because of charters? Are the American carriers obtaining an unfair percentage of traffic because of the scheduled routes? Canada maintains on the scheduled side that it gains less. What should be the role of cargo transportation in the agreement? In other words, we are trying to clear the basic principles. We are not yet at the distribution of routes stage. I will report to my hon. friend in due course.

IMPORTANCE OF FRESH FISH AIR FREIGHT

Hon. J. Robert Howie (York-Sunbury): Madam Speaker, I thank the minister for his answer. In his answer he touched upon the cargo feature, which is the basis of my supplementary question. With the decline of the frozen fish market and the growing increase of the fresh fish market in the United States, will the minister consider the cargo export potential for air transport of such primary products from Atlantic Canada to the United States of America, in addition to the commercial and passenger role, in defining priorities for negotiation? My advice is that the five routes which are established as priorities from western Canada and the three from Toronto are now in the course of negotiation. My concern is that the primary product in Atlantic Canada has an export potential which I would like weighted in connection with the considerations.

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I can only take the questions as notice. I will look into it with that particular regional preoccupation in mind and report to my hon. friend earlier on that subject than on the previous one.

* * *

NATIONAL CAPITAL

SITE OF NEW TAXATION DATA CENTRE

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, my question is directed to the Minister of National Revenue. Could the minister tell us whether it is still within the contemplation of the government to develop a taxation data centre in the national capital region? Is the site at the corner of Woodroffe Avenue and Baseline Road in the city of Nepean one of the sites being considered within the area for such a facility?

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, the short answer is yes, it is one of the seven taxation data centres which were considered across the country. There will be one in the Ottawa area. I can tell the hon. member that that is one of the sites being considered, but I must also say that it is not the only one. We have not finalized the site at this time.

DATE OF ANNOUNCEMENT

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, it does not surprise me at all that the government might be considering other sites. Is it within the contemplation of the government that a decision might be made in the near future? I do not want to tie the minister down, but might it be made within 1982?

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, the item must go through the regular government process. We will try to advance it as quickly as possible. It depends on the available funds, Public Works programming, and so on, but it is my intention to advance it as quickly as possible. Hopefully we will see some start this spring.

* * *

AIRPORTS

GUIDELINES GOVERNING FUNDING

Hon. Bud Cullen (Sarnia-Lambton): Madam Speaker, my question is directed to the Minister of Transport. Given that there are some 1,000 airports in Canada, I am sure we all welcome the brochure which crossed our desks indicating that funding will be available if particular standards are met with respect to obtaining help. However, as the minister knows, representations have already been made by some airports across Canada, and some commitments have been made. Will those commitments be carried through, notwithstanding the new policy of meeting these particular guidelines?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I am not too sure to which program my hon. friend is referring, because we have many programs for airport construction.

Mr. Jarvis: It was just placed on our desks yesterday.

Mr. Nielsen: Don't you know what you send out?

Mr. Pepin: I am particularly aware of the situation in Sarnia. If the hon. member has in mind his particular regional airport, I want to assure him that progress is being made and that I have that particular subject very much in mind. I agree with him that the Sarnia airport is not at par in relation to the importance of the city and the area in the Canadian economy.

* * *

[*Translation*]

NATIONAL DEFENCE

THE "HUDSON TRANSPORT" SHIPWRECK—ABSENCE OF RESCUE HELICOPTERS IN QUEBEC

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, my question is directed to the Minister of National Defence. Considering the inexcusable loss of Canadian lives when a Canadian ship, the *Hudson Transport*, sank in the Gulf of St. Lawrence on December 25 of last year, and the fact that these people could have been saved if a rescue helicopter had been on duty in the province of Quebec, either on the north or south shore, could the minister inform the House why that was not the case?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, the *Hudson Transport* incident on the St. Lawrence occurred just off the south shore of the St. Lawrence. At the present time, the Department of Transport and my own department are carrying out a joint investigation to find out exactly what caused the incident in which a number of people lost their lives. I would rather not comment on what has been said in the press or elsewhere. I prefer to wait until the investigators publish their findings and we shall then be able to see whether any negligence was involved or there were situations that could perhaps be corrected in the future.

REQUEST THAT EFFICIENT PROTECTION MEASURES BE ADOPTED IN MERCHANT MARINE

Mr. Donald W. Munro (Esquimalt-Saanich): I have a supplementary question, Madam Speaker.

In view of the absence altogether of rescue helicopters in the province of Quebec, I wonder whether the minister could inform the parties concerned, including the seamen and other parties, that the situation will be remedied as soon as possible so as to provide merchant seamen with more effective protection in the Gulf?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, without wishing to anticipate the conclusions of the investigation, I feel that as far as I am able to judge, there have been no deficiencies in this respect. I do not believe that having a helicopter on duty on the south shore could have prevented the loss of life that occurred in this case. However, before making any kind of judgment in this respect, I would much rather wait until the conclusions of the investigation are available.

* * *

• (1200)

[*English*]

PETITIONS

MR. McKNIGHT—HERD MAINTENANCE ASSISTANCE PROGRAM

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table the one hundred and seventy-second report of the Clerk of Petitions stating that he has examined the petition presented by the hon. member for Kindersley-Lloydminster (Mr. McKnight) on Thursday, January 28, 1982, and finds that it meets the requirements of the Standing Orders as to form.

PRIVILEGE

MR. McMILLAN—ALLEGED MISUSE OF HOUSE OF COMMONS FACILITIES

Mr. Tom McMillan (Hillsborough): Madam Speaker, I have a question of privilege that arises from the Oral Question Period this morning. I hope you will hear me out; I am not trying to engage in debate. My question of privilege has to do with the misuse of House of Commons facilities by members on the government side. It relates to the fundamentals on which the House of Commons must operate in order to maintain its integrity in the eyes of the Canadian people.

Very briefly, my questions this morning related to documents released on Friday to the provinces by the Department of Finance in anticipation of the federal-provincial negotiations that will be under way this coming week on the economy. Those documents make very clear that the federal government's figures in the budget of November 12, 1981, will have the net effect of slashing provincial revenues over the next five years by $4.5 billion. In contrast with the slash in provincial revenues mentioned in the budget itself, namely, $1.9 billion, the minister revised his figures because of incompetence and an error—

Madam Speaker: Order, please.

Mr. McMillan: Madam Speaker—

Madam Speaker: Order. No argument, please. It is quite obvious to me that this might be a marvellous matter for debate, but it is certainly not a question of privilege.

Mr. Clark: Hear him out, Madam Speaker.

Madam Speaker: I am sorry, but it is quite obvious that the hon. member is discussing a document. It is a marvellous subject for debate but it is not a question of privilege.

Mr. Clark: You cannot judge that yet.

MR. BOSLEY—RELEASE OF INFORMATION RESPECTING BUDGET

Mr. John Bosley (Don Valley West): Madam Speaker, I rise on a question of privilege. I recognize the importance of privilege and therefore I rise at the earliest possible moment to bring to the attention of the House a matter that I believe deeply affects members' privileges. It relates to the budget. It is a separate matter, Madam Speaker.

All members of the House have found it virtually impossible to sell Canadians the virtue of the budget, and if there is a way to sell the budget that was adopted by this House and which forms House policy, I believe—

Madam Speaker: Order, please. I am sorry to interrupt the hon. member.

Mr. Bosley: Madam Speaker, this is information that affects Members of Parliament.

Madam Speaker: I am sorry to interrupt the hon. member. I would like to know whether his question of privilege flows from today's question period or whether it is a question of privilege that he is bringing forth about a matter that occurred to him some time before.

Mr. Bosley: Madam Speaker, my question of privilege relates to information that was provided to me within the last hour relating to the budget. I have no alternative but to present it to you and ask you whether you will consider it.

Madam Speaker: Order, please.

Mr. Bosley: Madam Speaker, I think there is information being circulated—

Madam Speaker: Order, please. Will the hon. member please resume his seat. I need some information and therefore I need to ask a question of the hon. member. Is he raising a question of privilege that flows immediately from the deliberations that we had in this House this morning? I must tell the hon. member that if he has a question of privilege relating to something else, then he does have to give me notice and I will hear him on Monday. However, if this question of privilege arose directly from deliberations or a statement made in this House in the course of today's question period, I can hear him now, otherwise I cannot.

Mr. Bosley: Yes, Madam Speaker, it does relate to information presented in question period today.

Information provided by the government in my view should be provided to all members. This is the privilege of all members. I am speaking about information which the Minister of Finance (Mr. MacEachen) produced with regard to the budget during question period today. If members are to deal with the matter adequately, whatever information the minister produces and uses during question period to deal with the budget should be provided to all members.

My question of privilege is as follows. It has come to my attention that the Liberal government last evening held a school for Liberal backbenchers in an attempt to teach them how to sell the unsellable to Canadians. The example of the quality of that school today occurred when the Minister of Finance pretended that a cut from $500 to $200 in a tax credit is a decrease in tax—

Some hon. Members: Oh, oh!

Mr. MacEachen: Sit down.

Some hon. Members: Order.

Madam Speaker: Order, please. It seems that if the Chair does not get up to interrupt the hon. member and tell him he does not have a question of privilege, somebody else will. I am afraid that the hon. member has no question of privilege. He recognizes that he is engaging in debate. That is perfectly legitimate, but not at this time.

MR. McMILLAN—ALLEGED MISUSE OF HOUSE OF COMMONS FACILITIES

Hon. Erik Nielsen (Yukon): Madam Speaker, I am rather concerned about the manner in which the hon. member for Hillsborough (Mr. McMillan) was unable to develop the question he wished to place before the Chair. I did not know that he was going to raise this question. Obviously, it arose from proceedings during question period. I was anticipating that it might be based on the fact that the minister supplied certain information to the provinces which has been published in one of the more prominent Toronto papers with respect to the changes the minister intends to put to the provincial ministers. That information is now in the public domain.

It may be that is the basis for the hon. member's question of privilege. But with great respect to the Chair and without any reflection on the Chair, I was waiting for that aspect to be developed. If that is the basis, then the provision of such information to Members of Parliament, as well as to the other recipients who have it in their possession, indeed would form the basis of at least the submission of an argument for the Chair to consider as a question of privilege. This is particularly so in light of the continued questioning which took place this week on budgetary matters on opposition day last Tuesday, which will no doubt continue on the opposition day coming up next week. In other words, the current interest and the current questioning of the government on budgetary measures has been the constant attention of members of this House.

I was waiting for the hon. member to state as the basis for his question of privilege that the government had provided information to others but not to Members of Parliament, which information was published in one of the more prominent newspapers in Toronto. If that is the basis of his question, I would suggest that the Chair might wish to hear the hon. member out in order that we can determine whether the Chair might wish to hear others on the subject.

Madam Speaker: The hon. member is confirming the ruling that I have just made. I did understand the basis of the question of privilege to be exactly what the hon. member has stated.

• (1210)

I am sure the hon. member knows that the fact the government issues information to certain bodies and not to others is not the basis for a question of privilege. The government sometimes issues information to their own caucus, to all members of the House, sometimes to the premiers of the different provinces. The way in which the government administers its affairs might be a marvellous subject for debate; indeed it has often been debated in the House and probed in question period as to why this kind of information has not been disseminated universally. These debates take place constantly in the House, as they should, but they do not form the basis of a question of privilege.

I am afraid I have acquired a lot of experience in dealing with questions of privilege. Members will, I think, want to reflect on the fact that, in the course of the time I have been in the chair, I have only had to consider one question of privilege, brought up, I think, by an hon. member on this side of the House and resolved before I had time to rule on it, which was founded. So I would say, and I will bring out the statistics, that the overwhelming majority of the questions of privilege I have heard were not founded. This one, taking into account the statements of the hon. member for Hillsborough and the hon. member for Yukon's confirmation of his understanding of what the hon. member said, leads me to insist that indeed, I am sorry, the hon. member does not have a question of privilege.

Mr. Nielsen: Madam Speaker, with great respect, that was not the point of my rising. I do not know, because we did not hear enough, what the hon. member for Hillsborough was basing his question of privilege on. When I rose to speak in the first instance I said that I did not know what foundation he was laying. I do not know yet what his question is going to be. My point is, with the greatest respect for the Chair, that enough has to be heard by members and the Chair—

Mr. Collenette: We heard it.

Mr. Nielsen: Well, if the ex-parliamentary secretary to the President of the Privy Council would hear me out, he would understand this is an entirely different question. I do not want to engage in debate; I wish to point out emphatically and as clearly as I can, Madam Speaker, that we at least as members, and you as the occupant of the chair, are entitled to hear sufficient in order to determine what the hon. member's question is. I say to you in all sincerity and honesty that I hypothesized that it might be what I submitted to you, but I do not know. Surely, Madam Speaker, we should know in a brief statement—

Mr. Collenette: You are not the Speaker.

Mr. Nielsen: I wish you would shut that jackal up, Madam Speaker.

Mr. Paproski: Jackass, not jackal.

Mr. Nielsen: We should at least hear enough to know what the foundation is—one or two or three sentences, the member can do it—so we know his argument. I do not know what it is.

Madam Speaker: Well, it was clear to me when the hon. member made his statement what formed the basis of his question of privilege, and on that basis I ruled it out. Now, that is within my discretion. I think it has to be accepted or else very formally challenged.

If the hon. member feels that he is not satisfied with my ruling, I would like him to give me in writing in my office the further arguments and elaboration on this question of privilege that he wanted to make today. I will read them there and I am certain I will not reach a different conclusion. On the basis of the argument that he made in his first sentences, I ruled that he did not have a question of privilege, and it is on that basis that I make all my rulings in this House.

Some hon. Members: Hear, hear!

S.O. 26

Mr. McMillan: Madam Speaker, I will, as you have suggested, write down my question of privilege in a way that I have not been allowed to elaborate in this House. The opposition House leader said he did not hear enough of my argument to know what in fact it was. He admitted that he was ignorant of my question of privilege and proffered a guess as to what I had in mind. The very fact that his guess was dead wrong, even if it conformed with your understanding of my question of privilege, confirms and corroborates the argument he was making that I was not given enough time to present to this House my question of privilege—

Madam Speaker: Order, please. I will receive the hon. member's arguments, but it is on the understanding that it will not come back for discussion in the House. This is just a test we will be making between the two of us. The ruling is there and I have to stand by it.

ROUTINE PROCEEDINGS

[*English*]

PETITION

MR. ROSE—MANUFACTURE OF NUCLEAR WEAPONS—WORLD DISARMAMENT

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, I rise to present a petition signed by nearly 450 students from Port Coquitlam secondary school in the province of British Columbia protesting Canadian involvement in the manufacture of new nuclear weapons. The students support their position by citing the devastation a nuclear war would inflict and the futility of civil defence capacity to deal with the resulting injury, death and destruction. Further, the students call upon the government to support vigorously the UN in its efforts to bring about world disarmament.

MOTION TO ADJOURN UNDER S.O. 26

[*English*]

NATIONAL REVENUE

DEDUCTION OF TAX WITHOUT LEGISLATIVE AUTHORITY

Madam Speaker: The hon. member for Hamilton Mountain (Mr. Deans) has given notice of his intention to move the adjournment of the House under the provisions of Standing Order 26, and I would hear a brief statement from him.

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I move, seconded by the hon. member for Broadview-Greenwood (Mr. Rae), under Standing Order 26, that the House do now adjourn for the purpose of discussing a matter of urgent and pressing necessity, namely, that the Ministry of National Revenue is counselling employers in this country to deduct income tax from the wages of employees for which no legislative authority has been sought or given. The collection of the said tax by these employers under the circumstances outlined may be placing them in a legally indefensible position.

Madam Speaker: I have received notice of and looked at the statement the hon. member has just made. It must be understood that the Speaker's only duty is to determine if the request for an immediate debate meets the requirements of Standing Order 26, in that it is imperative that the matter be debated right away and the daily business of the House set aside.

One condition for such a debate, as enumerated under Standing Order 26(16), is that:

The matter proposed for discussion must relate to a genuine emergency, calling for immediate and urgent consideration;—

● (1220)

In his written statement, the hon. member for Hamilton Mountain, in my view, has not established that clearly and precisely. He has not established that there was a genuine emergency when he said, and I am using his words:

The collection of the said tax by these employers . . . may be—

I emphasize the words "may be".

—placing them in a legally indefensible position.

The matter which the hon. member brings before the House is an important one which probably ought to be debated at some time; but I cannot see my way clear to set aside the business of the House in order to allow it to be debated under the provisions of Standing Order 26. Therefore, I regret that I must reject the hon. member's application.

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QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 2,758, 2,770, 2,771 and 3,536.

[*Text*]

FOOD AND BEVERAGE MANAGER FOR NAC

Question No. 2,758—**Mr. Cossitt:**

1. Was Mr. Hal Gethings at any time employed as food and beverage manager for the National Arts Centre and, if so (a) was he appointed subsequent to a recommendation by the Auditor General concerning the operation of restaurant facilities at the Arts Centre (b) did restaurant and beverage operations move from a deficit to a profit under Mr. Gethings?

2. Was Mr. Gethings visited by Mr. Don Marriott and was Mr. Gethings confronted with a letter already prepared for him to sign in which he was to resign from the Arts Centre staff and, if so (a) what was the date of the visit (b) did Mr. Gethings refuse to give his resignation and was he subsequently offered seven months' salary to resign?

3. (a) Did Mr. Gethings resign (b) was Mr. Marriott appointed Director of Restaurants and Catering of the Arts Centre and, if so, on what date?

Mr. Jack Masters (Parliamentary Secretary to Minister of Communications): I am informed by the National Arts Centre as follows:

1. Mr. Hal Gethings has been employed by the National Arts Centre as Manager, Catering and Restaurants.

(a) Pursuant to a recommendation by the Auditor General, the National Arts Centre created the position of "Manager, Catering and Restaurants"; Mr. Gethings was engaged to fill the position.

(b) During the term of Mr. Gethings' employment, under the direct supervision of the Director of Operations, Mr. Christian Gurney, the Restaurants and Catering Department showed a book surplus in the last two of the three fiscal years which terminated during this period, whereas in the previous years of operation the department had shown a book surplus in only one fiscal year (1971-72).

2. No.

3. (a) Yes.

(b) Mr. Marriott was appointed Director of Restaurants and Catering for the National Arts Centre on April 1, 1979.

NAC—GRIEVANCES OF EMPLOYEES

Question No. 2,770—**Mr. Cossitt:**

Were grievances submitted by employees of the National Arts Centre, including those working under the direction or control of Mr. Donald Marriott, Director of Restaurants and Catering, since Mr. Marriott assumed that position and, if so (a) how many and how many concerned Mr. Marriott directly or indirectly (b) were complaints received at any time about harassment of employees by Mr. Marriott?

Mr. Jack Masters (Parliamentary Secretary to Minister of Communications): I am informed by the National Arts Centre as follows: Yes.

(a) and (b) Forty-one grievances have been submitted of which 21 relate to the department for which Mr. Marriott is responsible; further details of these complaints would be considered internal, personal and confidential information.

SCULPTURE AT NATIONAL ARTS CENTRE

Question No. 2,771—**Mr. Cossitt:**

1. Was a camel sculpture ordered under the direction of Mr. Donald Marriott, Director of Restaurants and Catering, for a wine bar at the National Arts Centre and, if so (a) at what cost (b) did his superiors consider it tasteless and not usable?

2. Was it disposed of and, if so, what are all the details?

Mr. Jack Masters (Parliamentary Secretary to Minister of Communications): I am informed by the National Arts Centre as follows:

1. Yes. (a) $300. (b) No.

2. The sculpture was used as part of a promotional scheme for a wine bar called "The Oasis" and later donated to the Children's Hospital of Eastern Ontario by the NAC staff who contributed $171 toward its cost. The remainder of the original cost was charged to promotion.

TELEPHONE LINE FROM BROCKVILLE

Question No. 3,536—**Mr. Cossitt:**

What is a list of all persons, departments, etc. that have access to the use of the government-leased telephone line 345-0001, from Brockville in the constituency of Leeds-Grenville, other than the Member of Parliament for the constituency?

Mr. Jack Masters (Parliamentary Secretary to Minister of Communications): In so far as the Department of Communications is concerned, the reply to the above question is as follows: The Brockville telephone number 345-0001 is an access number to the government Brockville-Ottawa intercity facilities. As such, after dialing 345-0001, any holder of an appropriate authorization call code can obtain usage of the government network.

[*English*]

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

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

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

CANAGREX ACT

MEASURE TO ESTABLISH

The House resumed, from Wednesday, January 27, consideration of the motion of Mr. Whelan that Bill C-85 to establish a corporation called Canagrex to promote, facilitate and engage in the export of agricultural and food products from Canada, be read the second time and referred to the Standing Committee on Agriculture.

Mr. Doug Neil (Moose Jaw): Mr. Speaker, on Wednesday I had the opportunity to make a few comments with respect to this bill. I understand that I have about 36 minutes left in which to make my remarks.

Last Wednesday the Minister of Supply and Services (Mr. Blais) attempted to table a statement in this House listing the accomplishments of the Minister of Agriculture (Mr. Whelan). He said there were some 50 items on the list. I suggest that if the minister's list of accomplishments were so lengthy, the farming community would be shouting from the rooftops, "How great thou art, Mr. Minister". However, I have not heard the farming community shouting such exhorta-

tions; it will not, because the agricultural community in Canada is in very serious trouble.

There is nothing at all in the budget to help alleviate the situation. Of course, the Minister of Agriculture will say that there are some changes in the Farm Credit Corporation Act which will provide $50 million for those farmers and producers who are in trouble. That $50 million is only a drop in the bucket.

The Minister of Agriculture and the Minister of Finance (Mr. MacEachen) will suggest that the changes to provide for the Small Business Development Bond are such that they will help those farmers who are in trouble; but the banks are simply not lending on the Small Business Development Bond because the terms set down by this government are such that a borrower must be in serious financial difficulty. There is no government guarantee on a small business development bond and, for that reason, the banks look at the borrower, the individual who is in trouble, and treat the individual in the same manner as they would any other borrower. If he is in financial difficulty, and the chances are that he will be unable to pay the loan, he cannot benefit from that bond.

Why is agriculture in trouble? First of all, it is in trouble because of the high interest rates created by this government. Even the Farm Credit Corporation rate of 16.75 per cent is an unbearable burden. The bank rates, of course, are higher than 16.75 per cent. They are in the neighbourhood of 20 per cent, 21 per cent or 22 per cent.

What does this mean to the farmer? It means that if a farmer is buying land at, say, $1,000 an acre, which is not an unusual or unrealistic price as much land in the prairies is being sold for more than $1,000 an acre, and with the Farm Credit Corporation interest rate of 16.75 per cent, this farmer will have to pay $167.50 a year in interest on each acre. Most farmers in the west, because of climatic conditions, operate their farms on a two-year rotation: one year of summerfallow and one year of crop. In other words, one must produce a sufficient amount on one acre to pay the interest on two acres. Therefore, at 16.75 per cent interest, one must produce $335 on one acre to pay the interest on two acres. If one relates that to the price of grain today, which is approximately $6 a bushel, that means that one must produce 50 bushels to the acre in order to pay the interest costs.

However, on top of one's interest costs, one must pay back part of the capital. Where does that come from? Then, of course, one has input costs. Input costs and interest rates are killing the farmer today. Over the Christmas holidays, I spoke to a farmer who farms north of Moose Jaw. He told me that without taking fertilizer and crop sprays into consideration, his input costs are over $50 an acre. He must produce almost another ten bushels to the acre to pay the input costs, and these input costs are going up.

What will happen to the farmer? What will happen is that, as a result of the budget, we will see the end of the family farm. The budget will sound its death knell. Under the budget provisions, with the elimination of the IAACs, the elimination of the reserve provisions and the requirement to pay the capital gains tax up front, I suggest there will be a situation where the family farm will not and cannot be passed on in the family. The result will be that there will be cash sales only. Who will be able to buy this land if the cost of interest and the input costs are such that one cannot produce a sufficient amount to pay the price of the land? I suggest that the only way the land can be sold will be to the land bank, to the government or to large corporations.

Mr. Baker (Nepean-Carleton): It certainly won't be to a farmer.

Mr. Neil: That is right. If the land ends up in the land bank or in the hands of the government, we will have a country of tenant farmers.

Mr. Munro (Esquimalt-Saanich): Communes.

Mr. Neil: Or communes, as my colleague said. I think the Minister of Agriculture and his colleagues would like to see this happen, because over the years the minister has spent a great deal of time discussing and promoting supply management. If farmers in Saskatchewan, for example, become tenants of the government and the land bank, it will be no problem for the state to control production, supply, price or the selling of these products.

● (1230)

Canagrex would be an ideal vehicle for the minister under these circumstances. Let us look at Clause 14 of the bill. It is fairly lengthy. The clause sets out the powers of the corporation. I quote 14(1):

> Canagrex is established for the purposes of promoting, facilitating and engaging in the export of agricultural products and services and food products and services from Canada to other countries by means of the financial and other powers provided in this act, and for such purposes Canagrex may
>
> (a) purchase agricultural products and food products and package, process, store, ship, insure, import, export or sell or otherwise dispose of products purchased by it;

It is not a selling agency. It can do almost anything. It can enter into joint ventures with individuals or corporations. Subclause (g) states that Canagrex can:

> —purchase, lease or otherwise acquire and hold real and personal property—

Is that clause in the bill for the purpose of giving the government the power to acquire farm land when the farmer cannot pass it on to his family? Is that what it is for? I thought Canagrex was a selling agency to facilitate the selling of agricultural products, but it is wide open. This is unbelievable. It can get involved as a corporation in every aspect of agriculture.

There is a pattern emerging, one which started to emerge in 1968 when the Prime Minister (Mr. Trudeau) took office. Since that time there has been a move away from the free enterprise system, a system which the Liberal Party espoused in those days. It was a system which was serving us well.

I thought that in the years following 1968 we were being led toward a socialist system, but recently I have had serious doubts. What is happening is we are moving toward an elitist

system of government, a system of strict government control. This bill is one of the aspects of this government control. Is it a nationalist-socialist system or a move toward the fascist state? I think members opposite would be wise to sit down and consider what is happening in their party and what is happening to our country.

I notice some smiles on the other side. All one has to do if one is pondering what is happening is to consider the Charter of Rights and Freedoms. The Charter of Rights and Freedoms, which was passed by resolution in this House and which is now in England, provides for freedom of speech, freedom of religion and freedom of the press. The hon. member across the way nods. If he reads further in the Charter of Rights and Freedoms, he will find that the federal government and every provincial government in the country can take away our freedom of speech, freedom of religion and freedom of the press.

Mr. Cousineau: What does that have to do with this bill?

Mr. Neil: I suggest this is part of the pattern and design that is taking place. It is the government which passes orders in council and in the event of an emergency, whether there is war or not, allows the release of prisoners and provides for the operation of civilian internment camps.

Let us look at the pattern that is evolving. I suggest the man at the helm knows, but at the moment the passengers on the mythical boat which the Prime Minister spoke about several years ago do not know on what shore they will land.

In May, 1976, a well-known figure in the agricultural field, Alf Presber, prepared a paper with respect to marketing. I have a copy of it. It is entitled "Summary of a Proposal for a Foreign Agricultural Marketing Service in Canada". He lists the objectives. I gather he was concerned about the fact that there had been a splinter approach developing with respect to sales of agricultural products in our country. The provinces were involved and the federal government was involved. He felt a program should be developed to deal with the situation. He suggested a foreign agricultural marketing service for Canada which would be made up of a few key individuals. I will summarize the terms of reference. I quote:

(a) To bring about effective contact between the Canadian seller of agricultural commodities and prospective foreign buyers—

(b) To initiate sales and sales promotion projects as a co-operative effort between the Canadian seller, industry in general, trade and government(s)—

(c) To attract foreign agricultural processing technique and... foreign investment into Canadian agriculture;

(d) to ascertain and to report in the fastest possible way, if necessary directly to Canadian sales organizations, on marketing opportunities for Canadian primary and processed agricultural products;

(e) To specialize in the analysis of existing tariff and trade barriers and to search out ways to overcome such barriers;

He saw that this little group of key individuals stationed in various parts of the world with their finger on the pulse could report directly to the Department of Agriculture. He envisaged that eventually there would be a corporation set up like Canagrex to carry out these sales. He said and I quote:

The overriding purposes of the foreign agricultural marketing service in Canada is sales—

As far as I am concerned, Canagrex as a corporation should be concerned directly in sales, in co-ordinating sales with foreign governments and the industry in Canada.

● (1240)

I note, Mr. Speaker, that a few days ago there was an article in *The Globe and Mail*, on January 27, written by Kevin Cox. The headline read "Public misled on export plan, agriculture officials tell Ottawa." I will read one or two excerpts from that article. Mr. Cox writes:

The federal Agriculture Department has been accused of misleading the public into thinking there is widespread support for a proposed national agricultural export company.

Agricultural marketing officials from eight provinces have recommended the federal government abandon its plan for the export firm, Canagrex, saying the country lacks the personnel and the finances for such a venture.

It goes on to say that:

The controversy is complicated by the fact that the provincial ministers of agriculture say they support the Canagrex plan, even while in many cases their own marketing directors oppose it.

The article goes on to quote the marketing directors as saying that "State trading is not a general practice in developed countries and is not acceptable to most Canadians." This is the reason the Minister of Agriculture puts forward for Canagrex. He says that we need state to state trading. However, this group involved in agricultural marketing says that is not so.

It is interesting to note that the article goes on to say that Saskatchewan also supported the critique which was in opposition to the government's proposed program of Canagrex, "—fearing that Canagrex might displace provincial marketing boards which export pork and other products."

It seems to me that the critique expresses the concern of Mr. Presber, who said that the sales programs have been splintered because of provincial and federal involvement. It seems to me that effective selling requires the co-operation of the federal and provincial departments of agriculture, the producer and private business with the necessary leadership to bring these groups together, a leadership which the present Minister of Agriculture has not shown.

I suggest that while the basic concept of this bill is sound, namely, a Crown corporation which would fill in the gap where necessary to encourage or make sales which would not otherwise be made, the bill as it now stands is too all-encompassing. The reason for this is that the name of the game should be sales. It should not be processing, it should not be packaging. The agency should not be involved in joint ventures or the acquiring of land for the purpose of leasing it out. It should deal with sales.

I suggest to you, Mr. Speaker, that when this bill goes to committee it should be given substantial consideration. The committee should be able to have before it as witnesses provincial representatives to give the provincial viewpoint, industrial representatives to give their views and the Minister

of Agriculture should be prepared to accept proposals for amendments, setting aside politics, so that this bill can be effective.

This is not what generally happens in committee or in the House. No matter how valid a suggestion for an amendment may be, when presented by a member of the opposition it is ruled out because the person submitting the amendment or making the suggestion might gain some political points.

I think that the minister was elated when an amendment I proposed before Christmas to include lamb in the meat import bill was ruled out of order on the basis that lamb was not meat.

Mr. Jarvis: It is fish.

Mr. Neil: It is my hope, Mr. Speaker, that this time around the minister is big enough—and I do not mean physically—to accept recommendations not only from provincial or private industry representatives, but from opposition and individual Members of Parliament, regardless of their political affiliation. It is my hope that if an individual Member of Parliament proposes an amendment which will effectively improve the bill, the minister will be man enough to accept that amendment. As far as I am concerned, the problems faced by the agricultural industry today are far beyond party politics. Unless there is co-operation between parties, unless there is co-operation between governments, we will not solve the problems which are facing us today. I know that all the producers in western Canada, as well as I, do not want to end up in a situation in which the government owns all the land and the producers are tenant farmers.

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I wish to say a few words on this bill to establish an agricultural exporting agency, Bill C-85.

At the outset, I want to say that the establishment of an agency such as this is a measure which our party supports and has urged for a long time. Canada should have a corporation that is involved solely with the promotion and export of agricultural products around the world.

My only concern is that too often an excellent proposal for a program in this country is spoiled by the people or the agency running it. It is important that we analyse the bill before us very carefully to ensure that the agency which is created is not destroyed by some bureaucrats who have no idea how to operate the agricultural economy of this country. I suggest that we try to democratize the people that run the agency as much as possible from the beginning, to make it a truly federal exporting agency. It should not be run solely by the federal government and its bureaucrats in Agriculture Canada.

For example, Clause 3 provides for a board of directors made up of a chairman, vice-chairman, president and eight other members. I suggest we should look into the possibility of amending Clause 3 which states that the federal government alone shall appoint the eight directors who will run the agency, to include a written guarantee that some of those directors shall come from the agricultural community, the farmers themselves. The Board should include some members from private industry, and some from the federal government, of course, because that is important. Incidentally, I would point out to the hon. member for Moose Jaw (Mr. Neil) that not only private industry but many agencies are involved in agriculture, such as Intercontinental Packers Limited in Saskatchewan which are publicly owned. They should also play a role in the direction of the board.

• (1250)

There should also be representatives of the provinces on the board. Under our Constitution the federal and provincial governments have concurrent jurisdiction over agriculture. It has been that way since 1867, and when we set up an agency to export our agricultural products, we must reflect that reality in the agency. Because if we do not, we may have some conflict with the many dozens of provincial marketing boards which exist in each and every single province of this great country of ours.

My first suggestion is that the directors come from four different groups. There should be federal government appointees, provincial government appointees and representatives of producers and the industry, so that we have an agency that is truly federative, truly national and truly reflective of the reality of our country and of agriculture in the country.

I think it is appropriate that the agency have the powers it is being given. The hon. member for Moose Jaw was concerned about the extensive powers of the export agency. He referred to the powers of the agency respecting entering into joint ventures, signing contracts, storing products and so forth. Those powers are very extensive but I think the agency needs them. We are dealing in a highly competitive world today. Other export agencies and state agencies in other countries make sure that their exporters have the power and flexibility they need to make decisions so that they do not have to come back to their parliaments time and time again because circumstances change and are different for various agricultural products. However, in the exercise of the powers of this agency it is important that the directors operating the agency know what powers to use and how to use them, and that they use them in the interests of the farmers and the agricultural business of this country. Those powers should not be exercised solely by a few bureaucrats centrally located in Ottawa who are not sensitive to the agricultural community.

In terms of financing, I think $12.3 million for three years is probably less than the agency should have, but at least it is a start on something which is a very good idea.

In terms of the production of agricultural products, we in this country have a long way to go. We must examine the basic facts. About 40 per cent to 45 per cent of our agricultural goods are produced for export. Most of our exports are grain and oil seeds from western Canada. In 1980 we exported some $8 billion worth of food and agricultural products from Canada and imported some $5 billion worth of agricultural products and food. One of the tragedies associated with imports into this country is that many of the products we

import are products we could be producing right here. We could be providing jobs for farmers, income for Canadians, support for the Canadian dollar and jobs for workers in processing the foods we could be growing right here in this country.

One of the tragedies associated with our agricultural exports is the same tragedy associated with other exports such as oil and energy. The hon. member for Vancouver-Kingsway (Mr. Waddell) talked about this. We tend to export unprocessed basic raw materials. I will give one example. We produce pork in huge factory-like processes and export it *en masse* from Canada. This provides very little real economic benefit and few jobs. We should be processing more food products. We should be processing labour-intensive products. This would help solve the unemployment problem we have.

I do not have current statistics on the production of food in Canada, but much research has been undertaken by Agriculture Canada, by *GATT-Fly*, by churches and by other organizations. If we do not smarten up, by the end of this century Canada will be a net importer of food. We will not be able to feed ourselves. In a country with a small population but a large geographic area, I think that is a crime in the twentieth century.

The Ontario Federation of Agriculture said the other day that about 26 acres of farm land goes out of production in the province of Ontario every day. The hon. member for Spadina (Mr. Heap) is very familiar with what has happened in the Niagara region of Ontario, where farm land has been paved over for city suburbs, freeways, hydro lines and parks. Those developments could be undertaken a few miles away from good agricultural land, on land which cannot be used for agricultural purposes.

According to statistics we are no longer self-sufficient in many products in which we were self-sufficient in the past. Many fruits once grown in Ontario are no longer produced here but are imported from the United States and other countries around the world. There have been massive losses in the peach industry, the grape industry, the apricot industry, the pear industry, the plum industry and the vegetable industry. This is happening not only in Ontario but also in the provinces of Quebec, British Columbia and other provinces. We now produce only 18 per cent of the peaches we eat in Canada. At one time we produced the majority of peaches consumed here.

In conjunction with the export agency we are establishing, we should be looking to a national agricultural plan and the kinds of products we could be producing but are not producing in Canada. There are specialty crops we should be producing right across the country. On the prairies we could be producing for export much larger volumes of peas and faba beans. These could be exported to many countries around the world. In British Columbia we could be producing much larger volumes of fruits and vegetables. In Ontario and Quebec we could be producing and exporting more maple syrup. A few days ago one of the members of this House from Quebec spoke in the House about the export potential for maple syrup that there is in many countries around the world. The northeastern part of the United States is probably getting some of the markets we could have. This is a job for the new export agency we are setting up. It should try to promote some of these specialty crops. We should look at the possibility of producing more mushrooms and aflatoxin-free peanuts in this country. There are cole crops in the maritimes. Some other crops are potatoes and seed potatoes. We produce specialty cattle, purebred cattle and chickens. There are all kinds of animals and livestock we could be producing and exporting to other countries around the world. I think it is important that the board of directors and the people who run the export agency are aware that they have to get out there and be aggressive and devise—along with the Parliament of Canada and the provinces—a national agricultural plan so that we can do just that.

I want to sound one note of caution. I hope the new export agency we are setting up will not try to do what our friend Jack Horner did a few years ago, and that is to export infant feeding formulas to the Third World or South America. I do not think that is the job of an export agency of this kind. It is not the job of an export agency to try to set up huge bakeries in places like Tanzania, which we have done in the past, so that they will import Canadian wheat and put local people out of work. The job of an export agency is to make sure that when we export something to other countries, especially the developing countries of the Third World, we help those countries to help themselves become self-sufficient. We should give them some of the technology they need. We should not destroy their local markets. We should not be importing products from their best farm land which are not necessary for consumption in this country. Time and time again we have imported from countries in Africa and South America crops like peanuts, tobacco and cotton produced on the best farm land in the Third World, while the people living right next door are going hungry and dying of starvation and malnutrition. We must make sure our export agency is sensitive to some of the problems of the developing world and that we do not repeat some of the historical mistakes of this government and other governments.

I see that it is one o'clock. Perhaps I could resume at two o'clock.

The Acting Speaker (Mr. Blaker): It being one o'clock, I do now leave the chair until 2.00 p.m.

At one o'clock the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

Mr. Nystrom: Mr. Speaker, I should like to take a few more minutes to deal with this bill. Some hon. members have expressed concern about farm size and about farm land disappearing in this country. I have in front of me a copy of the *GATT-Fly* magazine issued a few years ago. That organiza-

tion did a fair amount of research into the problem of diminishing farm land, the fact that farms are becoming larger and larger and that as a consequence there are fewer of them.

In 1951 the average farm size in this country was 113 hectares and in 1971 it was 188 hectares, which is an increase of 66 per cent.

Mr. Mitges: How big is a hectare?

Mr. Nystrom: A hectare, for the information of the Conservative member, is about 2.5 acres. I do not have the statistics for 1982 but we have a similar projection which shows that the size of the farms have jumped by a corresponding 40 per cent, 50 per cent or 60 per cent.

As we make advances in technology and agriculture, I suppose it is normal that the size of farms will increase. As a farm boy from the prairies, however, I know that many farms are far too large at the present time. In many cases this is because people have more money and so they are buying more land, as are large corporations. But beyond a certain size a farm is not economical and can destroy the fabric of the rural way of life, of the villages and towns.

My other concern is that so much land is being taken out of agricultural production and being paved over for industry, for roads or for hydro lines. Statistics given by the *GATT-Fly* magazine show that in 1951 Canada had some 70.4 million hectares of farm land and in 1971 the figure had dropped to 67.2 million hectares. By 1976 it had dropped by about another million hectares.

We also see the greater concentration of farm holdings in fewer hands. In 1951 there were 623,000 farms in this country. In 1971 there were only 366,000 farms. I am sure the same trend will show up in the 1981 census which has just been completed.

As a member from rural Canada, I want to make it clear that I am very concerned about the increasing size of farms. The owners of large farms are buying up the small ones and thus becoming larger and larger themselves. The small towns, the rural communities and villages are shrinking. As the farming population shrinks, the need for the small towns is less. In Colorado there are a few farms of township size run by large agricultural corporations. I do not want to see that in Canada—agriculture becoming as General Motors is to automobiles. That can be prevented with a rational and sane national agricultural program.

In conclusion, Mr. Speaker, I believe that the export development corporation that will be established by this legislation can be part of that program. The corporation can sell our farm products to other countries. It can sell farm products that are more labour-intensive than capital-intensive. It can sell more and more of the specialty crops that can be grown in this country. I think we can do it and compete with the best of countries in the world. On the domestic front, we must become more and more self-reliant so that we can feed ourselves and produce in Ontario, British Columbia and other parts of Canada much of the food we consume. We must move in that direction. We can only do it by planning and involving the farmers and producers themselves.

● (1410)

My last recommendation is that the export corporation must be controlled by those individuals involved in the agricultural industry itself. Farmers, producers and workers in the agricultural industry must have input as to who will sit on the board of directors. Because of the fact that agriculture is a shared jurisdiction under the Constitution, federal and provincial, and because of the fact that there are literally dozens of provincial marketing boards selling products every day in the world, the provinces as well as the federal government must be represented on the board of directors.

I should like to refer to a relevant example in my province. It is not a food, it is an agricultural product. The province of Saskatchewan provides 35 per cent of the world's potash which is used as a fertilizer and sold to many countries. It is important to have provincial governments involved because of realities such as this, so that there is a co-ordination of food sales, agricultural product sales and such things as potash sales in various countries around the world. I think it is a good idea. I think its time has come. But let us not destroy the idea by an insensitivity to the reality of food and agriculture in Canada.

[*Translation*]

Mr. Pierre Gimaïel (Lac-Saint-Jean): Mr. Speaker, I feel it is significant, and I hope farmers across Canada and especially those in my riding will appreciate this, that the first two bills the government is tabling in 1982 in the House of Commons are concerned with agriculture. In recent years we have often had the impression that agriculture is being overlooked. Now that the Minister of Agriculture (Mr. Whelan) has tabled a bill whose purpose is to establish an agency for promoting export markets for Canadian producers, I should like to point out that this government, and other Liberal governments that preceded it during the past 15 years, have had a special concern for agriculture as one of our vital sectors. I may add that the fact that the first two bills on which we shall be voting at the beginning of this year in the House concern those Canadians who feed us and are feeding an increasingly large part of the world, demonstrates that a country that is capable of feeding itself and feeding other people besides is also capable of developing its resources and giving its people a healthy environment in which to live.

In the past, when the government set up marketing boards, it was attacked by groups in our society who claimed prices and markets were being supported artificially, and that if the market were free, prices would come down. Before discussing the bill on the agenda today, I want to point out that such claims are entirely false. Prices of farm products have not increased as fast as prices for other commodities. Just compare what you were paying for a quart of milk a few years ago and what you are paying today for a package of cigarettes or a car, neither of which are produced under a quota system, and you

will see that the prices of the latter have increased far more. Mr. Speaker, I also wish to congratulate our farmers and prove the extent to which they have been leaders in our society, leaders whose example, unfortunately, we have not always followed. The problem today is essentially one of productivity. Today's high interest rates and inflation are due to the fact that we are still producing at the same rate with the same number of workers, the same machines and the same plants as we were ten years ago, but our production costs are constantly increasing. In the agricultural sector this has not been the case. Western farmers are now producing twice as much as they were ten years ago on the same amount of land. Quebec farmers are getting twice as much milk from the same cow as they did ten years ago. The way these people have been fighting inflation is absolutely marvellous. They have shown what the whole country could be like if we had modernized operations at all levels and had increased our production per capita.

A few minutes ago, I heard the hon. member for Yorkton-Melville (Mr. Nystrom) say that there were fewer and fewer farmers and that less land was being farmed. With an increasingly small number of farmers and less and less land, Mr. Speaker, we are producing much more than we used to. That is what is called an increase in productivity, that is what is called fighting against inflation, that is what is called fighting against high interest rates. That is how our society must develop. How have we achieved this? I have no hesitation in saying that it is quite simply thanks to the Government of Canada. I know that when something goes wrong, Quebecers often lay the blame on the federal government. I cannot say that we owe everything to the federal government; however, I know that the fat Quebec Minister of Agriculture would never say that it is a little because of the federal government. For my part, I shall show you that everything which happens is partly due to the federal government.

Around 1965, under the leadership of the right hon. Lester B. Pearson, if I may quote as an example, the farmers in eastern Quebec and my constituency whom I know quite well, these farmers had tremendous problems because of a lack of financial options for capitalization, of old and outmoded facilities, of production problems, and of people who were not professionals and who belonged to an era when the farmer lived off the land and fed the people around him and then went looking for part-time work to purchase what he could not produce on the farm. Thanks to the farmers who pulled themselves up by their own bootstraps, and thanks also to the assistance provided by the Government of Canada to establish well-developed and well-designed structures, we were able to transform these people into real professionals. How did we achieve this? First of all, by guaranteeing their revenue, by setting production quotas and by establishing marketing boards so that these people could go to the banks and tell them: "We want to borrow; we must replace our equipment; we must update our facilities to be more productive in the future."

Programs were set up. Our farmers obtained loans and invested their shirt in their business. They worked very hard seven days a week. What is the result today? If you go all over a province such as Quebec, you will see new facilities, dynamic producers, hard-working people who have the potential to develop and, most important, who are professionals. Now the farmers are able to do their own accounting, they can make projections for the future and they can do their own financial planning. Mr. Speaker, you know that this is very important because the first duty of the country is to its citizens, and I emphasize this fact because we must understand that whatever party is in power, the main thing in this House has always been that Canada must work for Canadians. In this assembly, in this House of Commons, we have never asked Canadians to give everything for their country because we are all aware of the fact that Canada exists because Canadians wanted it to exist for their own welfare and development.

In this context, I believe that our first duty is to see to it that Canadians can feed themselves. As a Canadian, I am proud today to be able to rise in this assembly and to say that in addition to feeding ourselves, we also feed a large part of the world. We can look at other countries, especially those of the east bloc, with millions of farm workers and an extremely planned economy, which is supposedly communist and is designed to make life easier for the workers, but which are unable to feed their own people. Vast countries like Russia now realize that they are facing an economic disaster because they have stifled initiative.

There is no will to produce more on the same small piece of land, with the same facilities and the same livestock. It is up to us to help them to survive, and I am aware of it. However, I would not want Canada to allow these countries to take the money that they would normally use to feed their people to manufacture arms or to build up enormous armies, as we have seen them do in the past. We have come to the point where marketing boards have been established, and we are now on the point of developing the last structures we need, namely, in the pork and the beef industries, where our producers are now facing tremendous difficulties.

● (1420)

We have a few programs to support them but beyond that I think that Canada has demonstrated that agriculture and stability undoubtedly go hand in hand, and I say to those who hope to save five cents per pound of meat by leading farmers to a dead end of instability, not knowing what price they will get to feed themselves and what products they will sell, that the main thing is to know that we can look after the needs of our children and this will happen when production is stabilized and well established. We therefore still have to establish a few marketing boards and we are working at it.

We have now reached a stage of agricultural development which requires us to look forward. Canada has shown that as a basic structure, as a country which I consider the finest in the world, it is in a position to help the Third World and to feed more than 26 million people, and I believe it. For that purpose, Canagrex, as a new government organization, will help to ascertain the needs of other countries and the products that we can provide and that can be consumed by people living in other climates. In those circumstances, the market is extensive.

It is useless to mention the millions of Canadians who holiday abroad each year. The Caribbean countries mentioned yesterday attract 400,000 visitors, to say nothing of Mexico, Florida and Europe. Tourists are often unable to find in those countries the food they usually eat. This can become a problem. Those countries are surely interested in welcoming wholeheartedly Canadians who spend billions of dollars abroad. That area represents fantastic potential markets for our agricultural products. It is up to us to seize that opportunity. I am pleased to see today that the minister has introduced a bill establishing the organization responsible for gaining access to those markets. Moreover, there are many countries, as I said earlier, which are not self-sufficient in agriculture. Of course, I am aware that we will always have to import bananas or coffee. We will never be in a position to grow all the foodstuffs we need, but we can export a great number of products.

With regard to meat or even to a typical product of my region, blueberries, is a unique product with a fantastic flavour that is now being massively exported to the United States but is still unknown to several countries because our markets have not been extended. Tons of that product remain each year in the fields and woods in my region. They are not picked due to the lack of markets. This is a prospect which could be developed and new markets could be sought. However, the main thing is that with the structures we have set up, our agri-food co-operatives can develop, and our companies with a huge output but not operating at full capacity can find the markets required to dispose of their products.

You know, a turnover of some $42 billion is forecast for the agri-food industry by 1985. That is quite an amount of money. I am convinced that the establishment of Canagrex will generate much more than these $42 billion if we combine our efforts and join forces as a nation to develop new markets for the sale of constantly renewable products for daily consumption, especially if we can export the very good name which Canada has earned for itself among our local merchants as a producer of good quality foodstuffs. When you see the Canadian seal of approval of the Canadian government on meat or other foodstuffs, it means that quality is there. We could export this quality. I need not tell you that new markets will continue to open in different parts of the world, for mankind will always need to be fed. That is a basic need. It is clear that the Canadian government cannot afford to develop all these new markets entirely by itself. It will require, for instance, the co-operation of the provinces.

I am not worried, because we already can rely on the co-operation of farmers. I want to congratulate them once more, because they have become excellent businessmen, and extremely productive ones at that, in just a few years. They have constantly asked the government to give them a break, so that they could fulfill their duties as farmers and feed the Canadian people. No, I am not worried about them. On the other hand, I am concerned about the provincial governments, and when I refer to provincial governments, I mean the Quebec government. Here is an example which is very close to me. In my capacity as a representative of the Department of Regional Economic Expansion, I was one of the officials who had to negotiate the deal on agricultural expansion and especially land drainage. You probably know that good farm lands are few in the Saguenay-Lac-Saint-Jean area where I come from.

People often say that our area is some sort of an island deep in the heart of Quebec with a highway linking it to Quebec City. Keeping that in mind we strive to be as self-sufficient as possible in the agricultural fields where we produce. Unfortunately, when that agreement was signed, millions of dollars were earmarked for the Saguenay-Lac-Saint-Jean area to help our farmers drain their land. What has happened in the past two years? I found out about it and this is official. First of all the Quebec government began by telling the farmers that it would no longer pay for the engineering costs to prepare the drainage plans they wanted for their land. On the one hand the government of Quebec was offering them money of which 60 per cent came from the federal government to help them, but on the other it was telling them that it would no longer foot the bill for the preliminary projects it used to pay for, that is the blueprints. Try draining without a plan which shows which way your land will slope, how much and so on! The second beef I have is the fact that last year the Quebec agriculture department decided that the funds allotted for farm drainage in the Saguenay-Lac-Saint-Jean area would quite simply be transferred to Montreal's plain region.

Mr. Speaker, I would not want to leave you with the impression that I have something against the plain of Montreal for it happens to be our main source of agricultural products in the province of Quebec. But still that is a far cry from trying to empty regions such as ours where the people work extremely hard in a climate which can be unforgiving; as you know, the growing season in Lac-Saint-Jean is more than a month shorter than in the Montreal area. Why go out of their way not to help a region such as mine? Why take the funds which were supposed to be there? I know that many of my friends in agriculture applied for drainage assistance but they were turned down because of the lack of funds. I fully realized that the funds had been shifted over to the Montreal area. It may be that there are more voters in the Montreal area, I do not

know, but at times I wonder if the party which claims to be pro-Quebec and which calls itself Parti Québécois would not rather take us for a ride instead of lending us a hand. I would describe that as a sort of living room nationalism. Now and again I derive some pleasure when I describe them as pseudo-nationalists. All in all, that is a polite way of saying that they are not fascists, but semi-fascists of the extreme right whose sole intent is to sell a flag, to sell a so-called country about which they do not know anything and have no idea whatsoever how it is to be made up.

When you represent a riding and you fight to try to obtain some benefits for those people and then find yourself confronted by a government elected by the same people, a government which instead of working hand in hand with you makes every effort to win votes in a referendum—or a "Renérendum", call it whatever you like—I wonder what the future has in store for our farmers in Quebec, what can our co-operatives expect and what will happen to our agricultural food industry. If it were only up to us here and our policies I would say we have a very bright future. That government holds a majority in the National Assembly and at times it does everything it can to channel away from the Lac-Saint-Jean farmers the funds which end up in other regions; as a result those same farmers might have to pick up the tab, not to mention the fact that they feed the people and that thousands of related jobs are created in the agricultural food industry. I believe that over the years the Government of Canada, the Liberal Party of which I am proud to be a member—the hon. member for Yorkton-Melville (Mr. Nystrom) seems to be smiling. I regard his smile as a sign of approval because in this country, when agriculture is being discussed, even the opposition has good reasons to smile, since agriculture is the industry which has progressed the most in Canada in the last 20 years, under a Liberal government.

● (1430)

Coming back to what I was saying, Mr. Speaker, over the last 20 years, the Government of Canada has done well in the field of agriculture and it will continue to do so, not to sell Canada to Quebec farmers but to help a vital sector of our society, namely, our agricultural producers, develop, and increase their output so that they may become the breadbasket of that long-suffering and ill-treated part of the world, the Third World. May I add, Mr. Speaker, that on the other hand, in the last five years, we have seen people in Quebec, going about the province, professing to be nationalists, claiming to be ministers and to be working for their fellow-citizens, who never for one moment understood that they were elected members expressly to represent the people. In Quebec we now have to contend with a group of demagogues who resort to all possible means in an effort to convince people that the federal government is a monster, that Canada is in dire straits and that their future lies in withdrawing within themselves.

How is it then that in 1982, 74 of us sitting here to represent six million Quebecers, should decide that the time has come to set up a corporation known as Canagrex, open up our markets the world over, broaden our horizons worldwide, while in Quebec, big Garon goes around saying that they will close down the boundaries, stop importing food products, and communicating with the Canadian government, and break off relations with outsiders? Who is being truthful, Mr. Speaker?

Mr. Baker (Nepean-Carleton): That is the big problem!

Mr. Gimaïel: I can well imagine Mr. Garon and his tremendous potential at work in 1882, at a time when there were no planes, no telecommunications, no telephones, nothing. Then he could reasonably have claimed the right to be the cock of the walk, because he could not go far in less than two weeks even if it meant only going to his neighbour's place. But fancy that heap of lard coming today in 1982 to advocate the isolation of Quebec! What would he have Quebecers believe?

I shall never forget what my father told me: Son, beware of him who shows you a gold coin, he is after your dollars. While you are looking at his gold coin, he will rob you of something. Beware. That is exactly what is going on in Quebec at this time. Those people who are promising Quebecers the moon, whether it be in the field of agriculture or any other are also unable to provide for their daily needs. The moon I do not promise, I know I could never get it. I do not pretend to be any brighter than the people who came before me. But the basic commodities that my constituents need from day to day, that I promise on my life, on my conscience to get for them because I know I sit in an assembly where, regardless of party affiliation, people have been worthy enough not to blame the decisions of our forefathers, but to build on what has been left by our predecessors. This is what we are trying to do here.

I am pleased today, Mr. Speaker, as the member for Lac-Saint-Jean, to publicly condemn the Parti Québécois, its premier and ministers. Our farmers tell us they are faced with a major interest rate problem, they are faced in Quebec with an internal war among pork producers. We are prepared to introduce a share-cost program for pork but meat packers oppose it and some producers as well. While Quebecers are faced with that kind of problem, what is the Parti Québécois doing, Mr. Speaker? All they could find is a "Renérendum" to find out whether they are separatists or not.

How long can they go on laughing at Quebecers? Those people were elected by more than two million Quebecers but their major concern is not the welfare of their pork producers, it is whether they will be separatists or not, whether we are going to associate or not. Let us wait and see. Time will tell this is nothing but outrageous politicking. What I find most displeasing is that they stuff the minds of our Quebec people and some of our young people with taboos. Stay clear of people who are not like us! Do not speak to anglophones, it is dangerous! Do not go outside the province for work, it is

dangerous! Let us make us a small country just for ourselves! We, Premier Lévesque and his ministers, are going to send ambassadors to talk to people in Ottawa—not Members of Parliament that are elected by the people and are accountable. Careful there, they will trick you! That famous taboo! I discovered something astonishing, Mr. Speaker. It would seem that taboos are an invention of the elite to ensure their control over people. This is what saddens me most, because in my view—I know I went somewhat beyond agriculture and I apologize to my colleagues, but in Quebec, as soon as we deal with agriculture or any other issue, when we are honest with our constituents we know that being Canadians means a lot, but when people suggest the opposite, it is our duty to prove to our constituents that those people are wrong.

As I said, what is most astounding is to see that elite now trying, under the cover of a fleur de lys, under a flag, under the term Québécois which by the way they have stolen because some years ago that word described every Quebecer. Now, in their view I am a bad Quebecer. It has even been suggested I am a traitor, because I spend nearly 90 hours a week working for the people who elected me. In my view, to be a nationalist means more than to boast of speaking French, of being a Quebecer. To be a nationalist is a frame of mind. Being a nationalist is living and working every day for the people one represents. To be nationalist is to do your duty. We have seen enough big mouths in Quebec! Stage people, historians, intellectuals, all those members of an intellectual elite, unable to bring the least thing to the population, who can only criticize others, who can only claim to be nationalists, but who are in fact more fascist than nationalist. We have had enough of them in Quebec! We do not need any more of them! In 1982, Mr. Speaker, the moment of truth has come. In Quebec, we now have to build for the future. Let me look at what is going on at this time. The James Bay project is nearly completed, Mr. Speaker. What has the PQ government done in five years? The James Bay project? It is nearly completed and there is nothing else for hydroelectricity. People have been talking about the Ashuapmuchuan for eight years in my region. Studies are still going on to determine if the landlocked salmon will still run the river if they build a dam. They have been studying the salmon behaviour for four years. If you look at other fields of endeavour, you will find that there are still two projects under way in my area: the federal taxation data centre in Jonquière and the Canada Games gymnasium in Chicoutimi. Nothing else is under way.

And when we go back to basics, this is what it means to be a nationalist. It means coming here to represent the 60,000 people who have elected you, to give them the best, to help them develop not in a closed environment, but at the same rate as all other Canadians. Because you speak French, you have to be a Quebecer and you will no longer speak to anyone else; I will tell you what to do. We have to be open to the world, to develop, to speak as many languages as possible, to be the best we can, the most developed in every respect, to have a future in every area. That is my duty. From now on, I have decided no longer to tolerate those who will prevent me from doing my job; I have decided to condemn them on behalf of those who have elected me, and if my constituents decide in two years that I have not done my job, they will tell me so in the most democratic way possible, in the way which is the most generally accepted by all.

Personally, I have done my duty. I did not come here to do the pseudonationalists a favour by saying: Yes, I am a Quebecer and I love Mr. Lévesque and I love the flag. No, I came here as a real Quebecer. I did not come here to say that I am a Quebecer and I speak French. I came here to get results for my constituents. I came here to help them get ahead, to think for themselves and to show leadership in our country and in the world. I came here to help them increase their output and solve any problems they might have involving production, employment and their health situation—you know, in Quebec we have reached the point where health care just isn't there. Mr. Speaker, during the winter the roads are hardly plowed anymore! Talk about problems! I feel that as a Member of Parliament my work is not much different from anybody else's. When a carpenter goes to work he takes a hammer and nails and the skills he has learned and starts building. I want to do much the same thing. I talk to my constituents. I come here to represent them, to build and work with them, and I tell them they should be Canadians, period. I am not trying to shove the Maple Leaf down their throats. I realize they live in a political context called Canada and in another political context called North America. Mr. Speaker, I cannot tolerate—and this also applies to the agricultural sector we are discussing today—seeing people who get themselves elected and, instead of listening to their constituents, grab a microphone and tell them that they have to be Quebecers, they have to be separatists, they have to be in favour of sovereignty or secession, and they have to watch out for the federal government. The latest news is that Quebec is considering a bill—and I am not afraid to say it—to prevent any initiatives by the federal government in the regions. I suppose that the Quebec government—we could compare the matter of the farm drainage agreement—is considering the possibility of letting the federal government invest only in Montreal and Quebec City to keep the people happy and get their votes, and let the people in the "sticks", as Mr. Bernard Landry would say, fend for themselves. This had better not happen, because they will realize that even if they want to separate, federal Members of Parliament are still there. Sooner or later they will have to realize that we are still there and that we mean to serve our constituents.

● (1440)

If I feel, even though it is not in an area of federal jurisdiction, that the Quebec government is preventing me from doing my job or preventing the Government of Canada

from spending money in my own riding, like the $800,000 earmarked for Mont Valin or the $40 million earmarked to develop Saguenay Park, something it cannot do because the Quebec government refuses to transfer the land unlike what happened in Shawinigan, I am going to fight to the limit, because I was sent here in the first place to obtain money from the federal government to invest in my own riding and help it develop, and I know that in this respect I can count on the understanding of my hon. friends of the Progressive Conservative Party and New Democratic Party, because these people have come to realize, as I said, that what happened in the past is not perfect, but that it is at least honourable. Those who cannot respect the past, Mr. Speaker, like those in Quebec, cannot respect the present or the future, and any idea runs counter to despotism, something which is not entirely foreign to the Quebec situation just now. Not many ideas from other sources than the Quebec government can prevail at this time. Everything must come from high above, I swear, to be worth anything.

But to come back to agriculture, I am proud to be a Liberal and to be part of a government which is made up of 30 Liberal ministers under the leadership of Pierre Elliott Trudeau, for the Liberal Party has provided Canadian farmers over the years with the tools they needed to really develop. I continue to be proud of that, even when the hon. member for Yorkton-Melville (Mr. Nystrom) says that it is not true. I have been trying to make him understand that everything was not fine and dandy 20 years ago in his own province, and that the Liberal Party has been in power for the past 20 years, except for eight or nine months. The hon. member for Nepean-Carleton (Mr. Baker) may correct me if I am wrong.

An hon. Member: You are wrong!

Mr. Gimaïel: The fact remains that everything is selling well just now in the riding and the province of the hon. member. And all is fine, it is one of the healthy provinces in Canada. I am sure that the hon. member, if he did not already belong to the No Decision Party, or the New Democratic Party if you prefer, would have been pleased to cross over to this side. Because it often happens that our western friends from the New Democratic Party look much more like converted Liberals than anything else. Sometimes a few of them take on a communistic look, but very soon everything goes back to normal. I hope, in that context, if one day you from the New Democratic Party want to join us, that the Chair will let us know. We will show you how to be good Liberals. I am sorry, Mr. Speaker, I should address the Chair. At any rate, as I said, I am proud to be part of that Liberal Party of Canada.

Often we are asked by young people in our ridings what it means to be a Liberal. Indeed, they are being told that being a PQ is being a Quebecer. A Liberal, what is that? That is something else. They tell us: "How can we be Quebecers and Liberals at the same time? Of course if we are Canadians, we are in the Liberal Party". I said no! This needs not be so. Being a Liberal is first and foremost to be working for the development of the individual person. This is what it means to be a Liberal. We should create a situation in which each and every Canadian can enjoy maximum freedom, whether he be a farmer, a New Democratic Party member, a wavering opposition leader, or a provincial premier. To be a Liberal is to work so that the individual can develop. To be a Liberal does not mean to fight for a province called Quebec, or a country called Canada, to fight for NATO or the Warsaw Pact. To be a Liberal is first and foremost to be an elected representative, a person whose *leitmotiv*, whose supreme will is to provide opportunities for development and progress for all Canadians. In such a situation, anything can be justified. If the development of individual Canadians is to be achieved through socialization, the Liberal Party can turn socialistic. If the development of individual Canadians is to be achieved through a turn to the right through a strenghtening in the industry, the Liberal Party can move to the right. If in order to promote our development the Liberal Party thinks we have to be communistic, we shall be communistic. This is what it is all about to be a Liberal. To be a Liberal is to be open to all ideas.

I understand, Mr. Speaker, that the hon. member for Edmonton East (Mr. Yurko) left the Progressive Conservative Party yesterday. Because I know him personally, I can say that he is a great humanist. I have seen him at work in committee, I have discussed with him, and I can even tell you that he is a true member of the Progressive Conservative Party, knowing that he is one of the founders of that party in Alberta, where they are now in power. He has devoted many hours, even in very difficult times and he succeeded in being elected at the very beginning, when there was not a single Conservative in that province. He is a great humanist. What I regret most today, Mr. Speaker, is that, being on this side of the House, I am aware of the situation. However, I feel that on his side there are not enough people who are aware of that. You know, there comes a time, in a politician's life when it is extremely difficult to be left on one's own, when it is so very easy to adopt a party line. But when you are a great humanist, when you think first about the future, about your children, when you think first about the people you represent, you have to promote, for example, the development of farmers. This is one thing. I should have liked the Progressive Conservative Party to understand, for instance, that the development of Canagrex may have depended on the presence of the hon. member for Edmonton East among them. They did not understand and they shouted him down.

The Liberal Party, however, understood that the development of farmers depends on exports, now that we have built a sound agricultural structure in Canada. He has also understood that some people may have different ideas. If we had talked about establishing Canagrex a few years ago, Mr. Speaker, they would have thrown tomatoes at us. It does not

make sense. Let us develop first our own agriculture, we shall see afterwards whether we should import and export. Let us feed ourselves first! But there were people who believed in it and with whom everyone failed to agree. They were left alone, they were not opposed to, and were told: "Go ahead, do it! Put forward your arguments! That is what it means to be a Liberal!" I am proud to be a Liberal, as proud as Canadians were at the last election. I am more and more convinced that they will not change their mind in the next election, especially when people from the New Democratic Party seem to be more concerned about what a country like El Salvador is exporting than about our own exports. I am all too convinced that those who, today, are thrilled with the thought that Liberals are dead and gone in western Canada will soon realize that people will see that being a Liberal is much more than supporting a political party. It is first and foremost to be free to think.

Once again, I congratulate the Minister of Agriculture for this measure and want to remind the farmers of my riding of Lac-Saint-Jean that the first two bills to be introduced in 1982 deal with agriculture, that we start the year working for them, for their development, for the development of their markets and that we shall do the same throughout the year. We are a bunch of Members of Parliament who work for the wellbeing of the farming community. We have introduced special programs for them and we have overcome some difficulties on their behalf and shall continue to do so.

As regards the success of Canagrex, I have no doubt whatsoever. The only request I want to make to the minister, and to those who are involved in Canagrex as a corporation, is to show plenty of aggressiveness. And on that point, I shall ask for the support of the provinces, as well as that of the opposition parties: Gentlemen, let us not build Canagrex while planning to destroy it tomorrow morning. Let us build it with the intention of helping its development. Let us take a pile of Canagrex business cards along with us whenever we travel abroad and give them to the people we meet. Let us be ambassadors for Canagrex everywhere we go. Let us not waste time looking for difficulties, something the provinces should also avoid doing. To conclude, Mr. Speaker, I thank you and hope heartily that Canada, under the leadership of Pierre Trudeau and his cabinet, will continue to be one of the world leaders in the area of agriculture and that tomorrow we shall be feeding those who, today, are going hungry in the rest of the world.

● (1450)

[*English*]

Mr. Murray Cardiff (Huron-Bruce): Mr. Speaker, it is an honour and a pleasure to rise to speak on this bill which affects ridings such as mine, Huron-Bruce. It is a major producer of many commodities currently being exported and many others that could be exported. Any help given to promote Canadian agricultural products will be of benefit to my riding and many others. The overflow effects of exports of agricultural products is of help to our secondary industries.

I am pleased to participate in this debate at long last because the export of agricultural product has concerned me throughout my career as a farmer, particularly in the past few years as a participant in a provincial marketing board that aggressively sought markets around the world for our products. Since being elected to this House, I also sat on the special committee formed to examine the usefulness of setting up a national trading corporation to promote general trade under the umbrella of a state trading corporation.

With this background I have been eager to examine the bill which was promised by the Prime Minister (Mr. Trudeau) as long ago as May, 1979. I am glad that after three years it has finally come to the point of debate.

As one of the members of the Special Committee on a National Trading Corporation who opposed the majority report recommending a general state trading corporation, I want to make clear my position in relation to the bill now before us. When I opposed the majority on the special committee that recommended to this House that we proceed with legislation to create a state trading corporation, I made it clear that I did so for particular reasons.

To quote from the press release which I and my colleague from Calgary South (Mr. Thomson) issued after the report of the special committee was tabled last June, that recommendation to form a state trading corporation flies in the face of advice received both from Canada's private sector businesses and from the many government departments and agencies which appeared before the committee. Bear in mind that this House created that special committee to examine on behalf of the whole House the views of Canadians whose business is to concern themselves with our export trade.

We spent a year conducting hearings here in Ottawa and across the country to hear the views of the Canadian private and public sectors. We also travelled to Europe to examine the experience of a range of European countries which have tried a wide variety of methods of promoting and improving their export performance.

What we found in the course of that full year of study was that the great bulk of informed opinion among Canada's manufacturers and exporters, and indeed the majority opinion among our own public sector experts, was that a state trading corporation was not what was needed to improve our export performance over all. Instead, we received a great deal of expert advice which had never been gathered before in Canada and which should serve as a primer to anyone interested in the matter of Canada's export performance. This advice is all to be found in the transcripts of the committee hearings. I hope it will be researched and used by future task forces and groups concerned with Canada's export performance.

We have heard talk of Canagrex for quite a long time. We did not have the opportunity of examining the bill until very recently. In Ontario there are approximately 26 or 28 marketing boards which are producer-run. A general type of meeting

was held with some of those boards. They had an opportunity to express some of their views and concerns but have not had a real opportunity to examine the bill, even the opportunity that we have at this time. I hope that at the committee stage some of these marketing agencies will have the opportunity to examine and look at this board and give their final views before we continue with this agency.

A lot of our marketing boards in Ontario have been very successful in their export endeavours. I was involved in a marketing board. It created a fantastic market for a lot of producers in Ontario. In ten years it completely reversed a trend of 80 per cent domestic use of a product and a 20 per cent export, to an 80 per cent export and 20 per cent domestic use without any sacrifice of consumption of that product in Canada. That is only one board. There are other boards just as successful.

I know these boards have some serious questions about this proposed agency. Is it going to complement what they are doing or compete with what they are doing? Also, will it compete with our food processors which are actively exporting agricultural products? Are we going to be creating a Crown corporation which will be in direct competition with them? We know, because of the wide range of products involved in export marketing, that we cannot have salesmen who will be experts in all areas. We know that it takes a great amount of market research, and it is my hope that if Canagrex is established it will make use of research and involvement that many of our marketing boards have used up to this time in marketing research that has already been done. If this board is established, I hope the expertise of those people involved in marketing organizations will be utilized and that they will have a place on the board of Canagrex.

● (1500)

It is obvious that there should be people involved who initially have something to sell, people who have the authority to finalize deals and complete the entire package. The agency should have qualified people in all areas, from financing to shipping. As a corporation, Canagrex should be expected to guarantee the high quality of agricultural products for which Canada is held in high regard throughout the world. We want to maintain that.

If this corporation is established, it should start small and not be in competition with services now available either through the federal government or provincial governments. We do not want it to be in competition with a producer or organization directly involved in the export of agricultural products at this time.

Before I continue with the text of my speech, I should like to quote for the record a letter which was sent to me by a constituent. It says:

> Re: Further comments requested in your fellow farmers beef questionnaire
>
> The main problems in the farming business today, are inflation and high interest rates.
>
> Government dabbling in the "Rob Peter to pay Paul" business, e.g. government loans and grants to Massey-Ferguson and the Chrysler Corporation, etc., etc., and the conferring of special privileges to special groups e.g. the right to strike by public employees, supply management and price-fixing powers to certain farm groups, etc. etc., in the short run look attractive, but in the long pull are disastrous.
>
> You are currently seeking approximately $60 million from Canadian taxpayers to finance Canagrex, a government export agency whose announced purpose would be to expand agricultural export sales, and so provide jobs for Canadians and earn much-needed balance of payment dollars.
>
> I would strongly support an export sales thrust, but at the same time you are advocating supply management with its accompanying tariffs and trade barriers.
>
> I have a question for you. How many export dollar sales have been earned by products produced under supply-management programs when the same price was charged for export as was paid by our Canadian consumers?
>
> May I suggest that you and your government cohorts concentrate your efforts on balancing the national budget and provide the most humane services possible within that content and leave beef farmers and Canadian citizens generally to get on with the same job in their chosen enterprises?
>
> Enclosed find articles I have clipped from the public press that you may find of interest.
>
> Thanking you for requesting my comments.

The letter is signed by Ross S. Proctor.

The work of the Special Committee on the National Trading Corporation, of which I was a member, had to do with exporting from the enormous Canadian lumber industry to the communications industry and the tool manufacturing industry, from the newsprint industry to the shipbuilding industry and the engineering sector, which exports no hard goods but which exports Canadian expertise in dam building, irrigation projects, oil drilling and so on. The point which we made in opposing the creation of a state trading corporation was that after seeking a very wide range of expert advice, the committee as a creature of this House had an obligation to reflect the advice which it had received when it reported to the House. I maintained then, and still maintain, that the majority on that special committee failed to discharge its primary duty to the House by submitting recommendations to the House in the final report, which did not reflect the advice we had received.

We face an entirely different situation with the bill which is now before us. The creation of an agricultural export corporation has been talked about in Canada for many years now. The present government has campaigned on the promise of creating such a corporation twice in the past five years. In view of the fact that the government has had the introduction of this legislation in mind for so long, it is fair to wonder why it has dragged its feet for so long before introducing the legislation. It is almost two full years since the present government was elected and since the promise to bring in this legislation was formally made in the Speech from the Throne which began this session. The agriculture minister's advisers told the press in May of 1980 that it was only a matter of a few months before the legislation would be presented. One of them was quoted in the agricultural press as saying that the creation of the Canadian agricultural export corporation was "about as high as something can get" on the minister's list of priorities.

Well, farmers now understand sadly and clearly just how fast they can expect results when something becomes a matter of priority with the Minister of Agriculture (Mr. Whelan). It

took him a year and a half, plus the ammunition of a 70 per cent increase in farm bankruptcies, merely to convince the Minister of Finance (Mr. MacEachen) to include farmers in the provision of the Small Business Development Bond. Even then he failed. Instead, farmers were allowed limited and restricted access to a small business survival bond, which they could only use when they had become so financially shaky that the banks would no longer want to lend to them. So much for the usefulness of having any matter high up on the list of the minister's priorities.

In fact, I recall when the Minister of Agriculture appeared before the Standing Committee on Agriculture in the fall of 1980 and told us Canagrex could increase agricultural exports by as much as $3 billion during its first year of operation. One of his officials from the marketing and economics branch of Agriculture Canada announced at that time that there would definitely be money for Canagrex in the 1981-82 budget. By this logic, plus the added assurance that Canagrex would begin very quickly with an aggressive sales campaign, we should by now have been able to look back on a full year of Canagrex operations and, if the minister is to be believed, should be able to take satisfaction in the fact that Canadian food producers have $3 billion more cash in hand to meet the crisis they are facing in farm financing than they in fact have.

However, we cannot look back on a year of Canagrex. Canada's food producers have had to look back on the worst financial squeeze most of them have faced in their whole farming careers or that Canadian agriculture has faced since the Depression of the 1930s. Instead, those producers who have been watching a lifetime's equity melting away month by month during this past year and have watched the outrageous growth of interest rates, have not had the benefit of a single penny of the $3 billion which the Minister of Agriculture said Canagrex could add to the agricultural export drive in its first year alone. Therefore I, along with many other food producers in Canada, am left wondering whether the Minister of Agriculture or his cabinet overlords have the slightest idea what they are talking about when they talk about the value of an agricultural export trading corporation.

I am not for a moment suggesting that Canagrex is a bad idea. I am simply suggesting that if the Minister of Agriculture believes what he says about the value of creating such a corporation, then he should hang his head in shame for taking so long to bring forward legislation which, by his account, could have had such an enormously beneficial effect during the past year in which it could have been operating.

In short, I would like to see the minister talk clear sense and take his responsibilities to Canada's agricultural industry seriously. The last thing that we need in the beleaguered food industry is more rhetoric and empty promises. We need a clear policy, serious planning and prompt implementation of programs. What we have had in the case of Canagrex for almost two years now is apparently a bureaucratic fumble, centred in the cabinet, as a directionless government has concentrated its attention on reshuffling the bureaucratic deck instead of acting to meet the needs of the agricultural economy in this country.

Having said this, let me say that now that we do have the legislation brought forward for examination and debate, I for one am anxious to see it passed to the Standing Committee on Agriculture so it can be examined in detail and commented on by those who will be affected by the creation of such a corporation and whose livelihood is dependent on their being experts in the field not only of food production but of marketing.

• (1510)

There cannot be any significant objection in Canada, and certainly not among food producers, to the goal of increasing our agricultural exports. This is a thoroughly laudable goal in itself. Certainly, however, there are powerful reasons why this country's food producers will want to look very closely at any scheme brought forward by the present government, even when it is sponsored by the Minister of Agriculture, for whom I think the farming community has had much respect in the past. Recent evidence of the incompetence with which the current government has faced the economic problems of Canada certainly does not inspire confidence in the Canadian agricultural community that any measure brought forward is going to be valuable just because this government says it will be valuable.

We in this party will want to look very closely at this legislation in the committee, and we will want to do so soon. Ever since the present government was elected, the Standing Committee on Agriculture of this House has been spinning its wheels and doing almost nothing to serve the interests of the economic sector whose interests it is charged with protecting.

In almost every Speech from the Throne we have heard, whether it be federal or provincial—and I think we could dig out any throne speech over the last number of years—agriculture has been mentioned, and it has always been said that agriculture is the backbone of this great country. However, that apparently seems to be about all that happens. We only get lip service to agriculture when the crunch comes.

Another reason, of course, is that the Minister of Agriculture has not brought any real grist to the mill. There is a vacuum, a powerlessness, in this government which has cost the farming community in Canada unnecessary billions of dollars in outrageous interest charges as a direct result of government economic and fiscal policy. And there is a vacuum where there ought to be a powerful and effective minister of agriculture in the cabinet, where, once upon a time, there was such a minister.

For all these reasons the agricultural sector in Canada will want a full examination of this legislation now before us at the committee stage, even though the need for an improvement in the prospect for Canadian agriculture is immediate.

As a representative of one of Canada's leading pork and beef producing areas, I can tell the House with certainty that there is absolutely no value for our redmeat producers in increasing our markets for pork and beef if we are going to

continue to fetch prices below the cost of production. If we increase beef and pork sales by $3 billion a year, under the present price regime Canadian farmers could expect to lose more millions as they subsidize foreign consumers more heavily, the way they now subsidize Canadian consumers. Canagrex, in other words, is of no help to the agricultural sector in Canada if it merely increases our food exports without increasing the returns to farmers.

So, as we look at this legislation in committee, we will need to be convinced that Canagrex, as it has been envisioned by this government and the bureaucrats who drafted the legislation, will in fact serve the interests of Canada's food producers and not merely fit into some macroeconomic strategy as part of Canada's over-all trade picture or as an aspect of Canadian foreign policy.

On the face of it I believe there are grounds for hoping that Canagrex can work to the advantage of Canada's trade performance over-all and to the benefit of the food-producing sector, which should be the primary beneficiary. But, I add, let us be certain that it does before we come to the final debate in the House on the legislation now before us.

To ensure that Canagrex is workable and does work to the benefit of food producers I support the reference of this legislation to committee promptly for rapid and very careful and close study. I hope, when the committee finishes its examination and reports this bill, it will have proved itself harder working and more competent than the government's lack of interest in agriculture has allowed it to be thus far during the course of the present Parliament.

Canada's food producers have been crying out for clarity and competence in the government's management of agriculture, and they have not yet got it from this government.

I hope we can unite in sending this bill to committee with the strong demand that it receive prompt, close and careful scrutiny and comment from a wide range of groups which will be affected by the creation of an agricultural export trading corporation such as the government has now, at last, proposed.

Mr. Lachance: Mr. Speaker, would the hon. member accept a question?

Mr. Cardiff: Yes, Mr. Speaker.

Mr. Lachance: Mr. Speaker, the hon. member referred to the Canadian trading corporation committee and the fact that he dissociated himself from its report. He knows, of course, that the main recommendation had two components. The first was undertaking capital projects, and the second was general trading.

Since the general trading component relates to what Canagrex will want to do in the field of agricultural products, how can the hon. member reconcile the fact that he seems to favour in principle the institution of Canagrex to promote exports but, on the other hand, he does not accept that the Canadian trading corporation should support the export of manufactured products?

Mr. Cardiff: Mr. Speaker, the hon. member might recall that indeed I did support in general the proposal he speaks about, but I felt I received a message in the hearings which were held from the 450 witnesses who appeared before our committee. The clear and direct feeling relayed to me was that a national trading Crown corporation was not what was wanted by those people. The same feeling might exist in relation to Canagrex. I think it is only proper that commodity groups and people actively involved in exporting have the opportunity to look at this bill and to put their views forward. I think it is my obligation to support what the representatives of the various organizations and the people I represent want.

Mr. Pepin: Have you any views of your own?

• (1520)

[*Translation*]

Mr. Jean Lapierre (Parliamentary Secretary to Secretary of State): Mr. Speaker, I am very pleased, at the end of this week, to be able to take part in the debate on the Canagrex bill, especially since this corporation constitutes our challenge to the food industry in the eighties. A few weeks ago, the Minister of Agriculture (Mr. Whelan) tabled a white or beige paper in which he stressed the projected increase in the world population and the enormous markets that would be open to us during the next 20 years. The white paper has three major concerns: development of resources, development of markets and thematic agricultural research. I think the bill now before the House is aimed more specifically at realizing the second objective. It is becoming absolutely essential for Canada to develop export markets, considering the fact that surpluses are a problem for many producers. In my riding, people also have this problem and they have a good understanding of export markets.

According to our statistics and projections, Canada will be able to increase agri-food exports by about 60 per cent during the next twenty years. But how am I to reconcile the words of the previous speaker who said that he is anxious to examine the legislation in committee for the benefit of our farmers, with those of his official critic, the hon. member for Elgin (Mr. Wise), who said that the Minister of Agriculture could wait, that they had plenty of time, that there was no rush and that the House could debate the bill for a few days more. Honestly, when you consider that farmers have been asking for this legislation for several years! We made a promise during the election, the corporation was mentioned in the throne speech and even the members of the opposition agree with the concept. That is why I fail to understand their desire to delay the democratic process. However, if they are willing to refer the bill immediately to committee, I should be glad to sit down and give them a chance to vote. To most Canadian farmers, international trade opens a host of possibilities and will enable them to expand their business and to get a return on their often quite considerable capital investment.

Many farmers are now producing at 60 per cent, 50 per cent or even 40 per cent of their capacity because of a lack of

markets for their products. The corporation we are proposing will be a focal point for the entire agri-food sector in Canada, because not only producers but also processors will be interested in meeting the challenge of Canagrex. In fact, the real challenge for Canada in the eighties will be to be able to market processed farm products, thus providing a living wage for many more Canadians and making a very substantial contribution to our balance of payments. In 1980, Canada succeeded in exporting $7.8 billion worth of agricultural products. Unfortunately, the vast majority of these were primary products, involving a minimum amount of labour, which of course had a negative impact on our employment rate. Once Canagrex becomes the instrument of our agricultural export policy, I am convinced that we could easily exceed the $2.7 billion surplus we had in 1980 and probably will have this year. In Canada we must rely on advanced production techniques. We have a large pool of workers and, even more important, we have enough space to increase farm production.

Sales abroad now account for 40 per cent to 45 per cent of the normal income of farmers, and this percentage could increase substantially if Canagrex fulfills its mandate. Feeding the world is a constant challenge. We only have to look at the Third World countries, at the enormous trading potential with the socialist bloc or at the even greater demand from the Arab countries to realize that Canada can easily get a share of these markets with the help of experienced salespeople. This is why I hope that this new corporation will be staffed with qualified people who will probably be able to operate from within our embassies and sell our farm products instead of merely selling equipment. This would be a welcome change for a constituency like Shefford, where there are poultry, egg, maple syrup, apple, pork, dairy and other producers. Maple syrup is a very good example. We now have a surplus of millions of pounds in Canada and this product is not well known in most parts of the world. We have a very limited market of people who know this extraordinary product, but they are just a minority in the world, and I am convinced that with a good sales program we could first sell our surplus, and then increase our production.

Among the problems now facing agriculture, one of the most important is that of pork production. In Quebec, pork production is virtually at a standstill; a number of producers are just about bankrupt and there is a very big surplus. I am convinced that even though our slaughterhouses and our federations have developed markets in Japan and the United States, there are many other opportunities elsewhere in the world, and if Canagrex could not compete with them, but co-operate, our farmers might earn a decent living. According to the most realistic projections, the world population should reach 6.4 billion within the next ten years. Such an increase means a lot of mouths to feed and the challenge facing Canadian producers is great.

I am even more satisfied when I see who the officials of Canagrex will be. This corporation will not turn out to be the type of institution which suffers from structuralism and is nothing more than a bunch of thinkers. We intend to have a corporation managed by a board made up of 11 directors who will be directly responsible to the Minister of Agriculture, seven of whom will be appointed from outside the federal public service. And with all due respect to our public service, I am convinced that we can find seven Canadians outside our system who can make Canagrex, as well of course as all Canadian farmers, benefit from their knowledge of agriculture, marketing, and the marketplace itself.

There will also be a policy advisory committee which will be made up of representatives from the provincial governments. A while ago, one of my colleagues spoke about problems with the provincial governments, but I am certain that the provincial governments will consider it their duty to take an active part in an organization such as Canagrex because if the balance of payments of Canada is improved by the work of Canagrex, it will be of great benefit to the provincial governments. The corporation will include representatives from business and farm associations who will be in a position to advise the minister in all areas concerning the market development strategy. Management will be restricted. A president and two vice-presidents will be hired to manage Canagrex under the board of directors. I do not think farmers would have liked it if we had created a top-heavy structure that would have hampered their ability to communicate with and understand those who will try to open up new markets. Another significant aspect of the legislation, one which I hope will be found in other bills in the future, is the provision in clause 31 that the corporation will prepare a three-year plan. This means that every Canadian farmer, everyone in the agri-food industry, processors and even bankers will know in advance where Canagrex is going, what its objectives are for the three following years. And I quote:

> (2) The corporate plan referred to in subsection (1) shall set forth
>
> (*a*) the purposes and general objectives of Canagrex, not inconsistent with this act or the bylaws of Canagrex; and
>
> (*b*) the projected activities of Canagrex in the three financial years covered by the plan, including
>
> (i) the specific agricultural products or food products with which Canagrex will concern itself in the first of those three years.
>
> (ii) the specific objectives of Canagrex with respect to the products referred to in subparagraph (i), and
>
> (iii) the means that Canagrex intends to use in those three years in order to achieve the objectives referred to in subparagraph (ii).

I think this is a new approach, a long-term one that is really needed. There has been a number of complaints, other corporations involved in agriculture lacked vision. In some cases, pork producers blame us for having provided them with ample funding that led to future losses. I think the provision of such a three-year plan will enable other corporations like the FCC and a number of other boards involved in that area to plan ahead, and this will mean stable revenues for all our farmers. As matters now stand, as soon as there is a surplus, difficulties

arise, financial problems. Basically we developed export markets on the strict basis of periodic surpluses. Until now, we never had a consistent long-term policy.

Exactly! Right now, in order to produce surpluses, as the Minister of Transport (Mr. Pepin) said, if we did not have a corporation like Canagrex, there would still be surpluses every year, one year it would be potatoes, another year maple syrup, milk, powdered milk, or cheese. Truly nobody developed long-term projections.

It is my view that the Minister of Agriculture, first with his document "Challenge for Growth in the Eighties", and second, with the establishment of that corporation, will give a long-term outlook to a whole industry that is highly developed. Despite private initiative in the area of exports, it has always been difficult for various groups, packers or others, to negotiate with foreign countries. I know that it has very often been so with wheat, but in the other less conventional products this has always been difficult. Now that Canagrex will have authority to negotiate with governments and foreign corporations, I am sure Quebec producers in particular, who are so often dependent on foreign markets, will profit tremendously.

To return to my own riding, I am sure that the work that Canagrex and the Canadian Dairy Commission will be doing together will help a co-operative such as Agropur, one of the world leaders in the area of industrial milk, which must fight every year to find new export markets either for its cheeses, its powdered milk or its butter. A joint effort by the Canagrex-Canadian Dairy Commission team could mean only greater security in the area of new markets. The same applies to the Canadian Wheat Board. Canagrex has no intention whatever of replacing or competing with the Canadian Wheat Board, but I am sure Canagrex officials could give a tip or two to those of the Canadian Dairy Commission or the Canadian Wheat Board. Now, the new corporation will have to take up the challenge of making agriculture a stable and profitable business so as to convince farmers to make new capital expenditures. We have in Quebec legislation dealing with farm zoning.

● (1530)

Strictly on the basis of zoned land, we find that we have the potential to feed countless people. And most of that land is not even under production. Now we have the possibility of new markets. The Canadian market is much too limited to allow our producers to operate at full capacity. In Canada, at the present time the problem is not one of productivity in agriculture. We have to limit our production, which explains our quota system, because of circumstances beyond our control. Still, it is frustrating for the hard-working farmer to see his potential and production resctricted. He knows he could produce twice as much but, unfortunately, he does not have the markets for his products. The processing industry is in its very infancy in Canada, especially in Quebec. Where do our processing industries manage to process right on home ground? At this time, in our area for instance, people are processing apples; those plants are located in the riding of the Parliamentary Secretary to the Minister of Agriculture. There are people who process apples, make cider and all sorts of products and by-products, and that industry has given jobs to a great many workers.

The agricultural cooperative has over 600 people working in processing plants and I am convinced that a lot of new industries would open up if the markets were there. Canagrex will be able to help those people develop new markets and arrange their own financing, and I am sure that . . . Someone said earlier that the plain of Montreal was given preferential treatment over some other localities and I have no doubt that the future of the plain will be brighter still if Canagrex can fulfil its mandate. Indeed its mandate is very simple: Canagrex is established strictly for the purposes of promoting, facilitating and engaging in the export of agricultural products and services and food products and services from Canada to other countries by means of the financial and other powers provided in the act under which it is established of course. We have been waiting a long time for that corporation. I know that during the last electoral campaign we often referred to our determination to set up that corporation. The throne speech did refresh our memory and we are now about to deliver the goods.

I hope that our colleagues opposite will be responsible and generous enough to let the bill go to committee without undue delay. If they have specific questions Committee of the Whole House is not the place to put them. I suggest that a committee would be a much better place because, of course, we are not fully aware of every aspect of the operation and the producers as well as the associations will appear before us to tell us exactly what they think of the bill. As members we do our best, but at the earliest opportunity we should call for people outside who will comment on the bill and help us improve it if it has any deficiency. I know how our colleagues opposite feel, I can understand them, perhaps it hurts a little to realize that we are doing something for which the farming community will be extremely grateful, but it is really essential and we know all about the difficulties. Every day during Oral Question Period they remind us that farmers are going through difficult times. Here is a solution which might relieve somewhat their financial hardship and I hope hon. members will act diligently and efficiently.

The Minister of Agriculture is very optimistic about the potential of this corporation. I share both his optimism and his determination in the hope that the people will get to work immediately and sell our products. Again I say that the driving force behind our export policy and our challenge over the next 20 years will be Canagrex and the long list of supporting organizations which will enable Canada to become a major exporter. There are financial considerations, of course, because

farmers must earn a living and the processing industries and their workers must have work, but there are human considerations as well.

The scarcity of food in the world weighs on our conscience especially as we live in a land of plenty. All reports provided to us by organizations such as OXFAM and others constantly make us aware of destitution and hunger in the world and should induce us to pass that legislation as soon as possible. Many new systems and ideas will have to be developed and officials such as those of Canagrex could try to make that foodstuff available to those remote communities. We will need, of course, some valid economic grounds, it is unfortunate but such is life. However I am sure that we can also play a humanitarian role and Canagrex will help us considerably to do so. I hope, Mr. Speaker, that in the next few minutes we will be in a position to set up a committee to consider the provisions of the bill and amend them to the satisfaction of the members opposite. I hope that we will be in a position to implement the bill very shortly and that the minister will proceed with the appointment of new directors, so that those people will set out to sell abroad and give some hope to our farmers who are, I would say, tired of having their production restricted as well as their capacity to produce and make their land profitable. Mr. Speaker, I am sure that this new corporation will have an enormous impact on our region, our country and even throughout the world, and we should establish it as soon as possible. Some are complaining that it is too late; I think it is never too late to act right and if we can do that as soon as possible I am convinced that it will be generally beneficial in the future.

[*English*]

Mr. Bud Bradley (Haldimand-Norfolk): Mr. Speaker, I am pleased to have this opportunity to enter into debate today. I welcome the opportunity to make some comments about the bill before us. Bill C-85 establishes the Canadian Agricultural Export Corporation, Canagrex. Hopefully the corporation will carry out the functions desired by the minister to promote, facilitate and engage in the export of agricultural food products. Also it shows that the government is at least willing to recognize that there is an agricultural industry out there.

Please allow me to refer to a certain amount of concern which I have, Mr. Speaker, about the act, the subject relating to it and the powers given to the corporation. Also allow me to mention other concerns which I should like discussed at great length in committee and debated on the floor of the House. When we were looking at other questions regarding Canagrex to which we must have answers, we looked at such things as the role of Canagrex and the export of agricultural goods. We must ask ourselves whether it will be in support of or in competition with other exporters, both large and small. Who has the power to determine the sale and price of goods once a market is found? Is this the sole responsibility of Canagrex, or will it be shared with other departments such as the Department of Industry, Trade and Commerce or the Department of External Affairs? How many fingers are actually in the pot when it comes to who has final say in sales to the corporation? The co-operation among Canagrex, other government departments, organizations, the agricultural community and national marketing boards is of utmost importance. This brings us to the thought of developing a multiple government agency which must relate with the Department of Industry, Trade and Commerce, the Department of External Affairs or whatever the new massive complex may be. I would hate to see it evolve into a situation where trade-offs are made of manufactured goods coming in and out of the country, where we must deal with other department agencies and be willing to trade some of our produce to another country provided that we are willing to accept its manufactured goods or possibly even its produce which competes with our own. The actual sales being made as a result of negotiations between countries and departments are of major concern as well as the resulting agreements. As to the question of whether or not Canagrex should be a Crown corporation, it should be examined closely both in committee and here in the House.

● (1540)

I am sure that hon. members are aware of my concerns about Crown corporations, since I am the Post Office critic. We are a little shell-shocked on this side and so are the people in this country when it comes to Crown corporations, especially when we look at the Post Office and Petro-Canada. We on this side of the House together with many people in the agricultural field are leery of Crown corporations.

I feel we have a sufficient number of Crown corporations in Canada now. But whether Canagrex should be a Crown corporation or a wing of the Department of Agriculture or some other department of this government should be weighed in order to determine what is most advantageous to our country and to our farm community.

In this past week the word "partners" has been mentioned. The possibility is that Canagrex would enter into a partnership in sales and negotiations. Farmers in Canada do not want to be partners with the government, assisted yes, but not partners. We have too much government intervention in agriculture now. On page 6 of Bill C-85, we read:

(g) purchase, lease or otherwise acquire and hold real and personal property for actual use by Canagrex—

My concerns about this corporation are increased, having read that particular subclause.

I am concerned about jobs. Who are the people who will serve on the board of directors of this corporation? Who will be its vice-presidents? Who will go out looking for areas in which to sell our produce? Who will make the contracts? I hope these positions will not be patronage positions for those who have done well for the Liberal Party. I hope they will not be political appointments. I have sufficient faith in the Minister of Agriculture (Mr. Whelan) to believe that he will ensure that the best possible personnel will be put into this corporation and they will be agriculturally-related individuals.

I am also concerned about who this corporation will be responsible to. We see that the Auditor General is to have some say in the matter. But will the corporation be responsible to the minister and cabinet or will it be responsible to a committee of the House? Will it have the advantage of sunset laws? That is a concern of mine because of the responsibility. If it is to be the minister and cabinet, we have to look at the timing and the enthusiasm that cabinet has shown toward agriculture.

One can only think of asking oneself why it would take ten months to get this bill onto the floor of the House now when the minister had announced the cabinet had given the green light in February of 1981. We do not know how long the Minister of Agriculture had worked to get the cabinet to that stage, but now all of a sudden we are into a position where everything is rushed. Everyone on that side is very concerned that this bill go through immediately, that we get this bill passed in the House today. Why, Mr. Speaker?

Mr. Pepin: Because we are very busy.

Mr. Bradley: Why, Mr. Speaker, do we do it now? It took ten months to get the bill to the position at which it is now. Why is there such a rush to get this bill passed? The previous speaker, the hon. member for Shefford (Mr. Lapierre) mentioned that he hoped the bill could be wrapped up in a matter of minutes today if that were possible. He said that if members had other questions and other concerns, they should take the bill to committee immediately, ask their questions in committee and debate the bill there. I am sure the hon. member has as many questions as those of us on this side have. We would like to take this bill to committee. We hope to take it to committee. But we have many questions and we have many people who want to speak on this bill. We are not all members of the Standing Committee on Agriculture.

Mr. Pepin: You have said nothing yet.

Mr. Bradley: Therefore, we must take our opportunity to present our views to the House.

The Parliamentary Secretary to the Minister of State for Small Businesses and Tourism (Mr. Ferguson), while speaking to this bill earlier this week, said that with Canagrex we must learn to walk before we can run. I agree with the parliamentary secretary. We must walk before we run. That is why we should not "run" this bill through the House. We should "walk" this bill through the House to ensure that it is the best possible bill for agriculture that this House can produce.

Certainly we must increase our agriculture exports in Canada. All members on this side of the House are aware of that. I am sure that all members on that side of the House are aware of that too and agree. We have always been informed and had the idea that Canada had a food trade surplus. We have. But the surplus is dependent directly on the world grain market, world grain trade, and Canada's sale of grains around the world. When we take the grain sales out of the figures, we find that we have an ever-worsening food trade deficit in Canada. That is something we must work together to turn around. While doing this we must also ensure that we protect our own agricultural community from imports of goods that we can grow here in Canada. Such as those grown in my area, which include apples, fresh fruits and vegetables, oil seeds and soybeans.

If we are going to look for markets around the world for our produce, we must also ensure that we protect produce in Canada that can be produced and sold also within our boundaries. It must be protected from imports from abroad. We must promote home sales as well as sales abroad. It is important that agriculture is helped at this time in Canada.

It is very important that we here in Ottawa take steps to help agriculture. We have to help find markets. Assistance must be given in the selling of goods to these markets. We must protect the goods that can be grown competitively here within the country. All sectors in agriculture must be helped. Agriculture has tremendous problems today. There is a tremendous cost-price squeeze placed on the producers in this country. Government tends to forget farmers, all levels of government, be they municipal, federal or whatever. It is very easy to say that farmers make up only a small percentage of the voters in this country and that we must really look to the consumers who make up some 80 per cent to 90 per cent of the voters. We must keep prices down to those consumers to ensure their votes. We must keep the cost of living down. We must keep inflation down. But let us not forget that farmers are also consumers, and on the average they consume much more than other sectors of the population. They too are having problems. They have problems with overhead which is continually rising. But the prices farmers receive for their goods are already on what is classified by too many people in the country as the top rung. These expenses which are continually climbing the ladder will eventually push the farmer off the ladder. The farmer faces tremendously increased costs in the transportation of his goods to the marketplace. The farmer faces increased costs in seed to plant his crops. There are increased costs for animal feed, fertilizer for his fields, labour to work his fields, and a tremendous increase in the cost of energy for his buildings and equipment. In addition, we have seen in the last few years a tremendous increase in the cost of equipment used on the farm.

• (1550)

What do the farmers do about it, Mr. Speaker? They go into debt; they have to in order to survive. They borrow money at the first of the year to put their crops in and hope they have a good year so they can pay it off at the end when they hope they can sell that crop. What do they borrow it at? Their interest rates are at 20 per cent or more. This kind of burden can no longer be placed on agriculture.

I am swamped in my constituency office, as I am sure members on both sides are, by farmers coming in with financial problems. Proud people with a 40-year farm history, people who have paid off as many as five mortgages on their farm to get to the position they are now in. People who have raised proud families, many of the children having returned to

agriculture. One particular case comes to mind, Mr. Speaker, of a farmer whose son recently had his farm foreclosed and has himself been given 60-days notice. There are countless examples of this, Mr. Speaker, but this is not the bill on which to debate that.

They have been turned down by lending institutions, be they banks, government agencies or whatever. They do not know which way to turn. We are now debating some method of offering assistance in selling their goods and products. We must also consider the bankruptcies in agriculture. There is talk that the number of farm bankruptcies is much lower than what people believe; they are not really at a critical level. That is a fallacy, Mr. Speaker. I mentioned earlier that farmers are proud people. That is what keeps the bankruptcy figures down. If it reaches that stage in agriculture, you not only lose your home and your farm, but your whole life's work, your pension plan.

What do farmers do in that kind of situation? They borrow money, Mr. Speaker, at those high interest rates on which most of us would turn our backs and do anything but borrow. Or they go outside the farm and get a job at Stelco, Dofasco, Hydro or wherever. Then they come home at night and on the weekends and farm their land in order to keep it and to prevent bankruptcy. Or their wives go back on the labour market instead of staying home and looking after the family. When it comes down to it, rather than declare bankruptcy, most of those farmers will put their farm on the market for what they can get, thereby ensuring payment to their creditors rather than taking the final step into bankruptcy. So the bankruptcy figures, Mr. Speaker, do not represent the problems in agriculture today.

If we are to arrive at the best way to market farm products, we must understand and address the problems of the producers, we must assist marketing not only within Canada but around the world. The Farm Credit Corporation has been given a new lease on life to help the agricultural industry, and the Small Business Development Bond program is going to be given great amounts of money to assist those farmers in dire straits but, typically, it is all too little, too late and masked in confusion.

If a farmer goes to the FCC, he is told the regulations are correct and he must be turned down by banks and other lending institutions before he qualifies. It is not the fault of the FCC's field men, Mr. Speaker. Those who man the offices are capable and very concerned. It is the fault of a government that will not properly fund the corporation to enable its officials to look at the farmers' problems and help them to produce the goods we hope to sell around the world through Canagrex.

So the farmer, having been told that he must be turned down by the banks first, turns to the banks, Mr. Speaker, and inquires about the Small Business Development Bond. What is he told? We do not have the regulations yet from the government as to what it entails. Two months after the budget was brought down the banks still do not know what to do about it.

Now that we see a draft of the Small Business Development Bond program, what do the regulations say? They say you must first be turned down by other lending institutions. So we have the FCC saying you must be turned down by the banks and other lending institutions, and the Small Business Development Bond regulations saying the same thing. Where does the circle end, Mr. Speaker? When is that government over there going to assist farmers with acceptable interest rates?

This government makes promises. Canagrex was one, and a good one, but there were other promises made during the election. Farmers in my riding were told that the government would review the capital gains tax with the idea of reducing or eliminating it for farmers. They were told that V-day would be advanced from 1971 to 1974. What actually took place, Mr. Speaker? The Minister of Finance (Mr. MacEachen) took those promises, threw them out the window and hit the farmers harder than they have ever been hit before.

Mr. Nielsen: Right between the eyes.

Mr. Bradley: What could have been done for farmers in that budget in order to bring Canagrex in at a time when it could be of some assistance in ensuring production of goods and to provide us with a definite picture of agriculture's future? Something could have been set up to give real assistance on interest rates. The Farm Credit Corporation could have been allowed to acquire money from the private sector. A mortgage interest deductibility program could have been set up, if not for all Canadians at least for those in food production. Concessions could have been made on fuel and energy rebates for agriculture. Capital gains could have been exempted at least, as we have proposed, once in a lifetime for the bona fide farmer.

A farmer's operation is his pension plan, Mr. Speaker. He puts all his money back into the farm for his eventual retirement. Then he has to turn around and hand it all back to the minister in charge of income tax. Those are some of the things that could have been done, Mr. Speaker and they must be done if we are going to be realistic in facing the problems of agriculture, if we want to assist in the necessary marketing abroad. Farmers should be able to grow all they can and be satisfied that they will have a market for their produce.

I know, Mr. Speaker, that there are a great many arguments for and against the government's getting into agricultural export assistance. I am anxious to get into this subject in committee to see what the advantages are and what can be done. I want to find out if this is the best method to assist in the export of agricultural products. This leads me to the corporation versus the department, Mr. Speaker; to the utilization of embassies and staff, and whether it can be done with the number of staff members and funding allotted to the corporation.

I would like to carry on, Mr. Speaker, but I see the time is running short and I wonder if I may now call it four o'clock?

The Acting Speaker (Mr. Ethier): It being four o'clock, the House will now proceed to the consideration of private members' business as listed on today's Order Paper, namely notices of motions.

● (1600)

PRIVATE MEMBERS' MOTIONS

[*English*]

Item No. 48 allowed to stand by unanimous consent.

METRIC CONVERSION

PROPOSED MORATORIUM AND REFERENCE TO STANDING COMMITTEE

Mr. Doug Neil (Moose Jaw) moved:

That, in the opinion of this House, the government should declare a moratorium on metrication, disband the Metric Commission and, refer the question of conversion to the metric system to a standing committee of the House of Commons for study and review, and that the review extend to all aspects of the metric system and include the hearing and consideration of the views of interested persons and organizations and that the committee make recommendations that appear to the committee then to be necessary or desirable; and that the committee have the power to adjourn from place to place within Canada.

He said: In the Monday, January 11 edition of the Kingston *Whig-Standard*, there was an editorial entitled "Metric Madness: An Unconscionable Assault on Freedom." I would just like to read, for a moment, the first two or three paragraphs, because I think they are very interesting. The editorial states:

For people who can't tell the difference between an end and a means, I recommend a Mac Tackaberry.

In a front-page story the other day in *The Whig-Standard*, Mr. Tackaberry said all that there is to say. I'm only writing this to praise him.

For Mr. Tackaberry, there is no difference in principle between metric law and martial law. There isn't.

And for this Kingston businessman, metric measurement itself is not the issue. It isn't.

It is the use of force, by government, to do something that it wants to do, and to make many people do what they do not want to do.

Mr. Tackaberry says that he is prepared to resist the forcible imposition of metric law; that he is prepared to let the government close down his business, with its 30 employees; that he is prepared to go to jail.

How did this all come about? Canada has recognized the metric system since 1871. It was a voluntary system, and I emphasize the word "voluntary". Then, on January 16, 1970, to be exact, a white paper was tabled in the House of Commons. As is customary, the white paper, when it was tabled, was briefly commented on by a representative from each of the parties. At that time, our then House leader, Mr. Ged Baldwin, the then hon. member for Peace River, as recorded at page 2471 of *Hansard*, had this to say:

I agree that there must be a continuous and detailed study. We are prepared to co-operate with the government in this regard ... I would strongly urge the minister to give some thought to having the white paper he tabled today submitted either to a special or to a joint committee so that there might be a continuous study and reports from time to time to this committee by the boards the minister proposes to set up.

There was no reference of the white paper to a committee, and there was no debate in the House of the basic principles of metrication. However, based on that white paper, the Metric Commission was set up. I am not sure under which minister it was set up. I assume it was the then minister of industry, trade and commerce. However, the Metric Commission was comprised of four bureaucrats who were out of touch with the real world, the same types of bureaucrats, I would suspect, who prepared the budget which was handed down in the House on November 12.

Once this metrication committee was set up, it proceeded to try to implement metrication in the country. The committee members were able to persuade some of their fellow bureaucrats in the other provinces to go along with them. In Saskatchewan, for example, the land titles act was changed. The basic law of the land in the province of Saskatchewan was changed by an order in council dated April 20, 1976, prepared by bureaucrats and presumably signed by a minister somewhere along the way. However, what was interesting to find out, as we did, was that the matter of changing the land titles system in the province of Saskatchewan and, I assume, in the other provinces as well, was never debated in the legislature. As a matter of fact, when some of the Saskatchewan Members of Parliament found out that this order in council had been passed in Saskatchewan, we contacted some of the provincial MLAs and some of the ministers of that government and we asked, "What has happened? What went on? You have changed the land titles system to metric." What was their response? They said, "You are crazy. We never did that." We said, "Well, here is your order in council."

The Metric Commission bureaucrats persuaded the bureaucrats in Saskatchewan to change the land titles system. It is really a physical impossibility to change the land system from acres to hectares because the land in the prairies is surveyed on the square mile. There are 640 acres to the square mile, and 160 acres to a quarter section. One cannot convert to the metric system without having a whole bunch of decimals, which is absolutely ridiculous. The Metric Commission bureaucrats, as well, persuaded the bureaucrats in the provinces to change our speed limit signs in the provinces to kilometres per hour. There was no discussion and no debate. It was passed by order in council.

It was not until December of 1976, or early in 1977, that the question of the metric system ever arose in the House again, but by then it was a *fait accompli*. The metric system has moved along to the stage where the minister in charge of the Canadian Wheat Board, the Hon. Otto Lang, brought a bill into the House which was to change the Canadian Wheat Board Act, to change the Grain Commission Act, and to change the Weights and Measures Act from imperial to metric, making the imperial system illegal. That led to quite a lengthy debate.

Mr. Smith: This is true.

Mr. Neil: It was violently opposed by the members of the official opposition because we knew, through discussions with our constituents, what they felt. It was interesting, because the present leader of the Liberal Party in Saskatchewan, the former hon. member for Assiniboia, Mr. Ralph Goodale, who prided himself on having his finger on the pulse of the people spoke in the House on January 26 in this debate. What did he say? He said:

I want to deal with a few of the aspects of metric conversion affecting grain which may not be fully appreciated but upon the basis of which I believe this measure is not only supportable but is also in the best long-run interests of all segments of the grains industry, including producers in the prairie region. First, it should be noted that this change has a broad and virtually unanimous base of support in the farm community.

He went on to say that he had visited his constituency and that the people there were all in favour of metric.

Mr. Munro (Esquimalt-Saanich): Do you know what happened to Ralph? Where is Ralphie now?

Mr. Neil: The minister in charge of the Wheat Board at that time, the Hon. Otto Lang, supported the metric system, of course.

Mr. Munro (Esquimalt-Saanich): Where is he?

Mr. Neil: He is not here, either. However, his argument was that the change to metrication would save the farmers and grain producers some $5 million a year. He could not explain it. They were not letting anybody off. They were spending all this money on conversion of their scales, but he said, "We are saving the prairie farm producer $5 million."

● (1610)

I travel throughout my constituency on a regular basis. I visit every elevator in my constituency, and there are a lot of them. In my travels I have only found one elevator agent who agrees with and is in favour of the metric system. He is in favour because he started after the system was imposed. However, without exception when you visit an elevator, the agent will tell you two things. First, they wish it had never been changed. Second, 99 per cent of the farmers delivering grain to the elevator say to the agent that it is fine to receive their ticket marked in tonnes, but they would like to know how many bushels were on their load and how many bushels they have sold.

This not only concerns the elevators but the stores. We have moved to the stage where a recent order in council has made metrication in the stores compulsory. Two years ago when it was rumoured that the stores would be forced to go metric, I visited many storekeepers in smaller towns where there is only one store.

Generally speaking, such a store is run by an elderly couple. They live above the store because their income is marginal. They told me that if they had to convert to metric and spend money on new scales, their income could not stand it and they would have to close. We would have a situation where there is a small town and no store. That is fine for young people with a car. They can drive to the nearest city or town where there is a store. However, the senior citizens who live in those towns, and there are many of them, will be faced with great difficulty when buying their groceries.

The grocery stores are being forced to convert to metric, and we do not even manufacture such scales in Canada. They must be imported. The cost to convert the scales in Canada will be $584 million, and that is only an estimate. Who will pay for that conversion? It will be added on to the price of the goods and you, I and other consumers will pay the cost. Our cost of living will increase. This is inflationary. No wonder our cost of living keeps going up.

In addition, money is being spent on advertising. We are going to pay Madame Benoit and Bruno Gerussi $110,000 for appearing on a television advertising campaign. They will show how to cook food using the metric system. I do not think it will taste any different, but that is good money for them. I understand that $1.8 million will be spent to advertise the change to metric in the grocery stores. This is unbelievable.

The Minister of Transport (Mr. Pepin) is not in the chamber. However, when the white paper was tabled in January, the present Minister of Transport was then minister of industry, trade and commerce, and this is what he had to say when the white paper was filed:

Because of the close ties between the United States and Canada in science, technology, industry and commerce, each country has a special interest in the course likely to be followed by the other in respect of metric conversion.

All we on this side of the House have ever asked is that we move in step with the United States, our largest trading partner. It is interesting to note that the Americans are not going metric.

Mr. Smith: Have you bought gas in the United States lately? It is in litres.

Mr. Neil: It is not compulsory there like it is here. It is voluntary. I do not have anything against something being voluntary but when a government, be it federal, provincial or municipal, forces something upon the people against their wishes, it is wrong. That is what is happening here.

The United States is not going metric. In fact, it is disbanding the metric commission in the United States. It is walking its last kilometre. Britain went metric and now it is changing back. New Zealand went metric and it is changing back.

Talk to those in the lumber mills and you will hear from them that the call for metric lumber is minimal. A few days ago I talked with a lumberman who ships a lot of lumber to the European Economic Community which uses the metric system. He said that the lumber he ships is 2×4, 2×8 and 2×6. He does not ship one piece of metric lumber. However, an attempt was made to force the lumber industry to convert to metric. Unbelievable.

The temperature has been given in Celsius for the past six or seven years. Most people now understand Celsius. However,

the CBC shows a little fellow paddling a canoe. First it shows 10 degrees, then 9, 7, and so on down to zero when his paddle freezes in the ice. At zero degrees the water freezes, turns to ice and that is the end of the act. I do not know how many hundreds of thousands of dollars is being spent on that advertisement.

I see my time is running out, Mr. Speaker. I only have another two or three minutes. However, I would point out that many members, including myself, have conducted polls of their constituents on various matters such as capital punishment, metrication and so on. It has been found that 98 per cent of those polled are opposed to the metric system. When travelling around my constituency or in my constituency office, the metric issue is raised more often than any other item, with the exception of the budget which caused great consternation among my constituents. The metric issue is always in the mind of constituents. They cannot understand why the government forces it upon them. However, Big Daddy knows what is best.

When you have a Prime Minister who says he approves of martial law, it is not likely he will change his position with regard to the metric system. I urge backbenchers on the government side to give heed to the pleas of their constituents with respect to metrication and urge the Prime Minister (Mr. Trudeau) and the minister in charge of metrication to take a second look at it. The minister responsible for the metric system should take a look at it again. I would recommend that the way to do it would be in accordance with my motion which provides for the placing of a moratorium on metrication, the disbanding of the Metric Commission and the setting up of a standing or special committee which could travel across Canada to receive briefs and hear the recommendations of Canadians. It could then come back with its recommendations.

● (1620)

Mr. Smith: It is a backward step.

Mr. Neil: If it is backward, it is backward because the Liberal Party forced metrication on the people of Canada.

The standing committee should have gone across the country initially, before the decision was made. It was not done and now is the time to do it.

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, I am pleased to rise to speak to the motion put forward by the hon. member for Moose Jaw (Mr. Neil) concerning the metric conversion program.

The motion before us suggests that we should replace an effective and efficiently running organization, namely, the Metric Commission of Canada, with another committee which will not only duplicate much of the work already completed by the commission but which will have no responsibility to achieve any concrete results.

The program that we already have in place is progressing very well and is about to come to a successful conclusion in the near future, largely due to the co-ordinating efforts of Metric Commission Canada.

I would like to explain how Metric Commission Canada has already fulfilled and is now fulfilling exactly the role proposed by the hon. member for a standing committee. Since its inception, the commission has assumed the responsibility, and its mandate, of reviewing all aspects of the implementation of the metric system in Canada. From the time that all House leaders supported the white paper on metric conversion in 1970—I would remind hon. members opposite of that—through to the end of 1975 when the investigative phase of the conversion program was essentially completed, the Metric Commission was actively involved in assessing the impact of metric conversion on every sector of the economy in Canada.

I would like to quote from the statement of the former member for Peace River, Mr. Baldwin, made at the time of the tabling of the white paper on metric conversion. He said:

> I agree there must be a continuous and detailed study. We are prepared to co-operate with the government in this regard.

That is what Mr. Baldwin, a Conservative member, had to say at that time. Yet, when the Metric Commission has been and continues to be, engaged in assessments and reviews, there is a motion on the floor to undo the work of the commission.

An integral part of carrying out this assessment was and still is the co-operation and support received from over 2,000 volunteers representing private industry, agriculture, education and consumers at large. These representatives were chosen by their peers through national associations and organizations, large and small, to work on sector committees in order to recommend, guide and monitor individual conversion plans which reflect the best interests of their respective industries.

Speaking of the education sector, I was speaking to a teacher from a junior high school who is a friend of mine in Toronto, and a very reasonable person. She was saying that the students of this generation have picked up metric very easily.

Mr. Munro (Esquimalt-Saanich): So did I. Years ago. Where were you brought up?

Mr. Smith: It is shocking that you want to go back to this. These sector committees continually review the progress of conversion in light of changing conditions such as, for example, consumer reaction, trade opportunities and economic and practical experience. This is an ongoing and knowledgeable review by those who will bear the brunt of the costs and the benefits of metric conversion. This continual review, assessment and corrective action are the ongoing business of sector committees, and their worth is efficiently co-ordinated by Metric Commission Canada.

It should also be emphasized that it has taken many years of co-operative effort to acquire the necessary knowledge and expertise to make the multitude of decisions required to set each industry on the least costly and most judicious course of metric conversion. This has been accomplished through volunteer representatives under the co-ordination of the Metric Commission.

One of the great achievements of Metric Commission Canada has been to organize some 100 sector committees,

bringing together representatives from large and small businesses alike, from management and labour, to sit down together around one table and to work co-operatively toward a common objective. This accomplishment is not a minor one and it should not be expected that a newly-appointed standing committee could do anything different from what the Metric Commission has already achieved.

As part of its responsibility to co-ordinate metric conversion in Canada, the commission continually monitors the views of Canadians at large and is open to representation by both individuals and organizations.

Mr. Munro (Esquimalt-Saanich): You cannot believe all that.

Mr. Smith: The commissioners meet on a regular basis in cities across Canada and hold open sessions which are publicly announced well in advance of the meetings. Time is set aside at each meeting to hear representations from interested persons and organizations on whatever aspect of conversion they wish to discuss. These meetings are usually well attended by local citizens and the press and opportunity is provided for anyone who wants to address the commission. I was shocked when I heard the hon. member from Drumheller talk about Hitlerism and this being imposed on the people.

Mr. Taylor: That is what it is.

Mr. Smith: He simply is not familiar with the process that allows the maximum possible input which has been in effect since the beginning of the commission.

Mr. Munro (Esquimalt-Saanich): It is not standing in law.

Mr. Taylor: You are not familiar with what the people think.

Mr. Smith: A further responsibility which has been assigned to Metric Commission Canada is to make available a broad range of information materials both for those who specifically request them and for general use by the public. The co-ordination and dissemination of information is most essential when the implementation of conversion plans are under way. This is one of the key roles of the Commission, and the one which is only just coming to a peak as the implementation phase passes the mid-point of completion. Any disruption in metric conversion will seriously undermine the information program which is progressing not only through Metric Commission Canada but, more important, through the auspices of the various sectors of the Canadian economy as they implement metric conversion.

Another of the key functions of Metric Commission Canada is to make recommendations to the minister regarding the future progress of conversion in Canada. In this regard, the sector committees which have embarked on the metric conversion program, with the guidance and support of the government through Metric Commission Canada, have made it clear that metric conversion cannot be accomplished unilaterally by industries alone and that the government's commitment and leadership are essential to the successful completion of the program. It does not appear logical for the government to terminate the support and co-ordination provided by Metric Commission Canada just as the program is reaching its final stage. Without the co-operation and involvement of all levels of government, metric conversion is likely to be unnecessarily prolonged and the interests of consumers and businesses will suffer accordingly.

Mr. Taylor: Throw it out entirely.

Mr. Smith: It is extremely important to recognize the amount of time, effort and money expended by thousands of people across Canada from every walk of life in support of the decision to proceed with metric conversion in an orderly fashion. This decision was taken to ensure that Canada is in step with the rest of the world.

Some hon. Members: Oh, oh!

Mr. Smith: This effort is about to come to fruition. I cannot help it if hon. members opposite still prefer to live back in the ice age. That is up to them.

The implementation phase which has been under way in some sectors of the economy since 1975 is close to 60 per cent complete at this time. Over 50 per cent in the 94 sectors of the Canadian economy which have published sector plans expect that their programs will be substantially completed before December, 1984. By this time, metric measures will be used by Canadians for most commercial and legal transactions.

Is this really the time to impose a moratorium on metric conversion?

Mr. Taylor: Yes, absolutely. You should never have started.

Mr. Smith: On the contrary, I suggest that this is the time to strengthen our effort, to realize the benefits and to complete the program. Let us not carry on forever analysing the pros and cons of metric conversion. It has been said the most costly aspect of conversion has been the debate. The expenses incurred over the years on debating the pros and cons, the costs and benefits, and the problems and opportunities would likely have paid for the major portion of the conversion program itself. I do not think that we should add to that expense with another protracted debate.

I would like to illustrate how different sectors of the Canadian economy are adapting to the changeover to metric with a minimum of fuss.

Metric conversion in the oil and gas industry is an example of a conversion that has proceeded relatively smoothly. I know that my hon. friend is very interested in the oil and gas industry. That is one example. This has been brought about by the leadership exhibited by the Canadian Petroleum Association. The Association, realizing the necessity to formulate a well-thought-out plan for the industry, established a committee in 1972 with the responsibility of bringing about an orderly transition to metric conversion on a least cost basis. The

committee is truly representative of the industry and comprises individuals knowledgeable of all phases of the industry. In this sector, which is very important to Canada, production and field operations have been essentially metric since January, 1979. Similarly, the mining industry and the chemical industry are now operating to a great extent with metric measurements.

Motor vehicle manufacturers are one of the leaders in Canada's metric conversion program. In this regard, Canada had to keep in step with the United States automotive industry which started the move to metric. Early in the conversion process the industry identified many long-term advantages to going metric and, by careful planning, were able to introduce a progressive conversion, thus minimizing the short-term costs. Some of the advantages foreseen were standardization of designs and components, reduction in the number of sizes of items such as fasteners and the use of one system of measurement throughout worldwide operations.

• (1630)

An example of how a major industry has an impact on other supplying sectors is metric conversion in the rubber and plastics industries. With automobiles and parts designed and manufactured in metric terms, many rubber and plastic components have also been converted to metric. Further progress toward metric conversion is expected as more companies are identifying their products in metric terms in response to the market demands. Metric production is also under way in the reinforced plastics composites, injection moulded parts and many other plastic items in response to market demands.

The rubber and plastics industries have both stated that hard conversion, with product size rationalization, will be pursued wherever possible for long-term benefits, with the ultimate objective of international standardization. Conversion is to be compatible with related domestic and worldwide industries and achieved with minimal cost.

Metric conversion in Canada is not confined to heavy industries. There is considerable progress in areas that relate to consumers.

Metric conversion of specific food products has included prepackaged meats, confectionary items, dairy products, canned and frozen fruits and vegetables, jams and jellies, juices, biscuits, cooking and salad oils, sugar and snack foods.

This conversion in the food industry, a sector of the economy that impacts on every consumer in Canada, has been achieved with a minimum of inconvenience. In many cases the consumer is not even aware that the product he or she is buying has been converted to metric.

It is estimated that 75 per cent of prepackaged grocery products have been converted to metric sizes. Grocery manufacturers have completed this planning on a voluntary basis via 16 industry-sector committees. The benefits for the Canadian consumer resulting from metric conversion have been less proliferation of product sizes and ease in calculating unit prices and in comparing product prices because of uniform product sizes.

Mr. Munro (Esquimalt-Saanich): Do you really believe that?

Mr. Smith: Sure.

In conclusion, it is evident that the metric conversion program embarked upon by this country over ten years ago is well on its way to completion, due to the tremendous support, co-operation and effort of every sector of the Canadian economy. By delaying the completion of the program any further, not only would we be creating needless confusion and expense but, of more serious consequence, we would be undermining the support and trust of Canadians from coast to coast who have worked so hard to make this program a success.

In light of the many accomplishments achieved to date under the guidance of Metric Commission Canada, which is successfully fulfilling the roles proposed for a new standing committee, I must reject any moratorium on metric conversion, the abolition of Metric Commission Canada or the creation of a new standing committee. Consequently, there appears to be no valid reason for supporting the motion before us.

Mr. Gordon Taylor (Bow River): Mr. Speaker, I fully support the sentiments expressed in the excellent and splendid address given by the hon. member for Moose Jaw (Mr. Neil). The hon. member for Moose Jaw reflected the thinking of the people. The Metric Commission wrote a lovely speech for the parliamentary secretary. The Metric Commission writes well, and the parliamentary secretary reads well, but surely he does not believe that baloney!

I have never seen anything so totalitarian in this country as the imposition of metric on the people. The people are told they have to have it. It was a dupe from the very beginning. Organizations were told that this has to be. The heads of organizations were talked into believing that the United States and England were changing. The agreement of these organizations was almost forced from them. Talk about something being totalitarian and communist—the way this was done is comparable to the way the German people were duped by Hitler. It is exactly the same. The people of Germany were duped by Hitler. They got involved in Nazism, and millions of people lost their lives. Metrication is as totalitarian as anything the communists in Moscow ever produced. It is as communist as that.

We are living in a democracy. The government is supposed to reflect the thinking of the people, but here the parliamentary secretary, speaking for the Liberal Party, objects to going out to the people and finding out what the people want. The hon. member from Moose Jaw wants a moratorium. He wants to go to the people to find out what the people want, but the Liberals do not. Oh, no, that is too democratic. They cannot go for that.

Metrication is imposed on the people of Canada. The Liberals tell the people they have to have it and that they are going to like it. Then what do they do? They take the people's money and spend it to persuade the people that they have to have metrication. Two excellent artists were paid $110,000 to try to

persuade the people of Canada that metric is okay. Metric has already been imposed on us, but now the government has started to try to sell the idea to us. It is trying to make us think it is good. Thousands and perhaps millions of dollars are being spent to persuade the people through TV, radio, newspapers and so forth. The commission is travelling and it has spent more than $50 million. Then the people are asked to exercise restraint and to tighten their belts. The government talks about cutting down government expenses. This is an extravagant government. It says one thing and does another. Members of the government talk about restraint and then spend like wild drunkards spending somebody else's money. That is exactly what this government is doing.

We are told we cannot have two measurements. We have two languages in this country. Do the Liberals say we cannot have two languages? Oh, no; we can have two languages, but we cannot have two measurements. One can be voluntary; the other cannot. The Liberal government is the most inconsistent government I have ever seen or heard of. Hon. members opposite talk about being backward. The parliamentary secretary read from the brief prepared by the Metric Commission that a moratorium would be a backward step. The budget of the Liberals has set the country back fifty years. They do things backwards all the time. Turkeys take one step forward and two steps back. The Liberals occasionally—as in the case of the FCC bill—take one step forward, but then they take about ten steps back. They are completely backwards.

Mr. Smith: Watch your blood pressure now, Gordon.

Mr. Taylor: There is nothing wrong with my blood pressure. I am speaking for the people of Canada.

Mr. Waddell: Right on.

Mr. Taylor: I do not have somebody writing my speeches for me. I am speaking for what the people of Canada want.

Some hon. Members: Hear, hear!

Mr. Taylor: It is about time the Liberals started to learn what the people of Canada want. The Liberals tell the people what is good for them and spend their money.

The hon. member from Moose Jaw spoke about lumber. A trucker told me he hauled a truckload of lumber from British Columbia to the United States. The load was measured in metric, and the Americans told him to take it back. That was a complete waste of money. It is no wonder Reagan is being supported in the United States. He has disbanded the metric commission there, and it is about time we did that here. The Prime Minister (Mr.Trudeau) says we have to have metric, so every Liberal member says we have to have metric.

A few weeks ago the Prime Minister said we would have a constitution unilaterally whether the people of Canada liked it or not, and every Liberal said, "Yes, yes, right on, Pierre". Then a few weeks later when the court ruled against that—the issue having been forced by my party—the Prime Minister said, "Oh, no, now we have to have consensus". So every Liberal changed his tune again and said, "Yes, yes, oui, oui, right on, Pierre, we want consensus". They said they could not go for unilateralism, yet they supported it previously. Now we have Metric Commission bureaucrats telling this country we have to have metric.

Mr. Munro (Esquimalt-Saanich): Metrocrats.

Mr. Taylor: We do not have to have metric at all. This is a hoax. The people of this country are being duped. The people of Canada are being tricked and deceived. They are being dealt with inconsistently and in a totalitarian way. They are being dealt with in a way even more totalitarian than is the case in Moscow, yet the Liberals stand up and support that. I ask Liberal members to go to any town or village and to talk to the thousands of people who sent letters to the commission when they were given 30 days to demonstrate whether they wanted metric in grocery stores. Thousands of people signed it, but what was the use? The government did not even read the petition. We have not got a democratic government, we have a totalitarian government. If I were sitting on that side of the House I would move. I would not support totalitarianism. I fought against it and I never expected that I would have to fight it again in this House. The government is imposing the metric system on Canada and that is not right, Mr. Speaker. It is completely wrong.

• (1640)

I suggest that we should have a vote in the House today to find out if the people of Canada want a moratorium. The people could tell us whether they want metric at all. I challenge the Liberals not to talk this bill out. For once, let us find out what the people want and reflect it in the legislation. That would make hon. members opposite much happier than the totalitarianism that is being practised now.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Marcel Ostiguy (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, I will try to display more restraint and moderation than the previous speaker in my attempt to show that the metric conversion process really meets the expectations of Canadians in this new decade. It is a pity the hon. member opposite who spoke before me is still living in the thirties, but I want to tell him that this government is legislating for the young people of the future, not for the past. And I might tell him also that people of my age may have some difficulty adjusting to the new system, but there is no point asking younger people to think in terms of pounds and miles and so on. All they know is the metric system. Therefore, as a responsible government, we have to legislate for the present and mainly for the future, for the generation which will take over from us in a few years.

The motion seeks to stop all metric conversion in Canada and to set up a standing committee to reconsider metric conversion. I think that after ten years, the time to set up a

committee to find out where we stand is long past. I notice that newspapers, commercials and supermarkets are already advertising in kilograms and in pounds. Since January, all advertising by the big food chains has been in kilograms and pounds so that people can get used to it. Several sectors with representatives on the Metric Commission have pointed out that in their industries, metrication is almost completed. Until now, various sectors of business, industry, education, labour and agriculture have published 94 conversion plans. Today, I rose precisely to speak on behalf of Canadian producers, consumers, etc. Eighty per cent of these sectors are expecting to reach their conversion objective before December 1984. Moreover, the conversion of scales in retail food stores, which is the last major program to affect consumers, is now being implemented in most Canadian cities.

If I may, Mr. Speaker, I would like to say a few words about the progress of metric conversion and its importance for the Canadian economy. Here is important news for farmers: the Versatile Manufacturing company, from Winnipeg, which produces agricultural machinery, has just launched on the market a line of farming tractors designed in metric units. Canadian subsidiaries of American corporations, including John Deere, Caterpillar and others, had already done so several years ago. Let's not forget that total Canadian exportations of agricultural products are worth more than $6 billion annually, which represents almost 40 per cent of cash revenues for farmers, and this figure equals our fourth largest field of export to the United States, newsprint. Over 80 per cent of these agricultural products are exported to metric countries.

From now on, newsprint and pulp will be traded at the international level only in metric measures. Heaven knows how important that industry is for us in Canada! The province I have the honour of representing in the House, the province of Quebec, is an important newsprint producer and exporter. The oil and natural gas sectors having been converted to the metric system, almost 50 per cent of our exports, even those destined for the United States will from now on be measured in metric.

Mr. Speaker, let us add to that the ever-increasing share of our exports to the European Economic Community, Japan, Mexico, Brazil, the Soviet Union and China, all countries which converted to the metric system long before we did. It will then be realized how important metrication is. At least two thirds of Canada's $10 billion exports increase in 1980 were shipped to countries other than the United States. It should also be understood that if we want to keep on benefiting from the products we grow or make in Canada, we must export in order to be able to import the products we want.

Since the Canadian government adopted, its metric system policy ten years ago, our exports as well as their percentage expressed in metric units, have increased threefold. Since the beginning of the week, yesterday as well as the day before, we have been discussing Canagrex, a corporation engaged with the export of agricultural products, and if our Canadian exporters and farmers want to trade with the countries I have just mentioned they must go metric. The Task Force on packaging of freight goods recommends and promotes the conversion of standards for palettes, containers and charging units. Ironmonger shops within the iron and steel industry are already metric and the construction industry is proceeding well. Of great significance is the fact that the National Building Code was only published in August 1980.

Certain industrial sectors with the advice and help of the Consumers' Association of Canada and the responsible government departments have requested that deadlines be set and the exclusive use of metric units be compulsory thereafter. This explains, Mr. Speaker, why the Statute Law Metric Conversion Act (Statute Law Amendment 1976) was passed by Parliament and received royal assent in August, 1977. Pursuant to that act, for instance, a modified regulation under the Weights and Measures Act provides that retailers must sell gas by the litre. This conversion was completed by the end of 1980. A similar regulation established pursuant to the Weights and Measures Act provides that furnishings such as wallpapers, carpets, and bedspreads must be advertised and sold only in metric units as of January 1981.

The role of the Metric Commission Canada which will soon celebrate its tenth birthday is to give support to over 16,000 metric system conversion co-ordinators within the industry in the carrying out of their companies' conversion plans according to the sectorial plans and the four-phase investigation, planning, organization and implementation program. The metric labels on prepackaged products like toothpaste or food products such as sugar and salt, were the first visible signs of the metric conversion being in process. Later on, weather bulletins and forecasts started referring to Celsius degrees. Then, in September, 1977, traffic signs began indicating distances in kilometres and speed limits in kilometres per hour, as well as speedometers on new car models.

● (1650)

Many of us, Mr. Speaker, tend to resist any kind of change. Therefore I am glad to note that since metrication has been introduced Canadians' response has been very favourable. More and more people support this program as they get better acquainted with the new metric system and their initial fears are dispelled. The fact is that metrication has been gently phased in. Since the new temperature units were introduced in 1975, every stage of the conversion program has been preceded by a cooling-off period to allow people to become thoroughly familiar with the process until further changes were made. In their daily life, most Canadians will only need four basic metric units, metres for distance, litres for volume, kilograms for mass and Celsius degrees for temperature. The last stage, namely implementation, will soon be 60 per cent completed. Most Canadians are getting used to metric units as various sectors of our economy implement their conversion plans.

For instance, the conversion of scales in the food retail trade is a significant metric development for all Canadians. As regards the general public, it is the most important step in the conversion program to the metric system in Canada. In other areas of our economy that conversion is essential as it is carried out in accordance with the objectives of the metric policy of the Government of Canada.

As I said earlier, food stores will continue with the conversion of their scales into metric units, and this was started on January 4, 1982, in the larger cities in Canada. Sales and promotional activities with respect to individually weighed food products in the stores will be converted over a period of two years according to a carefully conceived and planned schedule. Individual schedules have been prepared by 19 district committees in all areas in Canada, those committees being made up of well over 400 volunteers from the food retail trade, the Canadian Consumers' Association, the scales industry, Consumer and Corporate Affairs Canada and the Metric Commission of Canada. They are co-ordinating their efforts in order to convert the scales at the retail store level with a minimum of costs and inconveniences. Regulations on weights and measures as applied by Consumer and Corporate Affairs Canada have delineated 100 geographical areas in Canada and established their respective schedules.

Mr. Speaker, may I recall that we have decided upon metrication because we want to promote the export of Canadian products. And we all know that exporting our products means creating jobs for Canadians. We are largely dependent in this country upon the export trade to make a living and to maintaining our standard of living which is envied all around the world. Indeed, 31 cents out of each Canadian dollar come from exports. By converting to the metric system we will join 99.8 per cent of the world countries which have already adopted that system or are in the process of doing so. This should level the barriers which are created in a world where people work under two weights and measures systems and that could prevent Canada from improving its export trade with United States and the rest of the world.

I am speaking, of course, on behalf of Canadian agriculture and I know my friends opposite, those who spoke before me, are staunch supporters of Canadian agriculture. For many years, I had the opportunity to discuss and meet with farmers, and I have yet to meet a farmer from my riding, my area, my province who told me that the new metric system caused him problems. On the contrary, Mr. Speaker, the farmers I meet, and as Parliamentary Secretary to the Minister of Agriculture I meet many of them, teach me a lot about metrication. They know that system by heart, they have no problem in talking about 2,000 metric tons. And as I said at the outset of my speech, on this side of the House we legislate for the present and the future, and the future is our youth.

Of course, I repeat that it might be somewhat difficult for our generation to use the metric system but I urge the hon. members opposite to go and meet young people and ask them if they have any problems with the metric system. Mr. Speaker, that is why we cannot find any valid reason to support this motion.

[*English*]

Mr. Peter Lang (Kitchener): Mr. Speaker, it is my pleasure to rise to speak on the motion put forward by the hon. member for Moose Jaw (Mr. Neil) concerning the metric conversion program.

The motion recommends that tens of thousands of Canadians stop the work they have voluntarily been engaged in for nearly ten years and that a standing committee of the House be set up to restudy why we decided to go metric in 1970. If I may, I would like to describe the nature of our national program in order to illustrate that the time for asking, "why go metric" has really passed, and that this is not a program which the Government of Canada can turn on and off like a tap without serious disruptions occurring in the marketplace.

Mr. Taylor: Let's vote now.

Mr. Waddell: Mr. Speaker, I rise on a point of order. I wish to seek the unanimous consent of the House to extend the sitting hours by one hour in order for the hon. member to complete his remarks.

The Acting Speaker (Mr. Ethier): Order, please. The hour provided for the consideration of private members' business has now expired. It being five o'clock, the House stands adjourned until Monday next at two o'clock p.m., pursuant to Standing Order 2(1).

At 5 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, February 1, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

LABOUR CONDITIONS

GOVERNMENT POLICIES DEPLORED—MOTION UNDER S.O. 43

Mr. Dave Nickerson (Western Arctic): Madam Speaker, whereas the latest figures released by Statistics Canada show that not only were over a third of a million Canadians forced to seek UIC benefits in November, the highest ever in Canadian history, but that we are also now suffering, for the first time since 1958, a drop in year to year full-time employment, I move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling):

That this House deplores the continuing failure of the Liberal government to do anything whatsoever about the unemployment and misery caused by its inane mismanagement of the economy.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE ECONOMY

CHALLENGE TO GOVERNMENT—MOTION UNDER S.O. 43

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, under the provisions of Standing Order 43 I rise on a matter of utmost urgency to every Canadian citizen, particularly those who are unemployed. Considering that there were over 237,000 jobs lost in Ontario alone, from August to December, 1981, and that the figure will undoubtedly double in the coming months; and whereas the MacEachen budget has taken any employment incentive away from small business, I move, seconded by the hon. member for Hamilton-Wentworth (Mr. Scott):

That this House condemns the Liberal government for its lack of an economic program which would stimulate our failing economy and provide incentive to business to create employment opportunity, and, further, challenges the government to present its policies before the Canadian electorate to determine whether Canadians desire that kind of haphazard approach to economic problems.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

CANADIAN ARMED FORCES

QUALITY OF EYE CARE PROVIDED FOR PERSONNEL—MOTION UNDER S.O. 43

Mr. Jack Shields (Athabasca): Madam Speaker, whereas the Department of National Defence employs ophthalmic technicians to act as independent practitioners in the servicing of visual needs and eye care of Canadian forces bases; whereas the position of ophthalmic technician was created to assist optometrists but not to replace optometrists; and whereas the practice of ophthalmic technicians acting as independent practitioners is illegal in the private sector and is condemned by the medical profession, I move, seconded by the hon. member for Red Deer (Mr. Towers):

That the Minister of Defence immediately look into this shameful situation in which thousands of members of our armed forces are receiving eye care from inadequately trained ophthalmic technicians, and immediately rectify this idiotic practice and assign doctors of optometry to care for the visual needs of our servicemen.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

VIA RAIL

FUNDS URGED FOR NEW PASSENGER TRAIN EQUIPMENT—MOTION UNDER S.O. 43

Mr. Les Benjamin (Regina West): Madam Speaker, I rise on a matter which is urgent and pressing, under Standing Order 43. In view of the fact that 31 people were injured by a derailment of VIA's transcontinental passenger train caused by equipment failure, and since the government is stalling the replacement of these 30-year-old trains, risking the safety of the travelling public, I move, seconded by the hon. member for Winnipeg-Birds Hill (Mr. Blaikie):

S.O. 43

That this House calls upon the government to provide immediately VIA Rail Canada funds to buy new transcontinental passenger train equipment, and that the ordering and delivery of such equipment be given the highest priority.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FINANCE

PAYMENT OF TAXES BY PONY EXPRESS—MOTION UNDER S.O. 43

Mr. Bill Domm (Peterborough): Madam Speaker, "Operation Tax Ride" is a Peterborough based citizens' group which is delivering federal tax revenues to Ottawa by pony express. In this way they are expressing their understandable disgust at the budget and so, I am told, is the horse, at regular intervals along the way. I move, seconded by the hon. member for Northumberland (Mr. Hees):

That this House express its support for Operation Tax Ride, and at the same time encourage the Minister of Finance to withdraw his budget and stop flogging a dead horse.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1410)

CONSUMER AFFAIRS

CALL FOR INVESTIGATION OF FRESH PRODUCE PRICES—MOTION UNDER S.O. 43

Mr. Lorne Greenaway (Cariboo-Chilcotin): Madam Speaker, eastern Canadian consumers doubt that the recent dramatic increase in the retail price of fresh produce imported from the U.S.A. is due entirely to frost damage. Therefore I move, seconded by the hon. member for Hamilton-Wentworth (Mr. Scott):

That the Minister of Agriculture and the Minister of Consumer and Corporate Affairs launch an immediate investigation into the price structure of imported fresh produce to ensure that Canadian consumers are not being exploited.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

NATIVE RIGHTS

AFFIRMATION OF WILDLIFE AGREEMENT—MOTION UNDER S.O. 43

Mr. Peter Ittinuar (Nunatsiaq): Madam Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. Whereas on October 27, 1981, after seven years of negotiation, the Inuit people of the eastern Arctic and the Government of Canada signed a wildlife agreement as the first component of a comprehensive land claims settlement, and given the fact that this agreement has been affirmed by the Inuit but not as yet by the government, despite its expressed commitment to the settling of claims, I move, seconded by the hon. member for Skeena (Mr. Fulton):

That this House call upon the government to demonstrate its commitment to the land claims process by affirming its support for the recent wildlife agreement in principle.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

VETERANS AFFAIRS

ENTITLEMENT TO RETROACTIVE PENSION PAYMENTS—MOTION UNDER S.O. 43

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, some 4,000 veterans who receive under 5 per cent disability pensions have never been informed that they are eligible for a yearly consumer price index increase on a little known payment allotment. In many cases veterans are unaware that they may be eligible for over $1,000 in back pay. I move, seconded by the hon. member for Red Deer (Mr. Towers):

That this House instruct the Minister of Veterans Affairs to inform all veterans in this category immediately of their potential entitlement, to make payments to veterans retroactively and to give veterans their yearly increases automatically in the future.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

PIPELINES

FAIR COMPENSATION URGED FOR RANCHER/LANDOWNERS IN ALBERTA—MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Madam Speaker, I rise as a surrogate for the rancher/landowners in the Rocky Mountain House area in Alberta whose land value and land use are

being threatened by the construction of the Alaska gas pipeline. Cash compensation is inadequate, there is an absence of safeguards and guarantees, especially in the third party liability, and the deck is stacked against the farmer. I therefore move, seconded by the hon. member for Bow River (Mr. Taylor):

That the Minister of Energy, Mines and Resources intervene immediately and stop all proposals for construction until Bill C-60 is proclaimed or steps taken by the Northern Pipeline Agency to ensure that landowners are compensated fairly and are given adequate guarantees that they will experience minimal upheaval or inconvenience to their livelihood.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HOUSING

HOMES BUILT ON RADIOACTIVE SOIL—MOTION UNDER S.O. 43

Mr. Derek Blackburn (Brant): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the fact that 32 home owners in the Malvern subdivision of Scarborough have homes built on radioactive soil, and the federal government's attempt to move the soil to Camp Borden has been thwarted by court action, and because the owners cannot find buyers for these homes, I move, seconded by the hon. member for Beaches (Mr. Young):

That this House instruct the minister of housing to have CMHC purchase these contaminated homes at fair market value so the families can afford to move to other locations.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

CANADA POST

SPECIAL POSTAL RATE SOUGHT FOR CHARITABLE ORGANIZATIONS—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, the charitable organizations of Canada are frustrated, discouraged, and sad. The laws of Canada require that their overhead must not be over 20 per cent of their receipted revenue. The postage increase under the new rates will cause an increase of some 76 per cent. The dismal part of the story is the suffering of the people who depend on these agencies, if they have to fold. Therefore I move, seconded by the hon. member for Brandon-Souris (Mr. Dinsdale):

That the House urges the government to show a little heart and provide a special rate or reduce the postal rate for charitable organizations to what it was before the Canadian postal corporation got this brainwave to increase the postal rates without any consideration of their disastrous results.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1415)

ORAL QUESTION PERIOD

[*English*]

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS

FUNDING FOR POST-SECONDARY EDUCATION AND MEDICAL CARE

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, my question is for the Minister of Finance. On Friday my colleague from Hillsborough put a question to the Minister of Finance with regard to the recent story in the *Toronto Star* to the effect that the spending cuts by the federal government in post-secondary education and medical care were now going to amount to a net $4.5 billion. On Friday the minister said that he could not confirm those figures. Has his department now let him in on the secret, and can he confirm that figure today?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the first point to make is that I am not proposing any reductions in our support for post-secondary education or medical health care.

Some hon. Members: Hear, hear!

Mr. MacEachen: That has not been our proposition in the past, or at the present time.

What I have put before the provinces is the intention of the federal government to eliminate the revenue guarantee which even the premiers in their communiqué last summer did not include as part of the federal support for medical care and post-secondary education.

I would draw the attention of my hon. friend to the budget paper entitled "Fiscal Arrangements in the Eighties", in which it is stated that the expenditure plan presented in last year's budget provided for savings and transfers to provinces and territories of about $500 million in 1982-83 and $1 billion in 1983-84 and subsequent years. There is no question that we are attempting to achieve savings in the transfers through the elimination of the revenue guarantee.

Mr. Wilson: Madam Speaker, the minister has failed, for the second time, to answer the question. The question was if the figure mentioned in the *Toronto Star* article on Friday, of $4.5 billion net cut, was an accurate figure, and would he be

prepared to confirm that figure today. For the purpose of my supplementary question I will assume that it was of that order.

FEDERAL GOVERNMENT FIGURES

Hon. Michael Wilson (Etobicoke Centre): In the original estimate in the budget the minister referred to a net cut of $1.9 billion. Presumably that was the maximum amount of net cut that he felt the provinces could stand without cutting services in post-secondary education and medical health. That figure has now been increased, first by a mistake on the minister's part to $2.6 billion, then to $4.5 billion as a result of the announcement on Friday.

Since the provinces cannot count on the figures which the minister or his department put out to the public, would he be prepared to enter into a new form of revenue guarantee which would limit the net cutbacks by the federal government in these two very important areas of spending to $1.9 billion, because the provinces cannot count on the figures that the minister has been throwing around in the past two weeks?

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, we have had several meetings with the provinces and the provincial ministers of finance. They have not been left in any doubt about the extent of the savings that the Government of Canada intends to achieve. These were discussed very intensively in the meeting which I had with the ministers of finance in Ottawa not very long ago. They have all the up-to-date figures.

Mr. Clark: Why do you not give us the up-to-date figures?

Mr. MacEachen: As I have stated to the hon. member, look at the budget paper entitled "Fiscal Arrangements in the Eighties" and he will find that I talk about a $500 million saving in 1982-83 and a $1 billion saving in 1983-84 and subsequent years. I announced subsequently that it was the intention of the government to eliminate the revenue guarantee. That is the total saving that is being sought in the EPF transfers. I would tell the hon. member that, despite the cut of the revenue guarantee, the total system of transfers will increase on an annual basis to the provinces by about 12 per cent per year. I believe that is a creditable rate of increase in view of the restraint that is being imposed upon the Government of Canada.

● (1420)

Mr. Wilson: Madam Speaker, twice the minister has referred to the budget papers, but because of mistakes 11 days after the budget, and because of new figures which came out last week, those budget papers are completely out of date.

REQUEST THAT NATIONAL CONFERENCES BE HELD ON MEDICAL CARE AND POST-SECONDARY EDUCATION

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, let me approach this from another angle. It seems that the cart is being put before the horse. The minister is proposing to cut spending in two very important areas. He is prepared to risk major cutbacks in medical care and post-secondary education. Rather than rush into this on a unilateral basis and force spending cuts and service cuts on the provinces, would the minister and the government consider entering into two or three national conferences on health and post-secondary education so that we can set out the national objectives of the various levels of government in these two important areas before we cut spending, and before we cause closures of hospitals and cutbacks in post-secondary education?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, let me repeat once again the statement that there are no cuts proposed in the federal support for medicare or post-secondary education. For example, shortly after the budget papers were released, the president of the Canadian Medical Association stated at the association's annual meeting in Halifax that it would be wrong to claim that the budget would bring about any reduction in support for medical care. He said that would be wrong, and it is wrong. The same is true about post-secondary education.

The hon. member has asked for conferences. It has been laid out that it is the intention of the Minister of National Health and Welfare to conduct consultations with provinces on program conditions, and it is also laid out that the Secretary of State will conduct discussions with the provinces in order to see how national objectives could best be met in that field.

Mr. Wilson: Why not do that first?

Mr. MacEachen: The hon. member suggests that these discussions ought to take place first. There is no logic to that because the proposed savings to the provinces will not affect in any way whatsoever our support either for medical care or post-secondary education, and that is widely understood by the client groups in the country.

* * *

FINANCE

TAXPAYER STATISTICS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my supplementary question is directed to the Minister of Finance, who says there will be no cuts, just that there will be $4.5 billion less for the provinces to use for health and education services.

Let me refer to a statement the minister made in this House. It has to do with the reliability of this minister of hocus-pocus, the minister of Rubik's cube, and the reliability of his figures.

An hon. Member: Stick to your lines, Joe.

Mr. Clark: On January 26 the minister stated in this House:

> Twelve million Canadians will have less taxes to pay, about 3.5 million will pay the same amount and about 800,000 will pay more taxes. These are the facts.

By those figures the minister is claiming that 16.1 million Canadians will pay 1982 personal income taxes. The figures of the Department of National Revenue for the last year for which figures are available, 1980, indicate that in that year fewer than ten million Canadians paid federal tax.

My question to the minister flows from the fact that the minister is now claiming that some six million Canadians who did not pay federal tax in 1980 will be paying federal tax as a result of his budget. Will he tell us how he arranged that?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, all the information with respect to the tax cuts are contained in the budget papers.

Some hon. Members: Oh, oh!

Mr. MacEachen: I am very pleased that the Right Hon. Leader of the Opposition has raised again the question of tax relief and tax benefits. Last Friday he alleged that it was unjustified for the government—

● (1425)

Mr. Crosbie: Watch out, Pinnochio!

Mr. MacEachen: —to claim any credit for the retention of indexation. I had stated in the budget speech, and subsequently, that the equivalent of $3 billion worth of tax relief had been distributed to Canadians through the retention of indexation.

Mr. Crosbie: Malarkey!

Mr. MacEachen: The hon. Leader of the Opposition contested that rather violently. I should like to refer him to the ad on indexation which his party put out before the October budget. This is addressed to the taxpayers of Canada.

Some hon. Members: Order. Order.

Mr. Crosbie: You are scraping the bottom of the barrel. Why don't you read the whole thing?

Mr. MacEachen: It says that in 1980 if your income was $15,000 per year you would have to pay $217 more income tax with de-indexing. It goes on to talk about $25,000, $35,000, $50,000—

Mr. Crosbie: Order!

Mr. MacEachen: —showing the amounts that taxpayers would have to pay in addition, in the absence of indexation. The hon. member goes on, or the ad goes on to say that that is how much more you would pay. I am telling him that the budget that was produced on November 12 saved the taxpayer these amounts, which the hon. member said would be lost.

Mr. Clark: Madam Speaker, I guess the minister is saying, "If you ask me a question this week I will give you an answer nobody can believe next week."

Some hon. Members: Hear, hear!

Mr. Clark: To six million Canadians he is saying, "You didn't pay any tax before and, as a result of my budget, you will pay tax, and that is a cut, folks." That is what the Minister of Finance says.

Some hon. Members: Hear, hear!

NUMBER OF TAXPAYERS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, let me ask the innocent lamb who is the Minister of National Revenue whether he agrees with his colleague, the Minister of Finance, that as a result of this budget, six million Canadians who were not paying taxes in 1980 will be paying taxes in 1982?

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, the Right Hon. Leader of the Opposition has referred to Rubik's cube. He would know, because of course he is just a plain old square!

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Andre: Bring the hook.

Mr. Rompkey: The Minister of Finance has laid out clearly the savings to Canadians as a result of this budget—not simply the indexation but the change in the tax structure, the increase in the child tax credit, the reduction in unemployment insurance premiums, and all these things which add up to savings for Canadians. I would say to Canadians that, instead of listening to the hocus-pocus that is tried on that side of the House, they should look at their pay cheques at the end of the month and they will see the reductions.

TAXPAYERS IN NEWFOUNDLAND

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, better a plain old square than a government whose figures and whose word cannot be believed by any Canadian in this land.

Some hon. Members: Hear, hear!

Mr. Clark: If the minister is unwilling to explain those six million new Canadian taxpayers as a result of his government's budget, perhaps I can try him out province by province. Let us start with Newfoundland. The minister has said that there will be a reduction in taxes for 250,000 people in Newfoundland. That is what he said. In 1980 in Newfoundland fewer than 200,000 paid federal tax. Will the Minister of National Revenue explain what his colleague has done to impose on 50,000

Newfoundlanders who were not paying tax in 1980, tax this year, as a result of the Liberal government's budget? Could he explain that to us?

Mr. Nielsen: By your own figures.

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, a representative of a knowledgeable chartered accountant's firm in St. John's says this budget is better for Newfoundland than any other part of the country. The fact is that by far the majority of people will see their incomes improved as a result of the budget. I say to the right hon. gentleman again that all people have to do—

● (1430)

Mr. Epp: —is look at their pay cheques!

Mr. Rompkey: —is look at their pay cheques at the end of the month, and not worry about figures.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

* * *

THE ECONOMY

FIRST MINISTER'S CONFERENCE—POLICY FOLLOWED BY FEDERAL GOVERNMENT

Mr. Edward Broadbent (Oshawa): Madam Speaker, my question is directed to the Minister of Finance. It concerns the First Ministers' Conference which opens tomorrow. It is very clear that a majority of provincial premiers are deeply concerned about unemployment and the general increase in job insecurity throughout the country. Considering that the minister has said throughout last week that he has no intention of changing his basic monetary and fiscal approach on the one hand, but on the other hand that he plans to listen and be open-minded to what the premiers have to say, does the Government of Canada plan to listen seriously to what the premiers have to say about unemployment programs? Specifically, is the government prepared to change its mind about its monetary and fiscal approach which has produced more than one million unemployed?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I said on Friday that I would be interested to hear whether the premiers had an alternative to the current economic policy followed by the government. The policy now being followed is based upon the necessity of reducing inflationary pressures in the economy which are the main obstacles to improved job creation and improved growth in the country. Unless we have a better control of the inflation rate, I believe that we will have no possibility of getting the jobs we require in the future. I believe it is worth taking the necessary relatively short-term measures which are required in order to build a strong economy for the future; that is my approach. If the premiers can bring forward a better alternative which is convincing, of course the government is quite prepared to examine it with great interest and attention.

Mr. Broadbent: But presumably unwilling to change its monetary and fiscal approach. That was the question I asked.

MINISTER'S APPROACH TO UNEMPLOYMENT

Mr. Edward Broadbent (Oshawa): Madam Speaker, considering the approach currently pursued by the Government of Canada, the approach which has produced ten million unemployed in the United States under Ronald Reagan and has now produced three million unemployed, and rising, in Great Britain under Margaret Thatcher, is the Minister of Finance saying to the people of Canada that he is prepared to continue with this high interest rate policy even if it leads to this abysmal direction for the people of Canada? Does the minister really have in mind constant levels of unemployment? If so, will he say it openly to the people of Canada?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): No, Madam Speaker, that is not what I have in mind. I have in mind lower unemployment rates. The objective is to get unemployment down. The hon. member must know the experience has been that countries with lower rates of inflation have lower rates of unemployment. It is no accident that countries such as Japan, Switzerland, and West Germany, with relatively low rates of inflation, have the lowest rates of unemployment. That is a clear link. Until we break the inflation spiral, the prospect of obtaining jobs as quickly as we would like does not seem to be very close. This is what I have in mind.

NEWSPAPER INTERVIEW OF MINISTER

Mr. Edward Broadbent (Oshawa): Madam Speaker, countries like Japan and Switzerland particularly and persistently have pursued lower interest rate policies. As the minister well knows, the government of France today has an officially established low interest rate policy because it is concerned about both inflation and unemployment. The Canadian government has not produced results on either side of the economic ledger, either in terms of inflation or unemployment. The government has been an unmitigated disaster, and every Canadian knows it.

Some hon. Members: Hear, hear!

Mr. Broadbent: I see the minister smiling; it reflects his deep concern. In an interview published in *Le Devoir* this morning the minister said, "Everyone has to accept some change in his life." What does the minister explicitly mean by this? Does he mean collecting an unemployment insurance cheque instead of a pay cheque? Does he mean foreclosure on a home instead of the security of a home? Does he mean no job at the end of the academic year instead of a job with a BA.? If this is what the minister means by change, why is he

not at least honest like Margaret Thatcher and have the courage to put things out in the open, instead of using weasel words like "some change" in their lives?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member talks about a high interest rate policy as if it were something separate from the high inflation we are experiencing. They are both one and the same. It is evident that it will be impossible to make substantial progress in reducing interest rates anywhere, unless the rate of inflation comes down. The hon. member knows perfectly well. For example, he quoted in the House at least once or twice the new socialist government in France. He knows what has happened there. It attempted to stimulate the economy. Its prices went up. It brought in controls but, lo and behold, while all this was happening unemployment was rising as well, not going down. He has it a bit mixed up.

Mr. Broadbent: Not as a result of those programs, and the minister knows it.

* * *

THE ADMINISTRATION

COMPLIANCE WITH CONFLICT OF INTEREST GUIDELINES BY MINISTER OF STATE

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, my question is directed to the Prime Minister. On September 22 the Prime Minister appointed Senator Jack Austin to the ministry. The Assistant Deputy Registrar General confirmed this morning that Senator Austin has not yet complied with the conflict of interest guidelines by filing the required declarations with the Conflict of Interest Public Registry. In view of the fact that Senator Austin has responsibility for the Canadian Development Corporation, a Crown corporation investing in private commercial concerns across the country, it is particularly important that compliance be made forthwith. Has the Prime Minister checked with Senator Austin and requested that he in fact comply with the conflict guidelines? Will he give the House his undertaking, if Senator Austin does not comply with them, that he will suspend him from his responsibility until compliance has taken place?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I am sure I do not have to give that assurance. The Senator will comply, as all other ministers in cabinet, with the guidelines.

Some hon. Members: When?

Mr. Trudeau: As fast as the ministers on the other side took to comply with the guidelines. Sometimes it takes a few months—

Mr. Clark: Pass an order in council to protect him.

Mr. Trudeau: The Leader of the Opposition does not want to be reminded that his own ministers took quite a few months to comply with the guidelines.

INQUIRY AT TIME OF APPOINTMENT

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, I understand that Senator Austin is a personal friend and confidant of the Prime Minister. My question is simple. Did the Prime Minister satisfy himself, when he appointed him responsible for the Canadian Development Corporation, that there was no outstanding conflict of interest in the holdings of Senator Austin which might affect the performance of his duties in that particular responsibility?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I am sure Senator Austin, like all my other ministers, is a friend, but I do not know what the hon. member means by "confidant".

Mr. Paproski: It is the same as comrade.

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CRIMINAL CODE

QUERY RESPECTING AMENDING LEGISLATION

Mr. David Kilgour (Edmonton-Strathcona): Madam Speaker, my question is directed to the Minister of Justice. A Gallup poll published on the weekend indicated that one Canadian in four, or about six million of our citizens, were victims of Criminal Code offences last year. Will the minister tell us what changes in the Criminal Code he is contemplating to try to protect Canadians, their homes and apartments, more effectively, given the fact that between a third and a quarter of these crimes consisted of attempted break-ins or actual break-ins? Will he tell us, for instance, whether he favours less bail for repeat offenders, stiffer sentences for career criminals, and a reform of our parole laws?

[*Translation*]

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, to date we have tabled a number of bills concerning the Criminal Code, and other bills are being prepared. Obviously, the problem raised by the hon. member is not due to the Criminal Code itself. The offences he mentioned are prohibited under the Code, and it is up to the courts to hand down sentences. As for the need to reform our parole laws, I feel that the parole system in Canada is working quite satisfactorily at the present time.

● (1440)

[*English*]

USE OF DRUG PARAPHERNALIA

Mr. David Kilgour (Edmonton-Strathcona): Madam Speaker, in other words, the minister thinks the system is working beautifully and no changes need be made.

The minister is well aware that many of the people involved in break-ins do so to steal property in order to maintain their hard drug habit.

An hon. Member: Name one.

Some hon. Members: Oh, oh!

Mr. Kilgour: The minister is aware, because he was informed by my colleague from Saskatoon West, that drug paraphernalia are now sold legally in every city in the country. I am told by the police in Edmonton that 30 stores alone sell paraphernalia. Will the minister tell us whether or not he plans to bring in any legislation to ban the use of drug paraphernalia which allow people to consume drugs ranging from heroin to cocaine to marijuana? Don't say you don't know about it because my friend told you about it last summer.

Some hon. Members: Oh, oh!

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I will take note of the hon. member's question. Crimes are committed in society, and we have a criminal code to take care of them. If the hon. member has a specific complaint, he can report it to the police who can look into it.

I do not think the problem is because of lack of legislation. However, if it is, we will undoubtedly present some legislation to the House. There are already some bills before the House, but it is very hard to get them passed.

Mr. Nielsen: You have not seen them.

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GARRISON DIVERSION

COURT PROCEEDINGS IN UNITED STATES—CANADIAN POSITION

Mr. Terry Sargeant (Selkirk-Interlake): Madam Speaker, my question is for the Secretary of State for External Affairs. Late last week the District of Columbia Court of Appeals, in a rather remarkable turn around, made a ruling that will allow construction to resume this spring on the Garrison diversion project in North Dakota. Given that it is the mandate of the federal government to protect Manitoba's interests in this international matter, can the minister tell this House what steps his department took during last week's court proceedings to ensure that Manitoba's concerns were represented? In addition, will he tell us what specific future action he plans?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, it would certainly not be appropriate for us to appear in a U.S. court proceeding. But I can tell the hon. member that we accept the responsibility of carrying forward interests not only of Manitoba but of all parts of Canada. We will indeed continue to make the kinds of representations that we have very actively made in the past to protect the interests of the citizens of Manitoba and of all Canada.

REQUEST THAT PARLIAMENTARY DELEGATION BE SENT TO WASHINGTON

Mr. Terry Sargeant (Selkirk-Interlake): Madam Speaker, my supplementary question is also for the Secretary of State for External Affairs. I might point out to him that his department is doing such a good job that on Friday afternoon it had no idea of what had gone on in a Washington court late last week.

Obviously the time has come for a different approach. It is quite clear now that normal diplomatic procedures have failed to this point to protect the Manitoba environment from the threat posed by the Garrison project. Will the minister now entertain a suggestion made on numerous occasions by members on this side of the House to send an all-party delegation to Washington so that we might put our case more effectively to our American counterparts?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, we have certainly no objection in principle to having Canadian parliamentarians deal with American Congressmen on this issue. Indeed, we have encouraged that. However, there are all kinds of assumptions in the hon. member's question which cannot be accepted.

We have a treaty with the United States in which we are assured that the kind of interference that the hon. gentleman fears will not take place. We are negotiating not in a vacuum but on the basis of agreements and understandings which have taken place over the years. Our position is indeed a strong one, and it is not to be judged on whether we participate in every judicial dog fight in the United States.

* * *

VETERANS AFFAIRS

ENTITLEMENT TO RETROACTIVE PENSION PAYMENTS

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, my question is for the Acting Minister of Veterans Affairs. Close to 4,000 veterans receiving less than 5 per cent disability pension have never been informed that they are eligible for a yearly consumer price index increase on a little known final payment allotment. In some cases veterans are unaware that they may be eligible for over $1,000 in back pay. Will the minister assure this House that he will have the Minister of Veterans Affairs inform all eligible veterans of this hidden money and have their payments made retroactive? In addition, will he ensure that in the future the veterans will be given their yearly increase automatically?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, I note the hon. member's question. I can assure him that this government has been very fair with veterans in past years. This government intends to continue its policy of giving veterans what is their due. I will convey the hon. member's question to our able Minister of Veterans Affairs. I am sure the hon. member will again see that our veterans, as usual, are treated very fairly.

REQUEST FOR ISSUANCE OF BULLETIN

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, as veterans and their families are also being affected by Resolution 53 of the crazy budget, and as this pension information is being suppressed from them, will the minister assure the House that he will have the Minister of Veterans Affairs issue an immediate bulletin to inform the veterans that a procedure will be put into effect to give them their back pension as soon as possible?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, as hon. members know, I am very much concerned with our veterans. The question asked by the hon. member is a little puzzling to me. On Thursday, January 28, 1982, the Minister of Finance said in this House the following:

> Of course there is no provision whatsoever in the budget that would affect the current status of veterans.

The word of the Minister of Finance is enough for me.

Some hon. Members: Hear, hear!

Mr. Crosbie (St. John's West): You poor fool.

* * *

METRIC CONVERSION

FORCED IMPLEMENTATION

Mr. Bill Domm (Peterborough): Madam Speaker, my question is for the Minister of Consumer and Corporate Affairs, who is now responsible for the Metric Commission, which is a total shambles. Over a year ago the minister informed this House, as reported on page 6191 of *Hansard* in answer to my question, that he had no intention of locking up stores, putting bands around cash registers, or of prohibiting stores from doing business for refusing to use the metric system.

At this time of the minister's debut as minister responsible for the Metric Commission, would he assure this House that he is still of the same opinion as he was last year, in other words, that there will be no confiscation or seizure of equipment, that merchants will not be fined or forced to use the metric system against their will, and that the use of imperial measurement will not be made illegal? Will the minister confirm that?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, I believe that all members of this House are law-abiding citizens and that they should assume the same law applies to all Canadians. They will abide by the law in their daily business. I am surprised, Madam Speaker, that the hon. member who asked me this question has apparently urged Canadians to disobey the law. I do not know whether it is true or not, but if it is, I feel it is something that cannot be tolerated on the part of a member of this House.

[*English*]

Mr. Domm: Madam Speaker, those words came from the minister who feels the business community can do without a post office. I wish he would feel they could do without the Metric Commission as well.

Some hon. Members: Hear, hear!

PRIME MINISTER'S VIEWS

Mr. Bill Domm (Peterborough): Madam Speaker, my supplementary question is for the Prime Minister. Over a year ago the Minister of State for Small Businesses and Tourism went on record with remarks that he is now refuting.

In *The Toronto Sun* of January 15 it is favourably reported that Global TV news has started giving the temperature in Fahrenheit, the measurement of wind speed in miles per hour, and the measurement of snowfall in inches.

In the Kingston *Whig-Standard* for January 11 the editor in chief writes:

> There is no difference in principle between metric law and martial law.

In view of the Prime Minister's apparent endorsement of bureaucrats in the newsrooms of the nation, is compulsory metric conversion one more aspect of his determination as Prime Minister to control all of Canadian life from Ottawa, even to the extent of controlling the way people think about measurements? We on this side are in favour of the choice of the people by the will of the people. I believe this principle of freedom—

Madam Speaker: Order, please.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I am prepared to nominate the author of that question as the prize winner in fiction for this year.

* * *

• (1450)

NATIONAL ENERGY PROGRAM

GOVERNMENT POLICY ON CANADIANIZATION

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, my question is to the Minister of Energy. I would like him to react, so to speak, on a question dealing with public ownership in the petroleum industry. His parliamentary secretary told a recent meeting of the Committee for the Canadianization of the Petroleum Industry, and I quote:

> The federal government will press on with plans to make the petroleum industry more Canadian, but a takeover of an oil giant is not on the immediate agenda.

Our then ambassador to the United States, Peter Towe, told a group of American businessmen last March that it was not the intention of the Government of Canada to put Petro-Canada in a predominant position in the petroleum industry.

Do these statements accurately reflect the policy of the Government of Canada?

[*Translation*]

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, the hon. member knows perfectly well that if negotiations were in fact going on concerning a possible takeover by Petro-Canada of another company, such negotiations would not be the subject of speculation on my part nor on the part of anyone else. I can confirm to my hon. colleague that at the present time, I am not aware of any negotiations between Petro-Canada and another company regarding a takeover at the present time.

[*English*]

REQUEST THAT GOVERNMENT CONTINUE PROGRAM

Mr. Ian Waddell (Vancouver-Kingsway): Well, these statements clearly say the government is not going any further. I put to the minister that the Committee to Canadianize said at the end of their conference that, first, the goal of Canadian ownership must be increased to at least 75 per cent by 1985, with Petro-Canada the largest oil company; secondly, the federal government should acquire one of the four major foreign-controlled companies.

In view of the Gallup poll that same committee took, where 55 per cent said yes and only 28 per cent said no to the takeover of one of the big four, and 64 per cent said yes and only 23 per cent said no to 75 per cent Canadian ownership by 1985, why does the government reject the advice of that committee, the advice we have been giving in this House, and apparently, according to these polls, the views of Canadians? Why does the government not continue Canadianization, with public ownership being predominant?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, we are fully committed to the Canadianization of the oil and gas industry. The record for the last year indicates that quite clearly. It is also our intention that PetroCan become as large if not larger than any other multinational operating in Canada. We are committed to achieving this objective.

We are also committed to achieving at least 50 per cent Canadian ownership of the oil and gas industry by 1990, and I am happy that the Committee for Canadianization were asking for exactly that prior to the NEP. Now they want to go even further, now that we have accepted their initial proposal, and that is fine. There will always be those who want to go further and faster, and that is fine with us. We have succeeded in reducing foreign ownership by 6 per cent in the space of one year, and I hope we will be able to maintain that momentum.

AIRPORTS

COMPENSATION FOR VICTIMS OF EXPANSION

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, my question is to the Minister of Transport. Does he confirm stories like these in the media—

Some hon. Members: Order.

Mr. Scott (Hamilton-Wentworth): —"Pepin Rejects Compensation in Airport Growth"? Has he flatly rejected compensation for victims of airport expansion, no matter how special or unique the circumstances, such as at Hamilton Civic Airport?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, every member of the House appears to be eager to see the airport in his riding expand. That is the general proposition I get every day.

Mr. Crosbie: Like Mirabel.

Mr. Pepin: Very often the government is accommodating. However, if every time that happens the government had to compensate everyone around for prejudice or annoyance suffered, I dare say the expenditures would be tremendous and perhaps we could not build any more airports. So this is why as a general proposition—and the government is not obligated to do it under the law—there has been no compensation to surrounding residents when an airport is expanded. Hence the responsibility of local governments to see to proper zoning in the area surrounding airports.

RECOMMENDATION MADE BY STANDING COMMITTEE

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, the issue here comes down to the unique situation we face at the Hamilton Civic Airport. I find it incredible that the minister is so insensitive to the parliamentary process, since an all-party standing committee of this House unanimously recommended in a report tabled in this House December 17 that there should be compensation in special circumstances. Is the minister then saying that all the time and trouble that committee went to in going to Mount Hope to listen to complaints and concerns was just a waste of time? Is he turning his back on those people?

Hon. Jean-Luc Pepin (Minister of Transport): No, Madam Speaker. What the committee has done is to attract attention to the problem. Unfortunately I cannot agree with the proposed recommendation. My hon. friend, by asking the question today, accentuates the importance of municipal and provincial governments seeing to the proper zoning of areas surrounding airports. I thank my hon. friend for attracting attention to that point.

NATIONAL ENERGY PROGRAM

POSSIBLE INVESTMENT BY ARAB NATIONS

Mr. Harvie Andre (Calgary Centre): Madam Speaker, my question is for the Minister of Energy, Mines and Resources, and I would welcome him back to Canada. During his Mid-East trip the minister apparently spent a great deal of time and effort coaxing the Arab nations he visited to invest some of their petro-dollars in Canadian energy projects. How is this effort to bring in Middle East petro-dollars going to help Canadianize the oil and gas industry?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, as I indicated a moment ago, our program is quite clear. We want to achieve at least 50 per cent Canadianization in the future. That still leaves 49 or 50 per cent foreign ownership. There will certainly be growth in the industry, and our position has not been to refuse the infusion of new foreign money for exploration and expansion of this industry. There is no contradiction between the two.

QUERY RESPECTING CANADIAN INVESTMENT

Mr. Harvie Andre (Calgary Centre): Madam Speaker, the NEP caused the departure from Canada of, it is estimated, anywhere from $7 billion to $17 billion. Pitfield MacKay Ross said there was "unprecedented departure of Canadian capital" as a result of the NEP. The last budget contained several provisions which, by accident or design, discouraged investment by Canadians in Canada.

Why are Middle East petro-dollars preferable to Canadian dollars for investment in the Canadian oil and gas industry?

Some hon. Members: Hear, hear!

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): The least I would say, Madam Speaker, is that the hon. member certainly has a funny way of reading statistics. As indicated, Canadian ownership in the oil and gas industry increased by 6 per cent last year; it did not go down, it increased. It is our intention to achieve at least 50 per cent ownership well within this decade, and in spite of the opposition to and downgrading of this process by the hon. member's party, we are going to press ahead with this objective.

Some hon. Members: Hear, hear!

* * *

LOTTERIES

USE OF UNCLAIMED LOTO CANADA WINNINGS

Hon. Steven E. Paproski (Edmonton North): Madam Speaker, my question is for the Secretary of State, who is also responsible for Loto Canada. Would he inform the House whether the unclaimed prize money, which was to be returned to the Régie des Installations Olympiques and to the provincial lottery association, is going to be used to set up the minister's new sports pool?

Hon. Gerald Regan (Secretary of State): Madam Speaker, the hon. member is talking about two different subjects. The unclaimed Loto Canada funds have been held back as a consequence of some pending lawsuits against Loto Canada which arise as a result of the manner in which the government, of which he was a member, suddenly stopped Loto Canada without notice to the wholesalers, resulting in a grievance amongst them.

With respect to the funds for the sports pool, they will be advanced by Treasury Board to the new corporation which will run the sports pool once the legislation is approved by Parliament.

• (1500)

FUNDING FOR ALBERTA VENTURES

Hon. Steven E. Paproski (Edmonton North): My supplementary question is very simple. Since the minister has now received $45 million from the provinces with regard to the lotteries, why has he not given the University Games in Edmonton their share of the money, the first draw, and why has he not given Calgary some of the moneys which it requires for capital expenditures?

Hon. Gerald Regan (Secretary of State): Madam Speaker, when I hear a question as confused as the one just put by the hon. member, and as lacking in fact, I can recognize why he got into trouble with Loto Canada and gave it up.

Mr. Paproski: Just answer the question.

Mr. Clark: Answer the question.

Mr. Regan: I want to say, in relation to the student games, which are to be held in Edmonton, that we in the Government of Canada have indicated that we will provide $3.1 million out of tax revenues.

Mr. Paproski: That is not true.

Mr. Regan: Depending on the availability of sports funds, approximately another $2.1 million will be provided from sports pool funds. In addition to that, the hon. member should well remember that the Government of Canada is assuming a $20 million responsibility for indirect costs incurred as a consequence of the games being held. I think the hon. member should recognize, in view of what a newspaper has quoted him as saying on this subject yesterday, that we did not want to give better support because it was Alberta—

Mr. Paproski: I didn't say anything.

Mr. Regan: —that I have devoted more time and energy to the support of the Olympics for Calgary in 1988 than to any other single project during the course of my years in this responsibility.

Some hon. Members: Hear, hear!

Mr. Clark: You should have written the budget.

* * *

PETITION

MR. ROSE—MANUFACTURE OF NUCLEAR WEAPONS—WORLD DISARMAMENT

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table the one hundred and seventy-third report of the Clerk of Petitions stating that he has examined the petition presented by the hon. member for Mission-Port Moody (Mr. Rose) on Friday, January 29, 1982, and finds that it meets the requirements of the Standing Orders as to form.

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PRIVILEGE

MR. McKENZIE—NOTICE OF QUESTION TO BE RAISED

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, I wish to give notice of a question of privilege relating to an answer I received today from the Minister of National Defence (Mr. Lamontagne). He made the comment that veterans' pensions will not be affected by the budget. That is totally misleading. I would like to study his remarks in detail in *Hansard* and pursue this matter further tomorrow.

Madam Speaker: The hon. member should know that that was not a question of privilege. The fact that an hon. member is not satisfied with an answer given to him in the House does not constitute a question of privilege.

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ROUTINE PROCEEDINGS

[*English*]

PUBLIC WORKS ACT

PUBLIC LANDS GRANTS ACT

MEASURE TO AMEND

Hon. Paul J. Cosgrove (Minister of Public Works) moved for leave to introduce Bill C-91, to amend the Public Works Act and the Public Lands Grants Act.

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

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, I wonder if I could ask the unanimous consent of the House to return to Tabling of Documents in order to table a Notice of Ways and Means.

Madam Speaker: Does the House allow the minister to table the documents? The Minister of State for Finance.

Some hon. Members: Agreed.

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WAYS AND MEANS

TABLING OF NOTICE

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, in accordance with Standing Order 60(2), I wish to table a Notice of Ways and Means to amend the Income Tax Act.

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CANADA PORTS CORPORATION ACT

INTRODUCTION AND FIRST READING OF BILL C-92

Hon. Jean-Luc Pepin (Minister of Transport) moved for leave to introduce Bill C-92, to amend the National Harbours Board Act, the Government Harbours and Piers Act, the Harbour Commissions Act, the Canada Shipping Act and the Fishing and Recreational Harbours Act.

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

* * *

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 1,551, 1,552, 1,558, 2,388, 2,773, 3,066, 3,293, 3,300 and 3,566.

[*Text*]

MR. I. LOBANOV

Question No. 1,551—**Mr. Cossitt:**

1. With reference to the answer to question No. 31, which shows that Mr. I. Lobanov, Soviet diplomat visited Gravenhurst, Ontario eight times in the last year and a half for which figures are available, has the Department of External Affairs or the RCMP investigated the purpose of these trips and (a) if not, for what reason (b) if so, what was the purpose, in each case?

2. To the knowledge of the department or the RCMP, did the Soviet diplomat use the excuse that he was visiting the former home of Norman Bethune and to the knowledge of the government is it customary for diplomats of the U.S.S.R. to visit a location that is often referred to as the Chinese Communist shrine?

Hon. Bob Kaplan (Solicitor General): 1. (a) and (b) It is not in the public interest to divulge whether or not such trips are investigated.

2. It is not in the public interest to divulge whether or not the reasons for such trips are known or whether it is customary for diplomats of the U.S.S.R. to visit a particular location.

MR. V.I. MIKHEEV

Question No. 1,552—**Mr. Cossitt:**

1. With reference to the answer to question No. 31, which shows that Mr. V. I. Mikheev, Soviet diplomat visited Gravenhurst, Ontario seven times in the last year and a half for which figures are available, has the Department of External Affairs or the RCMP investigated the purpose of these trips and (a) if not, for what reason (b) if so, what was the purpose?

2. To the knowledge of the department or the RCMP, did the Soviet diplomat use the excuse that he was visiting the former home of Norman Bethune and to the knowledge of the government is it customary for diplomats of the U.S.S.R. to visit a location that is often referred to as the Chinese Communist shrine?

Hon. Bob Kaplan (Solicitor General): 1. (a) and (b) It is not in the public interest to divulge whether or not such trips are investigated.

2. It is not in the public interest to divulge whether or not the reasons for such trips are known or whether it is customary for diplomats of the U.S.S.R. to visit a particular location.

TRAVEL OF SOVIET DIPLOMATS OUTSIDE NATIONAL CAPITAL REGION

Question No. 1,558—**Mr. Cossitt:**

1. With reference to the answer to question No. 31 which states in part, that the Department of External Affairs only maintains records of travel movements on Soviet diplomats outside the National Capital region for the calendar year prior to the current year, does any branch of the government maintain records for a longer period of time?

2. Does the RCMP keep such records and, if so (a) for what length of time (b) does the Department of External Affairs furnish the RCMP with such information as it becomes available?

3. What are all of the dates, names and points of destination of Soviet diplomats that may be known by the government prior to the list furnished in the answer?

Hon. Bob Kaplan (Solicitor General): 1. It is not in the public interest to divulge whether or not such records are maintained for a longer period of time.

2. It is not in the public interest to divulge (a) whether or not such records are kept, nor is it in the public interest to divulge (b) whether or not the Department of External Affairs furnishes the RCMP with such information.

3. It is not in the public interest to divulge whether or not the RCMP maintains such records.

CANADIAN FILM DEVELOPMENT CORPORATION

Question No. 2,388—**Mr. Herbert:**

1. In each of the past three years, what were the gross sales in (a) Canada (b) other countries of films supported by the Canadian Film Development Corporation?

2. For the same years, what percentage of total gross sales was the investment by the corporation in the feature film industry?

3. What is the estimated amount paid for the importation of films from other countries?

4. What is the percentage of foreign ownership in the companies responsible for film distribution in Canada?

Mr. Jack Masters (Parliamentary Secretary to Minister of Communications): I am informed by the Canadian Film Development Corporation as follows:

1. The CFDC is not directly involved in the distribution in Canada or abroad of films in which the corporation has participated financially, through loans to producers or equity investment, in production. In keeping with the objects and powers of its act, the corporation advises producers on distribution to help the Canadian industry to develop its own capacity to market its product. Under a program established in April, 1981, the CFDC does provide financial assistance to Canadian independent distributors through short-term loans and investments to be used in the theatrical launch in Canada of a Canadian film.

In response to the question, the corporation has only recently begun to gather information from independent Canadian producers on the success of Canadian films in theatrical distribution in Canada and in the United States. This information is based on gross box office receipts for all Canadian films and does not include television sales. Information is not available on foreign markets except for the United States.

In answer to parts (a) and (b), therefore, the CFDC is able to provide the following:

	Number of new Canadian feature films released for theatrical distribution in Canada		Gross box office receipts ($000)	
Year	Total	Number produced with CFDC participation	Canada	U.S.A.
1980-81	27	18	$12,000	$46,000*
1979-80	16	9	10,000	45,000
1978-79	16	11	6,500	Not available

*Note: 15 new Canadian feature films were licensed for theatrical distribution in the United States in 1980-81. Data on the number of new productions licensed in previous years is not available.

It should be noted that, due to the necessary delay of 18 to 24 months between the initial production of a feature film and its actual release in the theatrical market, the receipts indicated above do not reflect the performance of feature films produced in that year.

2. The CFDC financial participation in production of Canadian films, both loans and investments, in total and as a percentage, based on information available to the CFDC on gross box office receipts earned by Canadian films in Canada and the U.S. in the corresponding year is:

Year	Investments by CFDC	Loans to producers by CFDC	Per cent of gross box office receipts (as in 1 above)
1980-81	$ 1,200,000	$ 5,900,000	12.24
1979-80	2,200,000	8,400,000	19.27
1978-79	2,300,000	3,300,000	86.15*

*Based on Canadian gross box office receipts only.

3. Based on most recent Statistics Canada publication (1979), $136,188,324 in film rentals and royalties was paid to non-Canadian producers for films imported into Canada. Other importation costs are not calculable.

4. According to Statistics Canada's most recent published figures, 92 distribution companies were operating in Canada in 1979. Of these, nine were classified within the revenue size group of $5,000,000 or more, and together reported revenues representing 71 per cent of the $210,492,000 in total Canadian revenues from the sale or rental of films and videotape. Though ownership is not distinguished within Statistics Canada's published data, it can be assumed that among these nine companies are the six foreign-owned subsidiaries of the major American distribution companies. Thus, while the percentage

of foreign ownership does not appear to be very high in terms of number of distribution companies, the foreign-owned establishments account for a superior portion of total Canadian revenues.

NAC—PURCHASES OF FLOWERS

Question No. 2,773—**Mr. Cossitt:**

1. Since Mr. Donald Marriott assumed the position of Director of Restaurants and Catering at the National Arts Centre, what was the total amount spent under his direction on flowers and were the flowers discarded daily?

2. During the same period, what was the cost of fine granulated sugar purchased under Mr. Marriott's direction and has it been the custom to frequently dispose of it in the garbage and, if so, for what reason?

Mr. Jack Masters (Parliamentary Secretary to Minister of Communications): I am informed by the National Arts Centre as follows:

1. The total amount spent is $12,361.25, of which $4,271 was recoverable from persons ordering banquets. Flowers are not discarded daily but only when attractiveness has been lost (e.g. a carnation will on average last a week).

2. $3,494,94. It has not been the custom to dispose of such sugar in the garbage.

NAC—PURCHASE OF CASH REGISTER

Question No. 3,066—**Mr. Cossitt:**

1. Since Mr. Donald Marriott became Director of Restaurants and Catering at the National Arts Centre, how many cash registers have been purchased for use at the centre?

2. Was there an occasion when Mr. Marriott negotiated directly or indirectly the sale of a cash register to the centre that either belonged to him personally or was in his care, custody or control and, if so, what are all the details, including the make of the cash register, the year of manufacture, the actual cash value at the time it was purchased by the centre and the amount actually paid by the centre?

Mr. Jack Masters (Parliamentary Secretary to Minister of Communications): I am informed by the National Arts Centre as follows:

1. Since Mr. Donald Marriott became Director of Restaurants and Catering at the National Arts Centre, one cash register has been purchased for use at the centre.

2. Mr. Marriott did not negotiate directly or indirectly the purchase of a cash register that either belonged to him personally or was in his care, custody or control.

HEALTH CARE COSTS

Question No. 3,293—**Mr. Dantzer:**

What is the estimated annual per capita health care cost for those over 65 years of age and what is the estimate for the annual per capita health care cost for those over 65 years of age for (a) 1986 (b) 1991 (c) 2001 (d) 2011 (e) 2021 (f) 2031?

Hon. Monique Bégin (Minister of National Health and Welfare): It is estimated that the per capita cost for all types of health care expenditures (public and private) will be about $1,045 in 1981. Based upon limited data (age-specific cost data are only known for a few types of expenditures) it is estimated that the per capita health care costs for Canadians aged 65 and over will be approximately $3,500 in 1981.

Assuming that everything else remains unchanged (including the per capita costs of people aged 65 and over), the following is the estimated impact of a growing proportion of people aged 65 and over upon per capita health expenditures:

Year	Proportion of Canadians aged 65 and over*	Per Capita Health Expenditures (all ages)	Per Capita Health Expenditures (Canadians aged 65 and over)
	(Per cent)	(1981 $)	(1981 $)
1981	9.5	1,045	3,500
1986	10.2	1,065	3,500
1991	11.1	1,090	3,500
2001	12.1	1,115	3,500
2011	13.3	1,150	3,500
2021	16.9	1,250	3,500
2031	21.5	1,375	3,500

*According to Projection 4 in "Population Projections for Canada and the Provinces 1976-2001", Statistics Canada Catalogue 91-520 Occasional.

SOVIET AIRCRAFT ENTERING CANADIAN AIRSPACE

Question No. 3,300—**Mr. Cossitt:**

In the past five years, were there occasions when Soviet aircraft entered Canadian air space without permission in advance and, if so (a) how many (b) what were all the details, including the date, location and type of aircraft involved?

Hon. J. Gilles Lamontagne (Minister of National Defence): See reply to question No. 2,473 answered July 9, 1981.

DAY CARE CENTRES

Question No. 3,566—**Mr. Herbert:**

1. Does the Department of Employment and Immigration intend to locate day care centres before the end of the fiscal year 1982-83 and, if so, in which locations?

2. Has construction work started at any of these locations and, if so, what is the estimated cost?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): 1. Employment and Immigration Canada has submitted a proposal to the Treasury Board, seeking authority to establish a day care centre this year at its head office location in Phase IV, Place du Portage, Hull, Quebec.

2. Treasury Board approval is required before construction work can begin.

[*English*]

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

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

Some hon. Members: Agreed.

Mr. Deans: Madam Speaker, because of the nature of the question I have placed on the Order Paper and the possible consequences which might flow from the answer, I wonder if I might ask the parliamentary secretary to take a look at question 3,698, which I recognize is a fairly new question, and bring to the attention of the appropriate minister the importance of answering that question forthwith.

Mr. Nielsen: Star it.

Mr. Deans: Thank you. This should be done, considering that the answer to that question could well impact on the legal positions of certain employers in the country.

Mr. Smith: Madam Speaker, I will look into the matter and make representations on behalf of the hon. member.

Mr. Nielsen: Madam Speaker, in the hope that I am helpful, we would have no objection, as far as this party is concerned, to permitting the hon. member for Hamilton Mountain (Mr. Deans) to star that question in *Hansard*.

GOVERNMENT ORDERS

[*English*]

FARM CREDIT ACT
FARM LOANS INTEREST REBATE ACT

MEASURE TO AMEND—MEASURE TO ESTABLISH

The House resumed from Thursday, January 28, consideration of the motion of Mr. Whelan that Bill C-88, respecting loans to farmers, be read the second time and referred to the Standing Committee on Agriculture.

Mr. Gus Mitges (Grey-Simcoe): Madam Speaker, I welcome the opportunity to enter this very important debate today. The bill before us has come at a very significant time, and I am sure the agricultural community is anxiously following and awaiting the passage of this bill.

Mr. Chrétien: Good. Let's vote.

Mr. Nielsen: Tomorrow night.

Mr. Mitges: Today, without a doubt, the farming industry in Canada is facing its worst financial crisis since the great depression. Last year alone, some 260 farmers were forced into bankruptcy because of the high interest rate policy while others were pushed into forced sales which, in some cases, ended farming establishments which had been in families for generations.

When we look at recent government responses to this rapidly worsening situation, we are left with the fact that, when the government acted, it offered too little, too late. A good example of just such an offer is the bill we now have before us, Bill C-88, respecting loans to farmers. Another example, of course, is the budget itself. However, despite the drawbacks of this bill, which I will go into shortly, we support Bill C-88 in principle because it offers more financial aid to our farmers, and that is good. The bill, however, does not go far enough and we have some useful suggestions that we believe will strengthen this legislation and make it more helpful to the farming community.

● (1510)

Generally speaking, we think the Farm Credit Corporation has provided a valuable service to the agriculture industry over the years. Its financial assistance has been invaluable and we support the corporation in its efforts to extend financial assistance to the industry. By giving the Farm Credit Corporation authority to borrow funds from the private marketplace, some desperately needed money will be made available to farmers. With the FCC almost drained of funds to lend, any new injection of money, however small, is obviously a very good thing.

However, beyond this favourable principle of increasing resources, there are problems with this bill. We are very concerned about the amount of funds being made available by the government to farmers through the Farm Credit Corporation. Simply put, we believe, as the industry does, that the corporation is massively underbudgeted. We wonder why only $50 million was offered by the government in its November 12 budget when it knows a more realistic federal contribution is at least ten times that much, $500 million. Some, like the Canadian Federation of Agriculture, would say $1 billion is needed. In fact, every agricultural group has called for a higher and more reasonable level of federal funding. Hopefully, the government will finally recognize this obvious need and increase its aid to a more realistic level.

Of course, allowing the FCC to borrow from private sources will increase its resources, but we hope this move does not mean the government is planning to back out of its financial responsibilities. We need strong assurances that the FCC borrowing authority is supplementary borrowing only and is in no way going to replace direct federal funding. Perhaps when this legislation enters committee the minister will give us these necessary assurances.

Let me say that increased direct federal funding is necessary because allowing the FCC to borrow on the open market does not solve the immediate problems of underfunding. Bill C-88, simply put, does not address the very real problem of short-term relief. We all know that relief is needed, in many cases right now, in the short term.

The government has helped to solve the long-range funding problems, but it has not even mentioned short-term relief problems. This is why the $50 million offered by the government is so inadequate, considering the average farm loan today is for $100,000. This money will be gone in no time, leaving those in immediate difficulties in much the same situation they find themselves in now, facing imminent bankruptcy. This is an important element completely absent from the legislation,

so again, during committee stage, perhaps we can get some positive answers to the problem.

We also question why this type of legislation was not introduced earlier. It is long overdue and, for that reason, it is welcome; but again, it does not adequately help farmers overcome their massive financial difficulties. It is too little and too late.

We would also ask, as my colleagues from Kindersley-Lloydminster (Mr. McKnight) and Elgin (Mr. Wise) asked earlier, why no mention was made of offering further aid to farmers by way of placing a moratorium on farm bankruptcies. While this is not a solution to the problem, it could go a long way in helping to save farmers from very tough times.

The government has said time and time again that there is a need for economic restraint and that spending cuts have meant reducing available funds for many programs, including aid for our farmers. However, for an area of the economy as important as the agriculture industry is to the economy as a whole, the government's policies are simply ignoring the needs of farmers to create a thriving industry.

The government is only paying lip service to agricultural problems while its tightfisted monetary policy is bringing our farming industry to its knees by creating and maintaining high interest rates and record-high inflation, the very elements that are killing the industry. The government has long ago lost the power or strength of argument to justify its economic restraint policies. We only have to look at the agricultural industry to see how wrong and misguided those policies are to the well-being of all Canadians.

Looking to other elements of the legislation before us, we have to ask why the government sees the need to expand the board of the FCC to seven members. We can only hope that these new members are chosen because of their expertise in farming and financial matters, and not because of their past voting habits. Increasing the number may only create greater administrative costs while not necessarily benefiting the agricultural industry itself.

Let's not fool ourselves here. Farm credit loans are not handouts or charity. Each loan is paid back in full, with interest. Loans are a very major part of operating a farm, and dependence on long-term loans has become even greater in recent years. While prices have remained relatively steady over the years, operating costs, such as machinery, livestock feed, pesticides, fertilizer and, of course, interest rates on loans, have all skyrocketed. Therefore, many farmers find themselves coming up short in their current cash flow, even though they have large amounts of capital tied up in machinery and property. A much greater financial effort is therefore needed to help our farmers remain in business.

There are also serious questions concerning how the Farm Credit Corporation is administering the resources at its disposal and how it is treating applicants. Several farmers in my constituency have complained about what they feel is the arrogant, unsympathetic and downright rude attitude they have received in their dealings with some—and I stress some—FCC field workers. Many farmers I have talked to are very angry and upset to be treated this way when they apply for assistance, which often means the difference between bankruptcy and keeping a slim hold on their livelihood.

I believe very strongly that the FCC should take a hard look at how its program is being administered in order to make sure it is running properly. It is very important to treat our farming community with the respect and dignity deserving of such a hard-working and fundamental sector of our economy.

As I said at the outset, we support this legislation before us. We believe Bill C-88 is a worth-while measure for long-range funding of the FCC and, as my colleagues and I have stressed throughout the debate, as long as the federal government does not lower its direct contributions, we back the bill in principle.

We also hope that the government will guarantee the bonds floated by the FCC so they can be sold more quickly and benefit our farmers that much sooner.

If we want to have a strong agricultural industry, able to produce food efficiently and provide for a reasonable return, the government must be prepared to do its part by creating the necessary atmosphere of growth and recovery. Bill C-88 is a start and if the government looks closely at what we are calling for, we will go a long way in reviving this economically depressed industry.

Mr. Al MacBain (Niagara Falls): Mr. Speaker, it is a pleasure to rise this afternoon to speak briefly on Bill C-88 respecting farm loans. The purpose of the bill is to ensure that Canadian farmers have access to adequate sources of the long-term credit they need to finance their farm businesses. There are important clauses in the bill which will allow the Farm Credit Corporation to be more responsive to the needs of Canadian producers.

• (1520)

The serious problem of how to see that the family farm stays in the family has received much attention in recent years. This bill provides a solution to that problem. One of the amendments would allow the FCC to provide financing to a farming corporation to fund a shareholder loan in order to allow the entry of another individual into the farming operation. Sons and daughters will thus be able to join their parents on the family farm.

According to the present Farm Credit Act, the corporation can make loans only on the security of farm lands or farm lands and chattels. Additional security can be taken but a loan cannot be based on this additional security. An amendment in this bill would allow additional security, as defined in the regulations, to be taken into consideration in calculating the size of a loan that a borrower may take out. This additional security could be, for instance, an equity interest in feeder cattle or even savings certificates which, if cashed before maturity, would result in a loss.

Currently, the corporation is limited to maintaining accounts in its own name in the Bank of Canada or in chartered banks designated by the Minister of Finance (Mr.

MacEachen). It is proposed that in the future the corporation, with the approval of the Minister of Finance, be allowed to maintain accounts in its own name in any bank or financial institution in or outside of Canada. This would greatly improve the cash management opportunities of the corporation as well as its financial performance.

This bill also contains a provision to increase the number of members of the corporation's board from five to seven. It has had a five-person board since 1959. However, 22 years later, the business of the corporation has grown in complexity and scope. The addition of two members with their diverse experience would greatly enhance the work of the board.

There are a number of other measures in the bill which could be considered a housekeeping nature. They are, nevertheless, necessary to eliminate obsolete items, as well as to update the act to reflect current agricultural conditions. The result will be an act which is easier to understand and to administer.

The Farm Credit Corporation fulfils a vital function in helping both Canadian farmers finance their operations and in providing advisory services to them. Credit advisers provide counselling to all clients and potential clients at the early stages of their development plans. There are also borrowers who recognize that they face higher levels of risk and would benefit from continuous farm business analysis, financial planning and the production and financial monitoring that the advisory services program offers.

Of the total loans approved annually, more than 15 per cent of the recipients agree to the continuous advisory services program. What I find so interesting about this program is the definite progress shown by the farmers who participate. Let us not forget that the participants are generally of a higher risk category with lower equity and higher loan-to-security ratios. When they start with the program, borrowers learn to manage their resources with a definite goal in mind—to become successful farmers. With time, most accounts become successful. By the time that they are released from advisory services, their repayment record is comparable to those who were never on the program.

As for the lending program, the results of the FCC special farm survey showed beyond a doubt how valuable the corporation's contribution is to the agricultural industry.

The survey examined the financial characteristics of the people who have received funds from the Farm Credit Corporation in 1981 and compared them to the average Canadian farmer. It is clear the FCC is currently lending to a much smaller scale of farm than the average. On a national basis, the average assets of FCC borrowers in 1981 were $375,000 compared to $518,700 for the average Canadian farmer. At the same time, FCC farmer debts were $185,000 as opposed to $78,000 for the average period. This results in a net worth of 51 per cent for the FCC borrowers compared to 85 per cent for the average farmer.

This indicates that the FCC is assisting the lower half of the farmers in Canada and also suggests that not many of the farmers in the top one third level are receiving aid from the FCC. The survey is evidence that the Farm Credit Corporation is meeting its objective of assisting the smaller, beginning farmer.

Let me point out that the corporation accomplishes these functions without appropriations from Parliament and covers its cost of operation, including losses, on a 1 per cent margin. Especially laudatory is its patient collection policy on overdue accounts.

It has displayed in the years since it was founded sound management policies, but above all a sense of humanity. I hope hon. members will join with me in supporting this bill which will allow the Farm Credit Corporation to do an even better job for Canadian farmers.

Mr. Alex B. Patterson (Fraser Valley East): Mr. Speaker, it is a pleasure for me to be able to take part in this debate this afternoon. I have the honour of representing one of the major, if not the major, agricultural areas of British Columbia. Naturally, I am vitally interested in all aspects of this bill which deal with the agricultural community and its problems.

In introducing this measure for second reading, the Minister of Agriculture (Mr. Whelan) stated:

> Madam Speaker, this legislation is extremely important to the farm community and to Canada as a whole. It proposes measures which will strengthen the role of the federal Farm Credit Corporation in helping Canadian farmers invest in their industry's future.

I appreciate the fact that the minister is interested in the cause of the agricultural industry. Of course, if he were not he would not be in the particular portfolio which he has. However, I think that we are in danger of restricting the application of policies to perhaps a relatively limited proportion of our population. After all, the population of the agricultural community is shrinking and therefore it seems as though it is destined, at least for the present time, to occupy a lesser position numerically than many other industries.

I say that we are inclined to look upon it as a measure to assist farmers, and I appreciate that fact, but I think we must broaden our vision and realize that this bill will not just help the farmers but will meet a worldwide need. I think that this will place a different perspective on this bill, rather than looking at it from purely an agricultural point of view. In actual fact, it is a matter of importance to approximately 24 million Canadians. It is also of vast importance to a great many people right around the world who will be looking to us in the future for their requirements as far as food products are concerned.

• (1530)

Although projected population figures vary considerably, it is generally agreed that the population increase will be very substantial in the future. In light of this there will be a greatly increased demand for agricultural products. It has been stated that in the eighties the scenario will be demand outstripping supply. We are told that world food supply has increased approximately 2 per cent over the last several years, while demand has risen at a rate of 3 per cent or 4 per cent. By 1990

the world's population is expected to increase to 5.25 billion from the 1980 level of 4.25 billion, and those with a seer's outlook state that by the year 2000 we could have a world population of about 7 billion people.

An article in *Dun's Review* of April, 1981, entitled "Enough Food for All" refers to previous predictions of food shortages which failed to materialize but states:

> Today, the spectre looms again. But, unlike the past, the subject is no longer confined to a debate among academics. The possibility of food shortages in the 1980s is being seriously addressed by farmers and economists, grain merchants and politicians, food company executives and commodity traders. Indeed, says University of Minnesota professor William Cochrane, who was the Agriculture Department's chief economist during the Kennedy-Johnson years: "For quite a while, I was a voice crying in the wilderness. But now quite a large portion of the agricultural analysts share my views that food shortages will occur during this decade."

Therefore, in view of these interesting facts it seems to me that we must give attention to the agricultural industry because in the final analysis we are making a contribution, as I have said, and must make a contribution not only to meet our own immediate needs but also to meet the needs of the world at large.

By that I am not implying that the answer to world food shortages is the massive transfer of produce only. The most important long-term solution in assisting many of the chronically underfed nations is to improve their own production capability, and in many instances this can be done in very unsophisticated ways. However, there will always remain a demand for food. Therefore, we talk about the Farm Credit Corporation and how we are going to assist farmers. According to figures presented with respect to suggested additional funds to be placed in the hands of the Farm Credit Corporation, under present circumstances only a little over 200 farmers will benefit. That will not go very far toward meeting the need of our agricultural community.

I suggest that the role of government is essentially to create an economic climate in which the private entrepreneur—that includes the farmer, of course—is able to function adequately in his own particular sphere of activity in the development and maintenance of a dynamic and productive economy. Unfortunately, while the minister says that he is endeavouring to assist farmers and is doing everything he possibly can to help them overcome present difficulties—I agree, and I believe he is trying—on the other hand government policies which tend to restrict activity, discourage initiative and penalize enterprise can only deepen resentment and despair and undermine the very foundations of our nation.

To many farmers today the question is whether they should continue to struggle on, in the face of the restricted impact of government policies, until the roof falls in, or should they quit, salvage what they can of their equity and apply their energies to other pursuits? This question was posed to me not too long ago by one of the farmers in my constituency. He was examining very carefully whether he would be able to deal with the crisis situation in which agriculture finds itself today and whether he would face it and fight it out or just close up shop and turn elsewhere to make a living. Today many are living on the depreciation of their assets, and when that is exhausted, that will mean the finish.

Farm income is tied in with this because when farm income is not adequate to meet needs and provide for the replacement of machinery and assets, then farmers certainly will not have any money left to expand their operations or to do whatever is necessary to fulfil their responsibilities to the common good.

I have an article taken from the *Abbotsford, Sumas and Matsqui News,* a paper published in my area. This article also appeared in some of the other papers in my constituency. The article states:

> Canadian farmers can brace themselves for smaller "take-home pay" in 1982 . . . and British Columbia is prophesied to take one of the largest percentage cuts.
>
> Estimates released at the federal outlook conference in Ottawa are for realized net farm income in Canada to reach $3.4 billion in the coming year. That is 15 per cent lower than 1981's level which, in turn, was up 22 per cent from 1980.
>
> Farmers will be faced with the same old cost-price squeeze. Their cash receipts are expected to climb about 4 per cent in 1982 to $19.2 billion. But their operating expenses and depreciation charges will more than eat up this slight gain. These costs are expected to grow about 10 per cent to $16.1 billion.

I will not put any more of that article on the record, but it does point out the difficulty farmers and other businessmen are facing. They have the problem not only of how to make a living but also of how to build up their operations in a way which will meet the challenges of the future and enable them to fulfil their responsibility in the field of agricultural production. I think this is something which ties in with the proposal we have before us today, which is to place more money in the hands of the Farm Credit Corporation.

One of the reasons we have to have more money and why there must be a greater contribution in this way to farm operations is that the farmer presently cannot build up a surplus in order to meet the needs of tomorrow. He is just living at the limit of his capacity and production at the present time. Why should this be? I suggest that there are too many obstacles in the way of achieving the very thing the minister is desirous of achieving, and that is to assist farmers, through additional financing, to carry on their operations and also to expand in order to meet the needs. One of the reasons this is necessary is that government policies, and particularly those contained in the recent budget, are counterproductive as far as farm income is concerned. We are lending farmers money yet extracting taxes from them beyond their ability to pay. I think one of the reasons for this is that they are still tied to high interest rates. Perhaps they could have got by if they were still able to borrow money at 10 per cent or 11 per cent but in recent times, when faced with interest rates of 20 per cent, 21 per cent or 22 per cent, they could not accomplish their objectives and pay their way.

• (1540)

The high incidence of forced sales, foreclosures and bankruptcies in the agricultural sector is a sad reflection on a nation such as ours. It is an indictment of a government policy that does not meet the needs of an important sector of our economy.

On May 5, 1981, before the exorbitant increase in the cost of money, the president of the Canadian Federation of Agriculture addressed Members of Parliament as follows:

> The Canadian Federation of Agriculture is most concerned about the increasing number of actual farm bankruptcies and foreclosures. The evidence is that there is a rising flood of farmers in trouble, and bank interest rates are the crushing blow that will put them under. If this is not so, a federal emergency program will get at the truth and no harm done.
>
> Farmers in this position who have nowhere to go for help must have some program which will give them a chance for survival. Failure by the federal government to act and act quickly on this matter would be simply irresponsible.

The minister states that he has been introducing legislation and has outlined various proposals made in order to assist farmers in this particular situation so that they will be able to carry on and function as operating farmers. When we have raised this question in the House he has referred to the Small Business Development Bond, but the qualifications required for that program are so restrictive that very few farmers are able to benefit from it. Even those who, to use the words of the minister, "need it most" have been unable to obtain any help when they are in dire straits. Many farmers who have applied to the Farm Credit Corporation have met with a response similar to the one they received when they applied for the development bond—that there was no money left. There was no money available under the Small Business Development Bond program, there is no money from the Farm Credit Corporation, there is no money anywhere.

I think this points very dramatically to the failure of the Farm Credit Corporation to meet the needs of the farm community. The result is evident in the increased numbers of forced sales, foreclosures and bankruptcies. These numbers are already on the record so I shall not repeat them.

The minister's rather pathetic confession was reported in the *Valley Magazine* of Wednesday, February 25, 1981 in an article which began as follows:

> If you're a farmer with a credit problem, federal agriculture minister Eugene Whelan says he'd truly like to help . . . but there may not be all that much he can do.

Later the article stated:

> But even at the national level there is only a limited amount we can do because it is a world problem. The fact is that Canada's success in holding down inflation has been so much better than many other countries is a tribute to the hard work and productivity of Canadian industry, as well as to our rich endowment of natural resources, including our agricultural land.

So the minister confessed that there was not very much he could do to assist farmers in their plight.

The recent federal budget which was supposed to be based on the principle of fairness, equity and justice is proving just the opposite, not only as it relates to the agricultural sector but to practically every sector of the economy. In an article which appeared in the *Chilliwack Progress* in my constituency, an accountant used the phrase "kick 'em while they're down" to describe the budget that was brought in. He was referring to the agricultural community and went on to point out a great number of the adverse features of the budget. The equity in a family farm for retirement has been eroded. Higher down payments will be required on the sale of farms and this will, in turn, reduce the number of potential purchasers which would no doubt have an effect on the price. The higher down payments will prevent young people from getting into agriculture. If the problems facing farmers were bad yesterday, they are compounded tremendously for the future.

There are many other things that work against the farmer's effort to pay his own way, to build up his equity, to get along under his own steam, as it were, without relying on the contributions or loans of the federal government. I do not think farmers want to borrow money for the sake of borrowing; they do it because they have to.

I wish to refer now to the matter of capital gains on farm sales which have a very serious effect on the agricultural community. As has been pointed out in debates in this House, promises have been made relative to legislation dealing with this subject but we, and the farmers of Canada, are still waiting for it. When are we going to see the update of the valuation day values to meet the demands of justice and decency? Why will the government not accept the common sense and valid position of this party that would permit a once-in-a-lifetime exemption from capital gains on the sale of a farm?

Some people may think I am getting a little far from the subject of the Farm Credit Corporation, but this is all tied in together. It is because of all these things that we need organizations such as the Farm Credit Corporation. I had other things to say on this question but I will not take the time of the House to deal with them now.

Perhaps I could do no better than put on the record a statement issued by the chairman of our caucus and the spokesman for this party on agriculture. In a news release dated January 28, 1982, issued by the hon. member for Kindersley-Lloydminster (Mr. McKnight), and the spokesman for agriculture for our party, the hon. member for Elgin (Mr. Wise), it was stated:

> Finally, after three years of waiting, the government introduced Bill C-88 in the House of Commons on January 27. This bill will allow the Farm Credit Corporation to borrow supplemental funding from the private marketplace.
>
> Last year Agriculture Minister Whelan held out the promise that this bill and the budget would help farmers overcome their financial difficulties. This was another empty promise on the part of Mr. Whelan.
>
> The budget produced more pain than help because it detrimentally changed the capital gains tax reserve and eliminated the Income-Averaging Annuity Contracts and the Small Business Development Bond program for expansion purposes. Although the budget also gave the FCC $50 million, this was a far cry from its real needs estimated to be from $500 million to $1 billion.

● (1550)

When we look at an additional $50 million, in light of the adverse effect of government policies on the agricultural community and the fact that the government is making it impossible for farmers to carry on their operations in a desired manner, it seems to be almost a slap in the face. When farmers have gone to the Farm Credit Corporation they were told, "Sorry, we have no money". The corporation ran out of money a long time ago, but now the government suggests that it will put in another $50 million. This is a far cry from what is actually needed in order to make money available to farmers

who require it for survival, let alone those who require it for expansion in order to meet the increased needs of a world community which will be faced with food shortages in the near future.

The press release goes on:

> Bill C-88 will not provide any needed short-term relief. Even with the extra $50 million, the Farm Credit Corporation has virtually run out of money to lend. It needs more funds.
>
> Bill C-88 should be an important and worth-while measure in the long-range funding of the Farm Credit Corporation and, as a result, we will support it provided the government gives a firm commitment that its direct funding to the FCC will not be cut back. We also hope that the government will guarantee the bonds floated by the FCC so that they could be sold more quickly.
>
> The real tragedy is that this bill has been introduced three years too late. If it had been in place last year, the 261 Canadian farmers who had been forced into bankruptcy might still be productive farmers today, let alone the untold hundreds more who were forced out of business through foreclosure and forced sale.

In closing, I am not saying that the Farm Credit Corporation has not done the job given to it, considering the amount of money made available to it. It was not the fault of the FCC. It comes down to a matter of the government's unrealistic attitudes toward the farming community, its tremendous contribution to our nation today and the contribution it will make in the future to all those people who will be affected by the shortage of food which we are led to anticipate in days ahead. I trust the government will accept some of these suggestions.

I hope it will not only provide additional funds but will take a look at what has been done to farmers by federal government policy which made it necessary for them to turn, in such a great measure, to the Farm Credit Corporation and other lending institutions in order to succeed in their chosen vocation.

Hon. Ray Hnatyshyn (Saskatoon West): Mr. Speaker, I welcome the opportunity to address the House on Bill C-88, to amend the Farm Credit Act. The Minister of Agriculture (Mr. Whelan) has been present in the House, but I am sorry he had to leave to attend a cabinet committee meeting. I had hoped that some of my remarks would evoke a response from him. The minister has been vocal and has said much in public respecting his views of the interests of farmers and the action that Parliament, and government in particular, should take to assist farmers. We find that in growing numbers farmers are coming under more and more pressure with respect to carrying on their operations. The parliamentary secretary is present and I am sure he will make detailed notes of what I say and take them to the minister, so that he will have the benefit of some of the advice I want to give him.

We should look back over the last few months to find out exactly what the minister said concerning the plight of Canadians farmers. I have one or two copies of press clippings which by and large are correct quotations of the minister. Certainly the minister has not taken it upon himself to challenge the accuracy of any of these quotations. He has been more than vocal. He has been pounding his chest in public, speaking on behalf of Canadian farmers and threatening dire consequences if certain actions were not taken by the government. A headline appeared in the October 11 edition of *The Toronto Sun* entitled "Whelan: 'Get off your butts'." I want to make a direct quotation of the minister, directed to Canadian farmers. He warned farmers and blamed Canadian banks for the woes of farmers. He said that there should be a temporary halt to farm foreclosures. Also he said that the banks were at fault for letting farmers take out huge demand floating loans which they could not afford. As reported in the article, he said:

> I used to have a farm and I was a farm leader. I didn't just holler criticism, but made constructive suggestions . . . I don't want to stay on as Minister of Agriculture if some new program isn't instituted. I'm an honest broker as far as politicians go.

As reported in *The Windsor Star* of October 10, 1981, the Minister of Agriculture was in full flight, oratorically speaking; the moon must have been in a certain position. This man was forging ahead on behalf of farmers. We were waiting with bated breath to see what would happen as soon as the minister returned to Ottawa. He met with his cabinet colleagues and told them the facts of life, how farmers across the country were suffering. As reported in *The Windsor Star* under the headline entitled "Gene: Wait and see what budget brings," Dave Pink, *Star* agriculture reporter, referred to Essex, which is the minister's home area. The article read:

> Agriculture Minister Gene Whelan says he's expecting help for financially troubled farmers in the new federal government budget.
>
> And if that help doesn't come, Whelan has said he's ready to resign from the cabinet.
>
> "Gene Whelan has been a backbencher before," he said in a Friday night interview.
>
> "I'm very concerned about my position as an honest broker in politics. You can only go so far," Whelan later told a gathering of Essex Windsor Liberals. "We've had meetings. We've made our submissions. We will wait and see what action the budget takes in the not too distant future."

The farmers of Canada, as one, stood and knelt by their bedsteads that night thinking that the Minister of Agriculture would take action and in fact do something to relieve the enormous economic consequences which they have suffered over the course of past years—unprecedented interest rates and costs of production rising almost daily.

The budget came down. As every farmer or anyone who has had a chance to read the budget knows, it contained virtually nothing for Canadian farmers. It was a disgrace. There was nothing for the average farmer. There was nothing to give any hope with respect to the economic circumstances faced by Canadian farmers today. What do we have? We have the same Minister of Agriculture. There has been no resignation. Interest rates remain high.

The Minister of Agriculture has now decided that rather than resigning he will change his tune slightly. Now the attack is on the banks. He talked about a "verge on fraud" in the banks' treatment of farmers, as reported in the January 14, 1982, edition of *The Globe and Mail*. What exactly does the minister mean by verging on fraud? He should give us some details so that we can change the legislation and do something to help farmers against the fraud which is being perpetrated upon them by banks. The minister is silent, he says nothing; he said, "I cannot speak". On an opposition day last week a

motion was put forward, at which time the minister had an opportunity to rise and show where he stood with respect to banks. He stood with the government, in opposition to the opposition motion. This is the background of the Minister of Agriculture coming forward with this legislation as a solution to the problems of Canadian farmers.

What farmer or what Canadian can hold up the minister as a credible representative in cabinet of their interests? Surely this is a case where the minister's bark is far worse than his bite. There is no meaningful help for farmers, either in the budget or in any piece of legislation. He stands on the public stage humiliated and unable to get his way on behalf of farmers across Canada. I say that the honourable thing for the minister to do is to resign. Whatever happened to that old tradition, when a question of principle arose, of ministerial responsibility? Whatever happened to the concept of a minister saying "I have had enough, I am resigning; I said I would resign and I am resigning". As far as this government is concerned, that principle has gone by the by.

• (1600)

The answer which the minister brings forward with respect to the agricultural policy that he has for Canadian farmers is Bill C-88. This is a very important piece of legislation. It is far-seeing and will help every farmer across our nation. This legislation will enable the number of directors on the board of directors of the Farm Credit Corporation to be increased from five to seven members. Every farmer in Canada will applaud this progressive move on their behalf.

This bill contains a provision—

—(a) to remove the present thirty-five year age limitation for loans under section 33.

This is a brave minister!

This bill also updates some of the language in the Farm Credit Act. Every farmer is waiting for this to be done. I have letters by the carload asking when the language of the Farm Credit Act is to be updated.

You have heard from our colleagues, Mr. Speaker. Naturally we support the principle and thrust of this bill. But when we speak on this bill, we have to point out to the minister that something more is required. Surely this is not the response the government has to assist farmers out of the difficult times which they face in Canada today. We all have to look at the lack of economic support for our farming community in general that is being evidenced by the policies of this government. We see a disturbing trend on the part of this government to sabotage the economic viability of the small family-based farms. They are the backbone of my province and of Canadian agriculture and rural life. There are policies against farmers maintaining the family farm.

I want to point out to hon. members that in the west there are 150,000 producers. The families of these producers are directly engaged in the production of grain which is largely for export. At present $4 billion worth of grain is exported annually. This has a multiplier effect of four on the Canadian economy. In terms of economic benefit, there is no industry that produces more economic spin-off, stability and potential gains for our economy.

Some of the other sectors of the farm economy, such as the dairy sector, the poultry sector and the red meat sector, make a significant contribution to the over-all wellbeing of the Canadian economy. Canadian farmers have very special financial needs. Almost all independent farmers are dependent upon credit. They borrow in order to operate. General operating costs are fixed and unavoidable. Energy costs, machinery and other capital costs have skyrocketed. A farmer cannot rationally starve his livestock and ruin his land in order to cut costs.

Farmers are among the most seriously affected by a policy of high interest rates. This policy means that farm turnovers are made that much more difficult for young people who are attempting to get into farming. They simply cannot afford the additional interest expense. We see the average age of owners of farm land reaching 50 in 1982. Many farmers hold on to their land long past their age of retirement. They do this because the party to whom they wish to sell, very often a son or a daughter, cannot arrange the purchase financing or cannot afford it.

Obviously there is a major role for a corporation, such as the Farm Credit Corporation, to provide reasonable amounts of funding at reasonable rates. For an industry that provides so much to the Canadian economy, this is absolutely essential.

As my colleague who spoke before me has pointed out, there has been considerable delay in bringing forward this bill. In the process the Farm Credit Corporation has become cash starved. We in this party understand the importance and necessity of raising the limits on capital and providing for a corresponding increase in the corporation's borrowing capacity. We also welcome the new flexibility of being able to borrow in the market. As my colleagues have pointed out, we have taken a position of concern because this new direction may lead to a cut in direct funding of the Farm Credit Corporation. I am waiting to hear from the minister with respect to a commitment by this government that such a cut in that sort of direct funding will not occur.

The industry is also cash starved at this time. This government in its budget has made only a token effort to come up with assistance. Our party has called for additional short-term funding for the Farm Credit Corporation of $500 million. The Canadian Federation of Agriculture says that agriculture needs $1 billion injected into it immediately. People who are involved in the day to day operations of farms through their organizations indicate that is the kind of money that is needed at the present time to be injected into the farming industry.

This government saw fit to allocate only something in the vincinity of $50 million through the Farm Credit Corporation. This is an amount conceivably only enough to deal with as few as 225 applications for assistance, to take the maximum number in that particular hypothesis.

What else does the government give us aside from this additional money for the Farm Credit Corporation? There was, of course, reference to the Small Business Development

Bond. What should have been a useful tool for long-term capital investment is now only available to those having serious cash flow problems.

Stories have been coming in about the difficulties that small businesses and farmers have had in convincing banks to extend any financing arrangements through the Small Business Development Bond. I simply ask the question whether hon. members have had any experience in this area. You have had experience in the private sector, Mr. Speaker, I know that, but I have yet to meet a lending agency, regardless of advertising, where money is available only on the signature of the borrower, whatever the particular sensitivity of the local manager may be. If someone is in so-called dire straits and approaches a bank for a loan, that person will not be greeted with open arms.

The federal government has restricted the loans in these instances to those in dire straits and financial difficulty. But the government has not said to the banks that if anything goes wrong the government will set up a guarantee that they will not lose all of this money. The banks will look at every application they receive on the basis that money lent must be recovered in the interest of maintaining the viability of their operation. It will be very difficult for those farmers in dire straits.

This government has created in this budget a further hindrance to transfer land by removing the income-averaging annuity contract. Even with the transitional rules announced on December 18, the purchase is vendor financed. The vendor may very well have to borrow to pay his or her taxes after the reserve period lapses. This again puts an impediment in the way of young farmers who want to get into the business and in the way of older farmers and land owners who want to get out. So, Mr. Speaker, we see the government offering only token support to farmers in additional farm credit funding in the budget while at the same time limiting the effectiveness of the Small Business Development Bond and the IAAC.

• (1610)

The farming industry in Canada, particularly in Saskatchewan, is going through all sorts of difficulties. Land prices have increased dramatically in recent years, as have operating costs. It seems the government could do far more to lessen the pressure on the industry at this critical time. The final irony is to watch a Minister of Agriculture who protests so loud and long about his love for the farming community, and then in the same breath allows the FCC rate of borrowing to go up to 16¾ per cent.

It is fascinating to listen to his criticism of the banks. On January 28 last he made one of his usual verbal outbursts on the subject when he said:

> Why can the farmers not borrow from their local banks or credit unions, as I might if I were buying a new home or seeking funds to start a new business? Why, indeed? One need only look at the record of the banks over the last five years as to how they have handled, or maybe I should say mishandled, farm loans to know the answer to that question.

It is utterly hypocritcal, Mr. Speaker, for the minister to continue his tirade against the banks when he stands with a government which cares so little for the economic needs of the country's farmers. If the government wanted to make a decent commitment to farmers, why did it put only $50 million into the FCC in additional funds? It needed ten times that amount. Why does it put up the FCC lending rate if it has such great sympathy for the farmer? Why did it assault the farmer's pocketbook in the budget? Little wonder, Mr. Speaker, that farmers do not bother listening to the minister any more; he simply does not deliver.

It is said in western Canada that the bones of long dead western Liberals are becoming archaeological treasures. A museum in Regina has a lot of these old bones and they have a new category. We have Tyrannosaurus Rex, Brontosaurus, and now we are getting the rare "liberalus defunctus".

Mr. Evans: When are we going to get "conservatus ridiculus"?

Mr. Hnatyshyn: The "twin from Saskatoon East" is in the House as usual. I am saying these things so that he will take notes and go back to that Liberal rally in Saskatoon East held in the nearest phone booth and tell all the Liberals in Saskatchewan exactly what should be done on behalf of western farmers. If you take notes he may do some good, instead of making these interjections.

Now, Mr. Speaker, the farmers of my province have been subjected to massive pressures in the last ten years. Operating expenses have risen from $966 million in 1976 to $1.58 billion in 1980, a 63.6 per cent increase. In that same time interest payments paid by farmers have increased by 117 per cent. However, the farmers' income has certainly not kept pace. Farmers also have great difficulties in transferring land due to the imposition of a capital gains tax. They are taxed on a gain not of their making, one that is often artificially inflated due to speculation.

The November 12 budget contributed absolutely nothing to the resolution of their problems. It contained minimal financial help, further complicated land transfers and disabled the useful aspects of the small business development bond. Many of you will remember the display of support for the farming community in the budget of the hon. member for St. John's West (Mr. Crosbie). Under that budget a farmer would have been able to roll over up to $200,000 of a taxable capital gain on the sale of farm land into an RRSP. That was certainly a more fair and effective way of allowing farmers to plan for their retirement. This outfit, this Liberal government, seems to think there is something wrong with a person spending his or her working years buying and farming land, selling it and then enjoying a productive retirement on the proceeds.

With the proper service guarantee and a clear commitment by the government to provide the appropriate subsidy, long-term planning can be made by the transportation industry, government and farmers alike, in western Canada particularly.

There have been suggestions recently that an announcement will be made shortly with respect to the Crow rate in western

Canada. Some of these statements indicated an early decision by the government on this rate. This all affects the viability and stability of the grain farming industry in western Canada. I simply advise the Minister of Agriculture, as he is involved in these decisions, to heed the words of Mr. Justice Emmett Hall:

—once tampering with the statutory rate is accepted or condoned as an item on the bargaining table, all will be lost. For once the subject is on the bargaining table, it will only be a matter of time until it is lost step by step. There is no position to take except to adhere through thick and thin that the Crow rate is not bargainable.

I make those remarks with respect to another initiative announced by this government, and to take a look at what in fact may be the scenario western Canada is facing with respect to another program announced by the Minister of Finance (Mr. MacEachen) and the Minister of Employment and Immigration (Mr. Axworthy), among others. This is because, in my view, a decision on the Crow goes hand in hand with the appearance of the western development fund.

As you know, Mr. Speaker, the $4 billion elusive dream of the October 28, 1980, budget is now a $1.3 billion nightmare for westerners. It was purportedly a fund to modernize the grain handling and transportation sectors, as well as promote western industrial diversification. In the last budget it was slashed by 60 per cent, which turns it into a complete sham. A portion of this year's allocation of $148 million is to be used to assist Vancouver in the purchase of urban light rapid transit. I point out, Mr. Speaker, that all this equipment comes from central Canada. So much for providing jobs, secondary industry and technology to the west.

I wish the minister was here because he indicated some incredulity with respect to this statement which was confirmed by officials in the Department of Finance. Out of this fund the sum of $81 million has been funnelled to Canadian farmers for losses sustained because of the Soviet grain embargo. Now, Mr. Speaker, western farmers are entitled to recover their losses from that embargo. However, this government is paying them from a fund declared to be for the economic development of the west. I should add that $13 million of that payment goes to farmers in Ontario and Quebec.

It is my submission that any payments for compensation to western farmers should have come out of the general treasury. For the government to pay those moneys out of the western development fund is a complete betrayal of the promises made to western Canada.

● (1620)

What about the rest of the western development fund? I fear that a much greater problem faces us. No plans have yet been announced specifically for the rest of that money. However, would it not be convenient for the government simply to remove the statutory freight rate and then have this new fund waiting to pay off farmers? The Liberals, of course, would be most anxious to point out that all this money is to be used to improve western transportation. Of course, the fallacy of that argument is that the railways are already partially compensated for losses sustained as a result of the Crow. Therefore, in actual fact, no new money will be put into the west. It will just be old money in new packages.

To let the Liberals get away with this sleight of hand will be an open door to the complete erosion of the benefits farmers have obtained because of the Crow rate. Maybe next year the fund will be slashed again and, all of a sudden, farmers will be paying the full cost of moving grain with no compensation. Therefore, I simply put the warning out to all hon. members of the House that the future shape of the agricultural economy hangs in the balance.

The problem is that if this money is simply paid out as part of the settlement of the Crow, it will not be used for its declared purpose of placing seed money in western Canada for industrial and transportation research and development. These crucial needs of the west are being ignored to the serious detriment of our farming community. I say to hon. members that the indecision on the part of the federal government in developing a rational, global transportation policy in the west causes much uncertainty, many lost opportunities, and ultimately affects the income of our western farmers. This so-called western development fund is a case in point, because it is unfortunate that this fund appears to be ending up simply as a Liberal slush fund to be administered in the usual ad hoc and arbitrary manner without the benefit of appropriate public input and debate.

If the minister were here, I would also point out that there are other initiatives which are needed in terms of the western farmer, aside from the budgetary assistance which can be rendered. An atmosphere could be created in western Canada to let young people know that farming is a career which will be productive and satisfying, and will bring in reasonable returns. There must be a general atmosphere of taxation policy and policy with respect to retiring funds so that people will know that a very productive, important and integral part of our society, the agricultural sector, will remain viable.

In this context I want to make only a few other references to another initiative I think the government should take. I think agricultural research must be stepped up across our country. Various projects are crying out for funding. There has been reticence, and pressure has been put upon the Minister of State for Science and Technology (Mr. Roberts), who has spoken about making new commitments with respect to research and development in our country. Again, I hate to sound immodest, but I say to the minister that it would do himself a lot of good if he simply looked back at some of the initiatives taken by my government concerning that particular area of policy.

In my city of Saskatoon, the veterinary infectious diseases organization is doing excellent work. An example of the research work being done is the development of a vaccine to combat the most common form of calf scours, a vaccine which took four years to develop. More money is now needed to develop vaccine to be given to young calves to prevent shipping fever. Another vaccine is needed to control mud fever in turkeys, which costs the Canadian turkey industry some $9

million annually, and another for the prevention of the spread of respiratory diseases in young pigs for the pork industry.

Major research is also required in the grain and oil seed industries. The ironic aspect here, as pointed out many times by my colleague, the hon. member for Moose Jaw (Mr. Neil), is that a portion of the funding needed for this research could be derived from funds left over from the Prairie Farm Assistance Act. Some $9 million remains from that check-off fund. It now sits in a non-interest bearing account while it could be used by researchers, on behalf of farmers, for very productive research projects. I congratulate the hon. member for Moose Jaw on his private member's bill which would make this a reality. For some reason which is hard for me to understand, that very reasonable, thoughtful proposition put forward by the hon. member for Moose Jaw has been resisted by the Minister of Agriculture. One would have thought that a minister, who has received headlines for his statements of support for farmers across this country, would have been in line to have said to my colleague, the hon. member for Moose Jaw, "That is a good, constructive suggestion; let us get on with the job. Let us put this money to work. Let us not keep it in the general treasury, where it is bearing no interest for the benefit of the people who, in fact, have invested this money in the prairie farm assistance program."

I think there is one last issue which affects many farmers in western Canada, and I want to make brief reference to it. It is a question which is being asked with respect to the Wheat Board and the contract which it has carried on, in fact, for the benefit of farmers. The projections by Saskatchewan agriculturalists forecast a final payment for durum which was in the area of $1.10 per bushel. The final payment was, in fact, 1.6 cents a bushel. Contract prices are not published. In light of projections, we must ask why such a shortfall took place this year. Why are we not able to get some information with respect to the basis upon which that payment was made? Many farmers want the Wheat Board to be more forthcoming with respect to the basis upon which that calculation was made.

I want to summarize my remarks concerning this bill. Its objective to free the Farm Credit Corporation to go into the marketplace to obtain funds needed to supply the requests for money by the farmers of this country is something we support, as indicated on different occasions by hon. members from our party who have spoken previously. However, in light of this government's lack of support for the farming community in the budget and its indecisiveness in dealing with the transportation of farm products, and considering the way things have been going over the last few years with this outfit, we seriously wonder whether this will not be used by the government to cut direct funding to the Farm Credit Corporation.

Farmers of this country have very special credit needs and operate on a very slim profit margin, particularly in these tough times, and this is not evident anywhere as much as it is in the west. The increases in operating and capital costs have not been of their own making. They need the support and encouragement of the government. The budget gives little tangible support and, in reality, causes hardships for many who are undergoing transfers, a process which is essential to keep youth in the industry and enable older farmers to provide for themselves during their retirement. Lack of a transportation policy causes long-term uncertainty and loss of income to farmers.

Therefore, I say to the Minister of Agriculture, "Be as good as your word." Speeches filled with the rhetoric for which the minister is famous are not sufficient; some action is now required. We take no partisan pride in standing here to tell the minister that he has miserably failed, as his government has failed, to help the farmers in Canada. I would just as soon stand up and compliment the minister, and to say, "Job well done! You have spoken out and taken action." As a member of the opposition, it gives me no pleasure to be critical; but if one lives in my district, one knows the problems of farmers. Over the course of the last recess, farmers came into my office to say that their own personal circumstances are such that they are experiencing a sense of uncertainty, that they do not know where they are going. I have received tragic letters. I think that if hon. members lived in my area, they would be standing, as I am now standing, to say, on behalf of the Minister of Agriculture, that words are fine, but action is better.

• (1630)

Mr. Maurice Foster (Algoma): Mr. Speaker, I am happy to have the opportunity to speak on the Farm Credit Act amendments before the House today, Bill C-88. It is significant that during the past week we have been dealing with two important pieces of legislation. Last week we dealt with the Canagrex bill which will play a major role in the future in the marketing of farm products overseas. It will expand that role, working with the private sector, the agricultural community, co-operatives, marketing agents and boards to increase our sales overseas. Someone described the decade of the eighties to be the decade of food and agricultural production, just as energy was our top priority during the seventies. It is therefore significant that we are dealing immediately after the Christmas recess with these two important pieces of legislation.

There is no doubt that the Canadian agricultural industry requires additional assistance. It is an industry that extends across the country, mainly with small family farm businesses working at a time when farm input costs are rising rapidly. The cost of land during the past decade has been rapidly rising. The difficulties of young people getting involved in agriculture have increased tremendously. Added to this is the uncertainty of climate, money and world prices, making it very difficult for an uncertain industry, to say the least.

The important thing about the Farm Credit Corporation is that it brings stability to the lending institutions. There is the provision for long-term lending. During the past 12 months there have been tremendous problems in borrowing from the banks, which have a floating interest rate. The total uncertainty of that situation is just impossible for many farm operations to cope with.

It is significant that 70 per cent of loans made by the Farm Credit Corporation are to younger farmers who do not have the established track record that older, more experienced and more knowledgeable operators often have. The Farm Credit Corporation must continue to provide such interest and concern for young people wanting to get into agriculture. It is important that we have an agency like the Farm Credit Corporation which has a certain amount of flexibility. When unforeseen problems arise, especially for young farmers, they should be able to defer payments for short periods of time. That sort of assistance is available.

The staff of the Farm Credit Corporation offices does a very good job. In almost every instance it assists young farmers in particular with counselling and advises them on financial matters. It assists them in putting together an economical and viable unit.

We are not dealing with small amounts of money. Let us look at the farm capital investment reported in the national census carried out in 1971. On average, the estimated value of a farm was $79,000. By 1976 this had risen to $190,000 and by 1980, according to the national census figures on the value of farm property, it had increased to $340,000. Therefore, we are dealing with very large amounts of money.

I compliment the Minister of Agriculture (Mr. Whelan) on being able to get this important piece of legislation to the House. I also compliment him on establishing the Anderson commission on August 28 to prepare a report on marketing and other aspects of the beef industry. Of all the farm industries which have had a difficult time during the past two years, the beef production industry has perhaps had a more difficult time than any other sector of our agricultural community.

If we look at the 1979 fall sales, the upper average price for calves selling in the Algoma-Manitoulin district was $1 to $1.10 a pound, sometimes as high as $1.15. In 1981 the average dropped to 70 cents a pound, with top loads as high as 75 cents. In any event, we are looking at an almost 30 per cent decrease in returns. I do not think any other sector of our economy has had to take a 30 per cent drop in revenue during the two-year period from the fall of 1979 to the fall of 1981.

Looking at the input side, the cost of fuel, fertilizer, money and so on has increased by at least 30 per cent. Between September, 1976, and September, 1981, gasoline costs increased by 74 per cent, diesel fuel by 84 per cent, fertilizer by 47 per cent and bank interest rates by as much as 80 per cent. These figures were put together by the Manitoulin beef producers organization.

Looking at the price of beef calves going on to the market in the fall, we see that the consumer buying red beef in the store has noticed a considerable increase, perhaps by as much as $1 a pound over the period of time from 1979 to 1981. Therefore, the consumer has not benefited. At the same time the beef producer has taken a terrific drop in gross revenue and has shown practically no profit for his time, effort, investment and enterprise.

It is important that we place a very high priority on this farm legislation at this time. Input costs, funding and financing are terribly important and require the earnest consideration of this House and this government. If we look at the support offered by practically every other nation in the world, we see they provide preferential rates for borrowing, many well below 10 per cent and some as low as a zero interest rate. The legislation before us will enable the Minister of Agriculture and the Farm Credit Corporation to go outside of the conventional method of receiving all funding from the federal government, and borrow on the private market.

● (1640)

It seems to me that we should be looking at the possibility of assisting both young farmers who are going into business and retiring farmers by providing a means of funding. Both the retiring farmers and the young farmers starting up can take advantage of this new capacity of the Farm Credit Corporation to go outside the federal government and the Minister of Finance (Mr. MacEachen) to secure its funding.

Another very important part of this bill is the measure for increased capitalization of the Farm Credit Corporation from $150 million to $255 million. This will allow the Farm Credit Corporation to borrow up to approximately $5.6 billion. This reflects the increased amount of borrowing which will be required. It also reflects the increased value of farm property over the last few years.

It is interesting to note that in 1975 the amount of borrowing was approximately $655 million. In 1980 it was up to approximately $2 billion, an increase of at least 20 per cent. I might also note that this legislation provides that the upper loan limits may be increased by regulation or by order in council. It is my understanding that it is proposed to increase the borrowing limits from $200,000 to $300,000 for a single applicant and from $400,000 to $500,000 for more than one applicant.

Also, I note that the legislation which the minister has introduced will remove the age limit of 35 years for people who will be phasing into farming, that is, will be working part-time at another job but will phase in over a five-year period. Removal of that over-35-years age limit is a worth-while change.

Along with the Canagrex bill and the Farm Credit Act amendments, which I hope the opposition will support, I hope the minister will move on rapidly to implement the report which is being prepared by the Anderson-Vandermeulen commission which he appointed last August.

During this past weekend I had an opportunity to travel with Mr. E. H. Anderson, who is serving on that commission, to meet with the livestock and beef producers in the Algoma and Manitoulin districts and hear of the difficult problems which they are facing. I had the opportunity to hear him respond to the kinds of representations he has been receiving across the country about the possibility of reconciling the vast number of stabilization programs which exist at the provincial

level and to hear proposals for the control of unlimited imports of red beef into our country from offshore areas.

I believe we must proceed in a deliberate, decisive but careful manner as soon as that commission report is given to the minister. If we do not take steps to ensure that we have a viable beef producing industry in Canada, we will end up with a few large producers and a few hobby farmers producing our beef. The present system of stabilization and marketing is totally inadequate, while at the same time—consumer prices continue to rise even though the returns to this vital industry have fallen dramatically over the last two years.

I am hopeful that the Farm Credit Act amendments will pass and increase the capacity of the corporation to secure funds at lower rates. I think the rates which were provided in the special legislation which was introduced in the budget, providing rates at 11¾ per cent, would be the direction interest rates would take under the legislation. I believe this bill provides some of the legislative framework for those special rates and will be useful in implementing them.

At the same time, the Small Business Development Bond which was introduced in the fall, to be available to agricultural producers who are not incorporated businesses, has been a useful tool. Of course, the Farm Credit Corporation legislation itself is the most desirable vehicle because of its long-term fixed rate of interest, there is counselling available, there is flexibility in it and it is especially valuable and more available to young farmers. At the same time, it provides a long-term credit plan to let agricultural producers know what the interest rate will be.

I hope that this legislation which will be beneficial to the vital farming industry, along with the other beneficial pieces of legislation which will be introduced in this session, will receive the support of the House.

Mr. Terry Sargeant (Selkirk-Interlake): Mr. Speaker, I welcome the opportunity to speak to the amendments to the Farm Credit Act presented in Bill C-88.

I represent a sizeable community of farmers, many of whom have some financial problems, many others who are in desperate financial straits. These farmers and indeed all Canadian farmers have waited almost five years for changes to the Farm Credit Act to find their way from the minister's office to the House. That is a long time, especially for changes as general as those proposed in this bill.

I see nothing in the bill representing major changes either to the Farm Credit Corporation or to the government's over-all agricultural policy. Given the five-year wait, I doubt if many farmers will accept the minister's latest excuse for delay, that he was waiting to hear from the Ontario Federation of Agriculture before he introduced the amendments to the Farm Credit Act. In fact, it appears that the minister has paid little heed to the wishes of Canadian farmers in drafting much of this bill. It is true that more money will be available to borrowers and that age discrimination criteria for receiving a loan will be lifted, but on important questions such as the capital pool of the Farm Credit Corporation and the level of interest rates on loans from the agency, there is little or nothing at all in the changes that respond to the requests of farmers.

The Canadian Federation of Agriculture requested early last year an increase of some $150 million for the Farm Credit Corporation to respond to the crisis in farm financing. What did they get? For many months they got nothing. In the November budget they finally got $45 million plus an additional $5 million to subsidize interest rates for approximately two years. That is one third of what they asked for.

The minister says that he listens. He does not listen very well. The Canadian Federation of Agriculture also said that interest rates of 14 per cent are all that farmers can afford to pay. But there is nothing spelled out in this bill to suggest measures will be adopted to reduce interest charged on farm credit loans from the current rate of 16.75 per cent.

• (1650)

I agree with my colleague, the hon. member for Humboldt-Lake Centre (Mr. Althouse), when he characterizes the real problem of farm credit as not simply a problem of inadequate credit but one of net income being too low to pay the bills and maintain a viable operation. In Manitoba the realized net income of farmers actually decreased 42 per cent from 1975 to 1981. We all know, of course, that the cost of living did not decline with it. In fact, it increased by 88 per cent. To make up the shortfall in their net income or to undertake the expansion the minister suggested last week was necessary to achieve economies of scale for new technology, farmers have had to borrow at an increasing rate. In 1981 Manitoba farmers paid out $201 million in loan payments, an increase of some 359 per cent since 1975.

The agricultural policies of this government are forcing farmers further and further into debt. Last week the minister told this House that the Farm Credit Corporation is helping to ensure that the Canadian family farm remains a stable and viable entity. Perhaps the agency has helped some family farms, but has it not also been hindered in its ability to help make the family farm viable and stable?

In 1975, 72 per cent of all long-term credit taken out by farmers came from the Farm Credit Corporation. By 1979 the proportion had shrunk to 35 per cent. Who is responsible for that? Surely not the farmers. I doubt that there are many Canadian farmers who, on principle, would refuse to borrow at a lower rate from a government agency like the Farm Credit Corporation. It is this government that is responsible. It is responsible for the decline and the fall of the Farm Credit Corporation. With its tight purse strings it has hamstrung the agency. It has prevented it from keeping up with the increasing demand for farm credit. This government has stood in the way of the Farm Credit Corporation and prevented it from responding readily to the credit needs of Canadian farmers, and it has offered the banks—with their exorbitant interest rates and their $1.7 billion in profits—a bigger piece of the Farm Credit Act on a silver platter.

The crisis in farm financing and the declining role of the Farm Credit Corporation have been disastrous for Canadian

farmers. Last year 261 farms in Canada were forced into bankruptcy. That is more than twice as many farm bankruptcies as in 1979. An increase in farm bankruptcies of more than 100 per cent in two years is shocking.

I mentioned a moment ago the dismal income situation faced by farmers today. When we see farmers' net income actually decrease over a period of seven years while the cost of everything else has increased, I do not think there is any reason to believe this increase in farm bankruptcies is in some way due to an increase in poor farm management. Farmers are doing their best to run stable and viable operations, but when their income is falling and their costs are increasing, they are forced to borrow. When the interest charges on the money they have had to borrow outstrip their earning potential, some of them are forced to declare bankruptcy. They are forced to give up their family farms.

Everyone should see the need to expand the role of the FCC in financing and refinancing Canadian farms. With that in mind I am happy to see that the amendments before us will increase the limit on capital the agency is able to receive from the government. With a larger capital pool the FCC will be able to borrow more money for its operation.

I mentioned before that the Canadian Federation of Agriculture asked the government earlier this year to increase the capital of the FCC. This bill allows for an increase in the capital limit of some $75 million, but there is no assurance that it will be approved for use by the agency next year. We are still waiting for an announcement from the government about how much additional capital it will provide for the agency in the next year. If the government does not come through quickly with a substantial increase in capital for the FCC, many more of the family farms the minister wishes to preserve as stable and viable entities will go under. While the increase of $75 million will eventually mean an additional almost $2 billion in credit, I fear it will be too little and too late.

I have some reservations too about provisions in the proposed legislation which grant the Farm Credit Corporation the authority to turn to the private market for funds. Let me say that our party is generally not opposed to authority being granted to borrow from sources other than the government. We appreciate that such authority opens more channels from which to borrow funds and that it permits the agency to respond more rapidly to increases in demand for farm credit; but the way in which the authority was announced leaves me with a number of questions. For example, how much of its funding will the Farm Credit Corporation obtain from government and how much from private sources? Will the cost of borrowing from the private market be higher than borrowing from the government, or will provisions be made to encourage investors to provide money to the FCC at less than market rate? Will the authority for the Farm Credit Corporation to turn to the private market for funding in the end really mean higher interest rates for farmers? The intentions of the government in this regard are not clear.

I can only hope that the minister will heed the plea of the Canadian Federation of Agriculture that interest rates of 14 per cent are all that farmers can afford to pay, and ensure the authority granted to the agency to borrow on the private market will mean a reduction from the current 16.75 per cent interest rate.

Last week my colleague, the hon. member for Humboldt-Lake Centre, spelled out a number of provisions which would allow the FCC to obtain funds on the private market for some two thirds of the market rate. I hope the minister heard them and will act on my colleague's recommendations.

The amendments in this bill will transfer the statutory loan limits from the act to regulations. I appreciate that that will provide opportunities to the agency to increase loan limits more rapidly than at present. I am glad to hear that the minister announced in the House last week his intention to increase the limits on farm credit loans from $200,000 to $300,000 for individual applicants and from $400,000 to $500,000 for groups of two or more applicants, but the minister did not mention whether the transfer from the act to the regulations of the statutory limit for Indian bands will mean a similar increase. I hope Indian bands applying for FCC loans will see an increase in their statutory limit as well.

I hope, too, that with its new authority to amend the statutory loan limits the government will make every effort to ensure they keep pace with the ever-increasing costs of farming.

I am heartened that, in addition to making provision for more rapid increases in statutory loan limits, Bill C-88 will end age discrimination in the agency. I am speaking, of course, about the requirement that applicants for loans to establish farms be under the age of 35. I am sure hon. members of this House understand that starting a farm is a very expensive undertaking and becoming more so every day. Five hundred thousand dollars does not buy a very large prairie farm these days. It is not unusual for new farmers to have to work and save for quite a number of years before they can even consider investing in their own farms. An age limit of 35 does not give many new farmers much time to build up the capital pools they need before investing in farms.

Last April one of my constituents wrote to me about his encounter with age discrimination in this act. He is not an old man at all—he is only 39—but when he applied for a farm credit loan to help him begin farming on a full-time basis the farm he had bought in 1978, he was refused. He was refused not because he was not in need of the money, nor because he was a poor credit risk; he was refused because at the age of 39 he was too old. It is a pretty sad state of affairs when someone is declared too old at the still tender age of 39.

My constituent and I were not alone in our charge that the Farm Credit Act discriminates on the basis of age. In its 1980 annual report to Parliament the Human Rights Commission urged the government to amend the Farm Credit Act to remove this age differential. It said:

> The Canadian Human Rights Commission agrees that it is desirable to provide for a phase-in period for farming operations to become established. We

recommend, however, that non-discriminatory criteria be adopted for determining eligibility for a "phase-in farm loan", and in particular that an age limit of 35 no longer be imposed.

● (1700)

I promised my constituent last spring Mr. Speaker, that I would pursue amendments to the Farm Credit Act that would put an end to age discrimination until they were passed by this House.

I would like to mention in passing that my involvement with this particular case of age discrimination was an education in the machinations of Parliament. Although I do not consider myself a rookie, I have to admit I was both confused and a little perturbed about the rules members of this House have to operate under when they want to change legislation. When I first became aware, last spring, that the Farm Credit Act contained this discriminatory clause, I tried to have a private members' bill drafted which would right the wrong.

I am aware, Mr. Speaker, that only ministers of the Crown are allowed to introduce bills which spend taxpayers' money. Most of our ministers are good at this sort of thing, even outside the House of Commons, when they like to jet about in government-owned JetStars or treat journalists to pricey lunches. When I wrote to the law department of the House of Commons to outline and have drafted a private member's bill which would eliminate age discrimination in the Farm Credit Act, I had no idea I was setting myself up for weeks of wrangling and complicated correspondence with the legal department of the House. The result of this wrangling was a ruling from the lawyers that in hoping to introduce a private member's bill I was completely out of order. It seems that the rules of the House say that a bill such as the one I wanted to introduce has the effect of, and I quote, "infringing on the financial initiative of the Crown, not only if it increases the amount but also if it extends the objects and purposes or relaxes the conditions and qualifications" of an act of Parliament.

It did not make much sense to me then and I am not sure it makes much sense to me now how I would be "infringing on the financial initiative of the Crown" by having age discrimination removed from the Farm Credit Act. I was not asking that the government allocate more money to the Farm Credit Corporation. I was only asking that the same government, which at that very time, last spring, was drafting its democratic and glorious Charter of Rights and Freedoms, remove from the books a discriminatory clause in one of its acts. I am happy to see the amendment I sought has finally been introduced.

We in this corner of the House viewed this bill as being somewhat less than we had hoped for. We look forward to dealing with the bill in committee where my colleague, the hon. member for Humboldt-Lake Centre, among others, will bring forward a number of suggestions to make it a better piece of legislation.

We are thankful that after five years of delays the bill has finally come before us. We hope that it will only be the first step in a desperately needed major overhaul of agricultural policy in this country. If our farm community is to survive, it must be done.

Mr. Ralph Ferguson (Parliamentary Secretary to Minister of State (Small Businesses and Tourism)): Mr. Speaker, I am delighted to take part in this debate to amend the Farm Credit Act. I think it is quite significant that the Minister of Agriculture (Mr. Whelan) should bring forward this piece of very positive legislation at this time. I want to congratulate him for laying the groundwork to provide a solid foundation for agriculture. First of all, I should like to refer to the agricultural food strategy report "Challenge for Growth" which was released last fall. That report laid out the policy direction for agriculture in the eighties and I believe has been well received by the farming community, particularly in Ontario. The task force report of the Ontario Federation of Agriculture, released in late November, 1981, states that the 1981 Agriculture Canada discussion paper "Challenge for Growth—an Agri-Food Policy for Canada," while having certain weaknesses, appears to provide an opportunity to develop short and long-term agricultural policies for the provinces and for Canada as a whole.

I believe that paper has gone a long way toward meeting the objectives and needs of this nation. I believe very strongly that the legislation before us goes on to fill the needs addressed in the recommendations of that task force report, particularly from the federal government standpoint. However, a wide gap remains as far as the other policies are concerned.

The minister has put in place the Meat Import Act which was passed in December. That legislation was requested by the producers of this nation. We have made the Small Business Development Bond available to unincorporated farmers in order to help them through times of low prices, particularly those engaged in red meat production. A week ago today the Canagrex legislation was introduced for second reading. This legislation will expand our agricultural industry and utilize the potential of Canadian producers. It will provide markets for increased productivity as the potential of the industry is developed. The agri-food strategy report indicated that we have the potential for much higher production but unfortunately the market system is not in place to take advantage of it.

I believe the minister was very astute in laying the groundwork to put our industry on a firm foundation before introducing the Farm Credit Corporation legislation. I want to commend him for taking this very firm and sensible approach, rather than injecting new financing into the industry in a hodge-podge fashion. It has always been my experience that you do not borrow yourself out of debt.

I also want to commend the minister for the amendments that will allow the Farm Credit Corporation to borrow on outside markets to supplement its loan fund. It is an investment in the future of this nation. Many farmers and lending institutions would be very happy to invest in this sector, not because of the high returns at the present time but because food is the first essential of human life. The corporation's borrowing authority will be raised from $150 million to $225 million; that is a 50 per cent increase. This is particularly

important because the corporation would otherwise have reached its maximum borrowing authority early in 1982-83.

Bill C-88 also removes the age limit in the phasing-in program and allows borrowers over 35 years of age to work off the farm for the first five years. Last summer I learned of an instance where a farm wife made application for additional funds because her husband was over the age limit. It is a credit to the minister that this discriminatory clause was removed from the bill.

The bill proposes to transfer the loan limits from the act to regulations. This will allow the corporation to react more quickly to the demands of the industry and the ever-changing need for credit. In addition, it will be able to disburse up to 30 per cent of a loan on the basis of available security until mortgage registration and other security arrangements for the loan are completed. It will be able to rebate 5 per cent of the interest on loans provided for in the recent budget and it will be able to authorize the corporation to lend a farming corporation money which is to be used as a grant or loan to one of the children who wants to become involved in the family farm corporation.

• (1710)

Certainly the increase in the number of directors will give the corporation a broader base of expertise in a sector which is so important to the total industry.

This is a very positive piece of legislation. Perhaps in one sense it should have come forward sooner, but I remind hon. members of the opposition that the minister amended this piece of legislation four times during his tenure, every 2.5 years, which is in keeping with the changes that have taken place in the agri-food sector over the past ten years. There have been some very dramatic changes in Canadian agriculture, in terms not only of the number of farms and farmers, but also the size of and investment in those farms. Indeed it is a credit to the minister that he reacted quickly to the changing needs of the industry.

We must bear in mind that the corporation was originally intended only as a lender of last resort. In this context we changed the legislation as needed. It is interesting that credit unions provide approximately 20 per cent of the line of credit to farmers, banks about 23 per cent, and the Farm Credit Corporation about 25 per cent. We are looking at the main source of financing and funding of the agricultural industry in Canada. It has been a good investment for Canadians, especially when we consider that 90 per cent of all loans were made to family farms. At the moment about 93 per cent of all Farm Credit Corporation loans are in good standing. The majority of these loans were made to individuals who could not obtain funding elsewhere. This is a credit not only to the FCC but to the industry as a whole. Since 1959 the FCC has assisted over 160,000 Canadian farmers, 114,000 of whom still have loans with the corporation.

The amendments before us today and the other economic legislation passed in December are the basis upon which we must build if we are to meet the potential outlined in the agri-food strategy last fall. When the amendments about which we are speaking today are passed and the Canagrex legislation is finalized, I trust Canadian farmers and their organizations will move quickly to avail themselves of all available legislation, to expand production and to seek out and develop long-term markets. All these steps were taken at the request of Canadian farmers. This is the way it should happen in a democratic society. The government has reacted in all these areas.

Now that we have these bills before us, it is up to the farmers, their organizations and the provincial governments to move forward. These bills indicate the commitment and concern of the federal government for the need of a healthy agri-food industry. The main financial bill, as far as farmers are concerned, has been amended on four occasions under the term of the present Minister of Agriculture (Mr. Whelan). A huge influx of capital into the industry above that laid out in the legislation would be irresponsible. We all know what happens in such an event—land prices increase very rapidly in value, prices spiral, and it ends up that young farmers are not helped. A huge influx of capital could set off another spiral of inflationary factors and make it completely unrealistic for farmers to expect a monetary return from their farms which would provide them with livelihoods. The situation would be worse than that of today's. The minister has been responsible in the manner in which he has drafted the legislation. We can go forward and make adjustments by regulation, as need arises, and not trigger another round of inflationary prices in the land sector.

The passing of the other legislation to which I referred earlier, the broadening of the base to allow the corporation to borrow outside the government, the raising of the corporation's borrowing authority by 50 per cent, the removing of the age limit, the providing of a disbursement of up to 30 per cent of a loan on the basis of available securities, the allowing of the corporation to respond more quickly to changing conditions, and certainly the allowing of persons to borrow in order to purchase shares of family farm corporations, are all very positive amendments which reflect our changing industry. Last but not least, the broadening of the base of expertise among members of the corporation will result in a better understanding of the needs of farmers across the nation.

In view of the very positive legislation before us today, I hope and trust that Canadian farmers will not only look at this legislation but at the agri-food strategy report which pointed out the opportunities ahead of us. They should look at the Meat Import Act which was passed last December. They should look at the Canagrex legislation which will assist them to take advantage of ever-increasing markets in this hungry world. We should bear in mind that Canada is one of four countries which are net exporters of food. We should focus on agriculture as Canadians working in partnership, farmers working with each other, processors and packers working together, not as Canadians from eastern Canada competing against Canadians from western Canada for the same market.

We should allow our food to be exported in an orderly manner, to bring into focus the potential which exists in Canada.

I call on the provinces to come to agreement as quickly as possible and to bring about a harmonization of the stabilization programs across the nation, rather than each province following a system of their own, or each province competing against others in a manner which puts one province at a very distinct disadvantage to that of another, I firmly believe that we must correct this situation if we are to achieve the great potential which exists in Canada. Agricultural organizations and provincial governments should examine their roles in this very essential industry.

• (1720)

Earlier I referred to the task force report of the Ontario Federation of Agriculture. It realized there has to be assistance from provincial governments to producers. It was strongly suggested that the government of Ontario bring forward a loan program to assist its young farmers get established.

It is no accident that that report reflects many of the things that we have brought forward as legislation before this House this last couple of months. Certainly these three major bills have been in the works for many months. But it is the understanding the federal minister had of this industry that what was brought forward was done so in a very responsible manner, a manner that laid the firm foundation to which I referred earlier. The foundations are laid. But the total industry—and I include the farmers, the processors and the packers—the provincial governments and certainly this House all have to examine their roles in these times of changing forces in the marketplace.

When one considers the concentration of power at the retail level and the fact that only a few supermarket chains control about 70 per cent of our retail food sales, if the farmer is to survive then we have to have a countervailing force in the marketplace. The legislation is there, and I trust the farmers of Canada will use it to their advantage.

Certainly the legislation before us today goes a long way toward meeting the requirements of Canadian farmers for the foreseeable future. But no doubt in another couple of years the legislation will have to be amended and updated.

There are other areas to which I think we must respond, but I do not think the time is ripe for it yet. When you set up a financial package, that package has to be prepared, as I indicated earlier, in a very responsible manner, a manner that will not trigger another round of spiralling land values, values that with today's commodity prices could not give a proper return on investment.

It is in this context that I urge hon. members of this House to pass this bill as quickly as possible to relieve the financial problems before us in the agricultural sector of Canada.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Ethier): It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: The hon. member for Winnipeg-Assiniboine (Mr. McKenzie)—Veterans Affairs—Entitlement to retroactive pension payments; the hon. member for York North (Mr. Gamble)—Finance—Effect of budget on employees meeting increased accommodation costs following transfers. (b) Request that provision affecting mortgages be postponed; the hon. member for Saskatoon East (Mr. Ogle)—External Affairs—El Salvador—Holding of democratic elections. (b) Recognition of political movement.

GOVERNMENT ORDERS

[*English*]

FARM CREDIT ACT
FARM LOANS INTEREST REBATE ACT

MEASURE TO AMEND—MEASURE TO ESTABLISH

The House resumed consideration of the motion of Mr. Whelan that Bill C-88, respecting loans to farmers, be read the second time and referred to the Standing Committee on Agriculture.

Mr. Jack Shields (Athabasca): Mr. Speaker, it is a pleasure to speak today on Bill C-88. Before I confine my remarks to Bill C-88, I would like to comment on the remarks made by the hon. member for Lambton-Middlesex (Mr. Ferguson). He pointed out very clearly in his address to the House that the legislation fills the needs, particularly where the federal government is concerned, he said. I would agree that most of the legislation passed in this House meets the needs, particularly where the federal government is concerned. Very little thought, very little attention is given to the people who are being legislated, and I might add legislated to death.

The hon. member for Lambton-Middlesex also said that the Small Business Development Bond was made available in the last budget to unincorporated farmers. The hon. member forgot to say unincorporated farmers in dire straits. In other words, the Small Business Development Bond was made available but only to farmers in dire straits. I have yet in my riding to find one farmer who has been approved for a Small Business Development Bond since the budget was introduced last year, even a farmer in dire straits. The terminology itself does not define for the banks or the lending institutions what is dire straits. I agree with the hon. member that investment in the farm community right across this country is indeed an invest-

ment in the future of this country. When you get right down to it, you cannot eat refrigerators, or cars, or drink oil.

The producers are men in the farm community who create wealth in our land. It has been estimated that 48 per cent of all the wealth in Canada is created by the farming community.

The hon. member for Lambton-Middlesex complimented the minister for the removal of the age limit for farm credit loans. But it was the same government that implemented the act, enacted the legislation which put that provision in in the first place. His comment escapes me. It seems to me that if you put something into legislation and then a few days later remove the provision and say you have done a marvellous thing, you must not forget who it was who put it in the legislation in the first place. Other members of this House have indicated some of the problems that has created. Nevertheless, I am glad that provision was removed.

My hon. friend from Lambton-Middlesex also said that this legislation was put in place at the request of farmers, as it should be in a democratic society.

How about interest rates? Are the farmers supporting the unconscionably high interest rates that are affecting the whole Canadian economy? Are not the people of Canada saying that interest rates are too high? Are Canadians not asking the government to do something about high interest rates? Maybe that kind of input is not accepted in this democratic chamber, as the hon. member for Lambton-Middlesex suggests.

How about the fight which the cattlemen are having now with the Minister of Agriculture (Mr. Whelan)? Cattlemen are resisting with all their efforts the controls which they see the Minister of Agriculture trying to impose on them. They are fiercely independent cattle producers and they are saying: "No, government, stay out of our business; we will handle it."

[*Translation*]

The Acting Speaker (Mr. Ethier): The Parliamentary Secretary to the Minister of State for Small Businesses and Tourism, on a point of order.

[*English*]

Mr. Ferguson: Mr. Speaker, I rise on a point of order with respect to the remark about controls. I think the hon. member should not be suggesting that the minister will impose controls.

Mr. Shields: If the heat is getting too much for the hon. member for Lambton-Middlesex, he should get out of the kitchen.

The hon. member for Lambton-Middlesex mentioned that this legislation was introduced at the request of the farmers, as it should in a democratic society. Those are his words as close as I can recall. I am only pointing that out to him. What about the cattlemen? They are expressing the same thing with regard to the farm community. Do these people not belong to the farm community? They are giving input to the minister. What is the minister doing? He is attempting with everything at his disposal to beat them down. It is a disgraceful situation. But, of course, that is another kind of democracy. Maybe it is only democracy and he should return to the words of the hon. member who said that the legislation fills the needs, particularly where the federal government is concerned. I underline that because that is exactly what the hon. member said.

• (1730)

The hon. member for Algoma (Mr. Foster) said they were putting an extremely high priority on this bill. It was mentioned two years ago—that is high priority. Last spring the minister was running around saying, "We have to do something about the Farm Credit Corporation. I am going to introduce legislation." It was promised for last fall. Well, we are now into February. Certainly we support this kind of legislation, but if it had been in place when it should have been, we would have something like 250 to 300 farmers still producing. Instead, they have gone bankrupt, or were foreclosed and are no longer producing.

The hon. member said input costs are up and he gave some excellent statistics. Gasoline is up 70 per cent, diesel fuel 80 per cent or more—I am not sure of the figures. The prices of pesticide, fertilizer, machinery and parts are up. Interest rates are up. Then he said that returns are down. That same member then alluded to the Small Business Development Bond, this great saviour mentioned in the budget. I have yet to find one unincorporated farmer in dire straits, healthy straits or any kind of straits, who has received approval under that bond. I challenge other members to bring them forward to see how many we have. They know full well this was a political gimmick. It has been a useful tool, that is all. Perhaps their ghost writers are the same, Mr. Speaker, I do not know, but they both said they support this bill and they want all members to support it and the other legislation that is coming. We have been hearing that for the last two years.

We basically support the bill giving the FCC authority to seek supplementary funds in the private money market. However, we do not support it unless there is a firm commitment by the government that support to the FCC will not be decreased.

Canada's agricultural industry is sincerely hurting. I have had people from every line of business in the agricultural sector phoning me day after day. They can see their life's work going down the tube after 30 or 40 years because, as the hon. member for Algoma said, their costs are up. They say the return is not there, they cannot make it go. Where is the help over the rough edges for those farmers?

This government will guarantee millions upon millions of dollars in loans to prop up the automobile and manufacturing industries, and yet it sits idly by when it comes to a very basic industry such as agriculture. It points to these red herrings: "Look at the Small Business Development Bond." Well, they cannot get it. We are going to allow the FCC to go out and get money elsewhere in the market. They say, "Boy, isn't that a good thing?" Well, it is in one respect.

The budget itself, what did it do? The Minister of Agriculture went around the country saying, "Wait until this legislation comes through, wait until the budget comes through; you

will see how much this is going to help. I have the answers for the farmers; wait and see." Well, we waited, and what happened, Mr. Speaker? The government changed the capital gains tax reserve to the detriment of the farmer. It eliminated completely the income-averaging annuity contracts. For expansion purposes it eliminated the Small Business Development Bond to the unincorporated farmer. The budget gave the Farm Credit Corporation $50 million and said, "Spread it around, you have more money to lend." It is estimated by every authoritative source in Canada that they needed at least $450 to $500 million more.

I suggest to you and to all members of the House, Mr. Speaker, that Bill C-88, while it is needed, will not provide the necessary short-term relief to enable the farming community to stay in business.

As I said, Mr. Speaker, we will support this legislation, but will the government give a firm commitment that its direct funding to the FCC will continue and not be cut back by way of sleight of hand as were transfer payments to the provinces? Why was this bill introduced three years too late? That is the question. Had it been there when it should have been, those farmers forced into bankruptcy might still be producing, and this government must accept the blame for this idiocy. In addition to those who went into bankruptcy, Mr. Speaker, hundreds were forced out of business through foreclosure and forced sale. This occurred because these are proud people and they said, "No way; I am getting out, getting my money out and getting out of here." These are men who put their hands to the soil years ago; generations of men who came here, Mr. Speaker, and said they were going to break the soil, develop it, grow food and create wealth in this country.

● (1740)

Where is the assistance to get those interest rates down which are affecting the farm community and, indeed, every other community? Where is the assistance which will bring the price of fertilizer to a reasonable level so that the input costs of farmers will not be astronomical? Where is the assistance for fuel oil, diesel fuel and gasoline so that a farmer can go out and plant his crop without being hit by unconscionably higher prices for his fuel? Where is the action toward moving the commodities to market? Where is all this action, this double-tracking? Where will we go with the commodity to feed the world? How will we get it to the world to feed the world? When will the government be prepared to admit to the House that interest rates are not holding down inflation but are adding to it because they are adding to the input costs of the farm community right across Canada? Someone must pay the interest cost.

Farmers are a fiercely independent lot. They do not ask for much. They only ask what any normal working man requests; that is, a little bit of reward for their efforts. Why should a farmer not expect a small return on his investment, not only his investment in money but also in time and effort? Is he not entitled to this? He certainly is entitled.

What would happen tomorrow if there were no farmers available in Canada to produce the food that we eat? We have long victimized farmers and the agricultural community. They have long been victimized. It is time that we looked at that problem seriously. We are prepared to subsidize prospective laywers so that they can go through university. Has Your Honour ever figured out the cost? I wonder if anyone has ever sat down to figure out the cost of putting one lawyer, one doctor, one dentist or one engineer through school. Then a government like this comes along and puts in a national energy policy and a budget so that the only ones who will benefit, of course, will be the lawyers and the accountants who stay behind, but the rest of the professions move out, saying, "Let us move to the States or find another place to live."

I think it is time that we seriously looked at the agricultural community and did right by it. The hon. member for Algoma mentioned increasing the number on the board of the Farm Credit Corporation from five to seven members. He stated that the workload of the Farm Credit Corporation is becoming so tremendous, so monumental, that they must get two more men. The board of directors of the Farm Credit Corporation does not do the day to day business; surely, the hon. member for Algoma knows that. The board sets policy; surely, the hon. member for Algoma knows that. I say to hon. members that five men can set as much policy as seven men, and can set it clearly and concisely. I would suggest, in all humility, that the expansion of the board from five to seven members is just another opportunity for the present Liberal government to do a little more pork-barrelling.

Mr. Smith: We never do that.

Mr. Shields: It will be interesting to see who the appointees will be.

An hon. Member: Jimmy Coutts.

Mr. Shields: However, one can bet that they will be good Liberal supporters.

An hon. Member: And competent.

Mr. Shields: Yes, I agree with the hon. member. He said "incompetent". That is correct.

An hon. Member: "And" competent.

Mr. Shields: They will be incompetent.

Mr. Regan: Be nice!

Miss MacDonald: Why?

Mr. Shields: The hon. member for Lambton-Middlesex said, "Boy, this new agri-food strategy for Canada will be accepted and it will be an excellent program!" He quoted from studies which are being done. I wonder if he has spoken to the farming or to the agricultural community.

An hon. Member: Probably not.

Mr. Shields: Farmers are uneasy about the food plans. I will quote from "Agricultural Alberta", written by John Schmidt who, very briefly, states:

> What makes the farmers uncomfortable is the fact the government wants to pump up production without defining or signifying any specific markets abroad. There is a sort of nebulous feeling that somewhere out there are people who will eat a lot of Canadian food—and there is a panic to supply it.

An hon. Member: That is what Canagrex is all about.

Mr. Shields: We have had this before, have we not? Farmers do not need extraordinary memories to go back in memory to the early seventies when the government persuaded them to pump up the beef production to fill a non-existent need. They still have not recovered from that one.

Mr. Regan: Tell us about something they did right.

Mr. Shields: Yet the hon. member for Lambton-Middlesex hails this agri-policy, this agri-food strategy, as the end-all. Again, I wonder where democracy comes in. The farm community is pretty skeptical. Are you listening to the farm community and the agricultural community, Mr. Speaker?

Mr. Smith: We are listening to you.

Mr. Shields: I am glad the hon. member is listening to me. I hope he is learning something.

I can remember times when farmers were told to plant barley from fencerow to fencerow,—

An hon. Member: Concession road to concession road.

Mr. Shields: —when the markets were lacking, there were no markets, and we all know what happened. We see headline after headline: "Farm bankruptcies up 28 per cent." Nothing can help such a situation. The Farm Credit Corporation will not help that. The help must be directed at the commodity price. We must somehow get the farmers over these short-term dire straits they are in. What is the forecast for 1982? A drop in farm incomes is seen. In every paper that one wants to pick up one reads that every economist across the country is forecasting a drop in farm income for 1982. We are still not addressing that, to our shame.

Another headline states, "1982 Forecast to be Even Tougher Year for Farmers Caught in a Cost-Price Squeeze." This comes from the economist for the federal Department of Agriculture, George Andrusiak. He states:

> Farm returns are expected to drop or, at best, remain stable for most agricultural products, while virtually every farm cost is expected to rise. The result is that the cost-price squeeze will tighten its grip on farmers right across the country.

How does this affect the manufacturing sector? Indeed, how does it affect every sector? Farm machinery sales have been hit by revised tax regulation. It goes right to the budget. The farmer does not have his capital cost allowance to write off and he will not buy.

• (1750)

What did the Minister of Agriculture do? He spent a good part of last fall running around the country, blaming the banks for the high interest rates. Even a neophyte minister with no understanding whatsoever of an economic situation knows full well that it is not the banks that control interest rates but government policy. The policy of this government is to keep interest rates high.

Few sectors of the economy are as dependent on borrowed money as is agriculture. Farmers need money to start their operations and to remain in business. Most of their costs are fixed. They cannot cut labour costs because labour is not that kind of factor. They cannot cut their feed bill because the animals would starve. If they do not fertilize this year, they will not get as high a yield next year. That is something the members of this House do not understand.

The national farm debt for just over 300,000 farmers has reached $16.6 billion. With 10 per cent interest rates, most producers can manage, but they cannot manage at 18 or 20 per cent. Because they do not control the price of the commodity they produce, they cannot pass on their increased interest rate costs to the consumer. That is what makes the farmer hurt.

When the farmer hurts, the commerce of the country hurts. Commercial enterprise everywhere gets into trouble. One need only look at what happened to Massey-Ferguson, as well as the implement dealers in farm communities across this country. If we look at the farmers in the farm community, we see what is happening.

The government should adopt a program which would place a moratorium on farm debt, stop foreclosures and forced sales. This government has it in its power to raise interest rates in excess of 20 per cent in order to protect the dollar and, so they say, fight inflation. They must therefore have it in their power to place a moratorium on farm debt.

It is this government which provides millions of dollars for foreign aid and programs which at best are questionable. It provides loans to such countries as Mexico and supports sales to certain foreign countries at very low interest rates, yet it leaves the most basic and fundamental resource in this country, namely agriculture, with a high interest rate policy.

There should be an immediate infusion of $500 million into the Farm Credit Corporation in order to subsidize interest rates and increase the loan programs for farmers. This must be done because if we do not do this, the day will come when there will be shortages in the supermarkets in the large urban centres in some very fundamental areas.

Just once the government should adopt the suggestion of a couple of members opposite. The hon. member for Lambton-Middlesex talked about democracy. Let us bring in the farmers who till the soil, get their hands dirty doing it, and plant the crops that we need, to help us draft a policy. We should get away from this ivory tower in which we sit. Let the farm representatives monitor the Small Business Development Bond. The government should come forward with a bit of truth

and honesty and say what the Small Business Development Bond is doing, "It is not doing the job we thought it would, so let's change it". For once the government should say it made a mistake and is prepared to make the necessary changes.

What is wrong with allowing farmers to use the Small Business Development Bond to build up their operations? If some farmers could get a loan against their equity, they could make their operation much more productive, they could streamline it. Instead, we have the government saying that the Small Business Development Bond is only for those unincorporated farmers who are in dire straits.

We should create a market insurance plan for farmers, one to which both the federal and provincial governments can contribute as well as the farmers. This would protect the income of farmers who do not have access to the unemployment insurance offices. We must be more enlightened and find a way of doing this. I am sure we can. May I call it six o'clock, Mr. Speaker?

The Acting Speaker (Mr. Ethier): It being six o'clock, I do now leave the chair until 8 p.m.

At 6 p.m. the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

The Acting Speaker (Mr. Blaker): Order, please. When the House rose at six o'clock, the hon. member for Athabasca (Mr. Shields) had the floor.

Mr. Shields: Mr. Speaker, I would like to sum up by saying that we on this side of the House support this legislation provided that the government does not intend to cut back on its financial commitment to the Farm Credit Corporation. Other than for reasons of patronage, I fail to see why the government proposes to expand the board of the Farm Credit Corporation from five to seven members. To me, it is purely and simply pork-barrelling.

We on this side believe that the Farm Credit Corporation should be provided with an additional $500 million because this legislation will not solve the difficulties which farmers are experiencing today or provide the short-term funding which they need. The extra $50 million provided for in the budget is not sufficient. There is still no help for the farmers on a short-term basis. This is an oversight by the government which must be addressed. The legislation before us is too little too late.

[*Translation*]

Mr. Marcel Dionne (Chicoutimi): Mr. Speaker, in connection with the tabling of Bill C-88, I should like to give a brief history of the Farm Credit Corporation, outlining the progress made since it was founded, especially since the corporation is 22 years old today. In this brief overview we shall see how the corporation has progressed, how many millions of dollars have been invested in Canada's agriculture and finally, I shall say a few words about how our agricultural sector has evolved and stress the energy and initiative shown by our Canadian farmers. When I say that Canadian farmers have shown energy and initiative during the past few years, Mr. Speaker, I should add that, although it is often said that millions of dollars are poured into Canada's agriculture, I feel that if every dollar spent in Canadian industry had been as productive as the same dollar spent on agriculture, we might not be experiencing as great a recession as we are now. Let me give an example. Only 20 years ago, one farmer was able to feed not more than ten people, while today he is able to feed at least 40. Therefore, Mr. Speaker, it must be recognized that investment in the agricultural sector has been very productive. Now, if I may, I shall start my brief history.

The Farm Credit Corporation was founded in 1959 with a capital of $8 million. The purpose was to provide funds for a first mortgage, to purchase a farm, fertilizer, seed, livestock, equipment and buildings and also to improve land and pay off debts. The loan ceiling at the time was $20,000 or 75 per cent of the value of the farm, while loans of up to $26,000 were granted to farmers under 45 with at least five years' experience in farming. A second type of loan consisted in a 40 per cent loan guarantee on livestock and implements. In 1961, the corporation's capital was increased to $12 million.

• (2010)

Regulations were amended to allow for the increase in value of grazing land when part of the land was leased from the Crown. In 1962, capital was increased to $16 million. In 1964, the loan ceiling rose from $20,000 to $40,000 per unit. Loans were authorized to farmers wishing to help a family member get started in farming. More people became eligible for loans which were authorized for a wider variety of reasons. In 1968, capital was increased to $40 million. Loans could go as high as $80,000 when the farm had two owner-operators, and up to $100,000 with three owner-operators. In that same year, it became possible to obtain loans representing 90 per cent of the value of land and livestock, provided one of the owner-operators was under 35 and had proved to be an outstanding administrator. In 1972, capital was increased to $6 million and the loan ceiling raised to $100,000 for first and second category farmers. The minimum age of 21 was abolished. Only Canadian citizens and landed immigrants were eligible for loans. In 1975, the corporation's capital was raised to $100 million. Farmers under 35 became eligible for loans of up to $150,000. The FCC also authorized loans representing 100 per cent of the market value of land, livestock and implements. In 1978, capital was increased to $150 million. The FCC authorized loans of up to $200,000 for a farm enterprise headed by a qualified operator and up to $400,000 for a farm with more than one qualified operator.

Mr. Speaker, when Bill C-88 is passed, the FCC will have a capital of $125 million. It is clear there has been a substantial

improvement in procedures and increase in capital of the Farm Credit Corporation. In 1981, 75,000 FCC borrowers were active in the agricultural sector throughout Canada. This was a brief outline of the Farm Credit Corporation, which is 22 years old this year. Of course I had to omit a number of important facts which would have taken too long to enumerate. In any case, from this brief history it is clear that the FCC has continued to progress and to adapt to the growing needs of modern agriculture.

Mr. Speaker, I could go on enumerating a number of interesting and useful statistics, but I prefer to discuss the importance of investment in agriculture today and the reasons why the FCC evolved as it has. I would like to stress the importance of our modern farming operations. People say that millions of dollars are spent on agriculture and they wonder why. Let me take a dairy farm as an example. Dairy herds are extremely valuable, and because of the rigours of our winters, farm buildings must meet very high standards, especially barns for dairy herds which are very sensitive to cold temperatures, all of which requires a considerable investment. Farmland has increased tremendously in value, so that prospective farmers are faced with very substantial expenditures if they are to purchase farmland and farm machinery.

A few years ago, a 100 horsepower tractor could be bought for $10,000. Ten years later, the same tractor is worth $35,000. The House will agree that all these investments constitute a considerable burden on the farmer, and it is only fair that we should help farmers by granting them broader credit facilities. Another example is our grain producers in western Canada, with thousands of acres of very valuable, very fertile and very high-yield land. Grain producers need huge silos and storage room to keep seed, fertilizers and farm marchinery, all of which runs into thousands if not millions of dollars per farm unit. I should also like to say a few words about the market gardening sector, which is certainly not negligible and requires far more specialized equipment for its highly specialized operations.

We could talk about commercial production and about large scale potato production in Ontario, in Quebec, in Prince Edward Island, in New Brunswick and elsewhere. We could talk about pieces of land. With respect to commercial producers, especially in southern Ontario where farms are of outstanding quality and very expensive to buy, we could mention the fact that those people must have very well equipped and very modern refrigerated warehouses. We could mention the seeds as well as the huge quantities of fertilizers and pesticides which those producers must use. We could also mention the machinery and the marketing costs to point out once again the need for financing which is even better geared to the requirements of our ever-expanding contemporary agriculture which also has to cope with the rising costs of new machinery, lands and all the inputs required for that production.

We often meet people who still believe that agriculture has not evolved, and that is why we must learn more about the evolution of Canada's agriculture. And of course we must also talk about the risks involved. We know that the farmer has a plant without a roof and he has to protect himself against a great many natural elements. In a plant with a roof it is possible to program the production or the sales, to predict months in advance which way things will go. But on a farm the producer is up against natural elements such as drought, ground humidity and climatic conditions which often are not conducive to plant growth, a whole series of factors which will result in lower yield. There are not just risks in farming, however, there is indeed a very positive side to it. When there are risks, the farmer does have means to protect himself, such as stabilization payments and crop insurance which are funded by the various levels of government, federal and provincial, and the producer as well. We also have marketing boards, Mr. Speaker, and I would like to refer briefly to the establishment of some of them.

● (2020)

Recently, many Canadian organizations have criticized our marketing boards. I admit they might not be the ideal or perfect instrument, but I invite anyone who has a better answer to tell us about it while there is still time, so that our farmers can continue to make a living in agriculture and consumers can continue to pay reasonable prices, because if the farmer cannot have a decent return, the consumer will necessarily have to pay for it. In this regard, I disagree completely with the suggestion of the Economic Council of Canada that we should abolish the marketing boards, in this way Canadian farmers could no longer control their production. For my part, Mr. Speaker, I believe that if anyone is aware of the situation and knows what he wants, it is certainly the Canadian farm producer. As I said at the outset it would be a good thing if the Canadian industry as a whole could be as effective as our Canadian farmers, because if one sector of our economy has remained healthy and prosperous, it is certainly agriculture.

Some sectors obviously have problems. Western beef producers have problems. Eastern pork producers are having difficulties, but these are obviously cyclical productions. Hon. members on both sides of the House who want the Canadian farmer to be successful will find an answer, and I hope that they can do so as soon as possible to avoid a disaster. I said earlier that as recently as 20 years ago, one farm producer could feed ten people and that he now feeds 40. I believe that those who read such statements and who are aware of the dynamic attitude of the Canadian farmer can only urge the Canadian government to make more funds available to the Canadian agricultural industry since we have positive proof of the evolution and dynamic nature of our farm industry. I would like to give an example of what I mean. We have to support our farmers and provide them with necessary mechanisms even

though it has often been said in the past that farmers are always subsidized, but that is where all discussions and arguments stop.

As a member who is somewhat aware of the problems of our farm producers, I have argued with people on both sides of the House, that the Canadian government should continue to pay $2.66 a hundredweight for milk exports. There are two schools of thought in this regard. Some people simply want this subsidy to be abolished because they feel the farmer is oversubsidized. However, if this subsidy of $2.66 were abolished tomorrow morning, dairy products, mainly butter, and also cheese, could increase by about 40 cents a pound. This may be called a direct subsidy to the farmer, but I wonder if it is not the consumer who benefits most from it is not the main beneficiary. I could give many similar examples, but I believe that this one is enough and that those who read my statements or hear me now will realize that the farmer needs to be supported and that this is always to the advantage of the consumer.

In the past, every time I have sat on a committee on agriculture and elsewhere, I have always invited those who design or write legislation to treat farmers more and more as businessmen. I have even thought of suggesting regulations which would give farmers an incentive to make advance payments to replenish the Farm Credit Corporation funds, which are often depleted on account of a large number of requests. I reiterate now that proposal because I think it would be an excellent way to have instalments paid ahead of time and the funds of the Farm Credit Corporation replenished.

Last year, I stated in a committee that if a farmer were allowed to make advance payments of $1,000, $2,000, $3,000 and up to $5,000 annually, such instalments would not be considered as income and would be tax free. I can assure you that the more productive farmers would be encouraged to anticipate their payments and that would inspire others to do likewise. The tax-exempt status of such payments would be similar to that of subsidies enjoyed by owners of businesses in the private sector. Once more, I hope the suggestion will be considered and that others will help support the reasoning behind it. I would also be in favour of including an interest rate review as part of the reorganization of the FCC, so that when a farmer contracts a loan, it is not "closed" for the entire duration of the loan, which may be 25 years. A few months ago I wrote to the Minister of Agriculture to suggest this amendment. Nowadays it would be quite feasible. We have 74,000 loans outstanding across Canada. It would be easy to have a kind of automatic computerized update whenever interest rates drop by an average of 2 per cent, at which time all farm credit loans would be adjusted instead of waiting 15 or 20 years, whenever the loans are due.

Mr. Speaker, I think we should all congratulate the present minister, who has constantly been amending the Farm Credit Act, and we should also congratulate him on the birth last week of the new Canagrex corporation, which is to be the umbrella organization for a host of agricultural agencies that can be expected to stimulate Canadian farm production. In the past we have had some serious problems with marketing. That is understandable, because we have many commodities that are now being produced under the quota system. However, with Canagrex, I believe people will begin to understand that we must be aggressive in our approach to export markets, especially since our Canadian products have an excellent reputation worldwide. Once more, I am convinced that with the energy and initiative they are capable of mustering and with all the tools and structures that have been put into place in recent years, Canadian farmers will be satisfactorily equipped to cope with difficult times such as we are now experiencing. As I already pointed out, the fact that equipment, land and in fact any input that is part of agriculture today is tremendously expensive, the availability of additional funds will encourage young people to enter the farming business in this country, and if our farmers remain productive and dynamic, I am sure that all Canadian consumers will benefit. I sincerely hope that Bill C-88 is passed, for the good of all Canadian farmers.

• (2030)

[*English*]

Mr. Doug Lewis (Simcoe North): Mr. Speaker, it is my pleasure at this time to address a few remarks to the House on Bill C-88 which is designed to help the agricultural community. Half of the riding of Simcoe North is engaged in the agricultural economy, thus this bill is very important to the people who live there and deal mainly in beef cattle, dairy cattle and cash crops. I should like to address a few remarks to the specifics of the bill—the purpose of allowing the Farm Credit Corporation to borrow supplementary funding, the interest rate rebate provisions of the budget, the increase in the membership of the board of directors, and the removal of the 35-year age limit. But before doing so, I want to deal with some of the problems which we know interface with the provisions of the increase in farm credit funding.

In the budget of November 12, the Minister of Finance (Mr. MacEachen) promised additional funding to farmers in the amount of $45 million for loans. The House will know that is a drop in the bucket compared with what is needed by the agricultural community in Canada. The Liberal Party, and in particular the Minister of Agriculture (Mr. Whelan), has made a litany of promises throughout 1980 and 1981 as to what the budget would do for farmers. As farm bankruptcies rose 109 per cent from 1979 to 1981, we on this side of the House called for reasonable assistance to Canadian farmers. This bill goes partly toward providing that assistance, but since the situation has worsened, there has been a need to provide additional long-term funding.

What has happened? We provided $45 million when the Canadian Federation of Agriculture calculated that $1 billion was necessary to do the job for Canadian farmers. The Liberal

government provided $50 million, of which approximately $11 million was allocated to Ontario. The Ontario Federation of Agriculture calculated that $11 million would not suffice for even one county in Ontario. Representatives of the Ontario Federation of Agriculture appeared before the Progressive Conservative committee meeting in Toronto. They presented a very well-reasoned brief in which they talked about the needs of the farming community. Its president, Ralph Barrie, a farmer himself, was present in person. There was an excellent exchange of viewpoints. He suggested to us, and provided us with the facts, that the agricultural community is hurting and that the lack of concern of the Liberal Party is criminal.

Funding for farm credit has declined over the past five years. In 1975 the Farm Credit Corporation lent $641 million; in 1980 it lent $509 million. The $45 million suggested in the budget translates into 450 loans of $100,000 each. This is a pittance when compared with the capital requirements of a Canadian farmer today. It pales even further when one considers that during the first ten months of 1980, 230 farmers across Canada went bankrupt. Over 50 per cent of those bankruptcies were in Ontario. While I welcome the fact that there is more funding, I point out to the House that it is a pittance. The hon. member for Renfrew-Nipissing-Pembroke (Mr. Hopkins) indicated that in the 1980-81 year the Farm Credit Corporation had only provided for 17 per cent of the applications which came to it.

In the November budget presented by the Minister of Finance there was a provision of $5 million to be used to reduce interest rates for farmers. This is an insult to Canadian farmers. They are bearing the brunt of the Liberal high interest rate policy. Farm bankruptcies, power of sale proceedings and foreclosures are all a result of the Liberal high interest rate policy. The government will provide $5 million to reduce interest rates for farmers. At the same time it is considering a loan of $198.5 million through the Canada Development Corporation to allow a Canadian company to bid on a pipeline contract in the Soviet Union. In fact, three interested companies are from Montreal. This is a very sad commentary on the priorities of the Liberal Party. It is more concerned about more money going to the Soviet Union by way of loan or to an engineering firm in Montreal than it is about Canadian farmers one end of the country to the other.

I read about the increase from five to seven on the board of directors. For an extra $50 billion it is hard to understand why the board must be increased by 40 per cent. I am sure the House can imagine the desperate search which is being conducted throughout the country to get people to admit they are Liberals so that they can sit on the board of directors. It must be difficult times for one to admit being a Liberal in order to be part of the board of directors of the Farm Credit Corporation. Jim Coutts is a name which comes to mind. He is a very eminent chap who took a run at Spadina. Perhaps he will take a run at Broadview-Greenwood. Perhaps he will take a look at some other ridings. Mr. Coutts has a very distinguished electoral career. Perhaps he would be quick to get on the board of directors of the Farm Credit Corporation. One might think he may even be able to clear his conflict of interests faster than Senator Austin in order to approach that eminent position.

Speaking about the administration of the Farm Credit Corporation, I should like to point out that from my standpoint in Simcoe county, as I indicated to the minister, I find it to be very practical. If the minister could get some of the practical approach of the Farm Credit Corporation people in Simcoe County to be translated to the Federal Business Development Bank, business people would be on his side. The Farm Credit Corporation deals with applications, either approves them or turns them down, whereas the Federal Business Development Bank dances business people around with requests for more and more information, and eventually turns them down. Basically, we in my county are happy with the people who review the loans and make the decisions.

We on this side of the House applaud the removal of the 35-year age limit. Unfortunately it was left in and the government did not remove it before now. At least now it will be possible for every applicant to stand on his or her own merits regardless of age when applying for funds to establish a farming operation. We welcome this step because we do not think anyone should be denied an opportunity to enter the farming community because of age.

While dealing with the financial provisions of the bill, I would like to comment upon the Small Business Development Bond. Much has been made in the House about the extension of the provisions of the Small Business Development Bond to the agricultural community. As it was originally conceived, the extension of the bond to that community would have been a boon, just as it would have been a boon to the business community. But the same provision was put on the bond for farmers as it was for business operations. Now we have a criterion that one must be in desperate or dire straits, or in financial difficulty, before the government comes to the aid of this very important segment of our economy. We can do without widgets, but we cannot do without farm produce or the food which can be grown in our soil. It is about time the government put a priority on the farming community. If it wanted to do something, it could take away financial difficulty. It could expand the financing available for the Farm Credit Corporation. Canadian agriculture deserves a higher priority from the Liberal government than it is getting at the present time.

• (2040)

We welcome the bill. However, we do not think the bill has gone far enough because Canadians are suffering from the impact of high interest rates. The budget did very little for them and, for that matter, for anybody else, but we are pleased to see at least one thing come forward from this government to help the farming community.

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, I am privileged to be able to say a few words with respect to Bill C-88, an act respecting loans to farmers. I commend the minister for finally bringing in this bill. As hon. members are aware, the bill will provide additional funds. It has been

mentioned by several speakers on our side that this bill will increase the complement on the board of directors from five to seven. However, some of us wonder whether the minister has a couple of defeated Liberal candidates in mind for these lucrative positions in which they will not be overworked.

Mr. Crouse: He will take one himself.

Mr. Whelan: People appointed to the Farm Credit Corporation are not appointed because of political affiliation.

Mr. Darling: I am pleased to hear the minister say that the people will not be appointed because of political affiliation. I have heard it said before that people are not appointed to boards because of political affiliation but because of ability. However, the strange thing is that appointees are always Liberals and not of any other political persuasion.

Some hon. Members: Oh, oh!

Mr. Whelan: If you check, you will find that to be incorrect.

Mr. Darling: In any event, we will wait to see what happens when these appointments are made.

The budget approved is $55 million. While that is a substantial amount of money, it is a far cry from what is really needed. We hope the minister will be able to do a job and sell the cabinet the need for additional sums. It will not take long to use up $55 million.

Everyone agrees that the Farm Credit Corporation has been of great assistance to agriculture and to the industry in Canada over the number of years since its institution, which I believe was in 1959, some 22 years ago. However, this bill has been delayed too long, but it is better late than never. I see the minister paying some attention. Better never late; I think he would agree with that statement.

My colleague, the hon. member for Elgin (Mr. Wise) was minister of agriculture in the Clark administration during 1979. During that brief period, $50 million was provided for additional farm credit lending. The hon. member for Elgin was planning to provide an additional $100 million in 1980, an additional $150 million in 1981, with $200 million to be added in 1982. This was necessary, in his view, just to keep up with inflation and the rising land costs in the country.

I think we are all in agreement that these costs will not decrease but will actually increase. Farmers require credit. It is important that Canadian people understand that about 15 per cent of the costs paid out by the agricultural industry is for interest. Credit is the number one problem facing farmers in Canada today, and the cost of borrowing money is still very high. Let us hope that the minister will see to it that there is no increase in rates but rather a decrease. The rate of 16.75 per cent is quite a bit for a farmer to carry. The minister, although he is not a farmer now, has been a farmer and is, I am sure, sympathetic.

The provision is in there for a reduced rate of five points, I believe, which gives an interest rate of 11.75 per cent for those farmers who are in dire straits. I have had farmers come to me stating that they have applied to the Farm Credit Corporation but have been told they are not on the verge of bankruptcy and, therefore, are not eligible for the 11.75 per cent rate. It would certainly seem that farmers who are reasonably successful and who want to consolidate some high mortgages, which they may have privately, should be able to get that break on the lower rate.

I live in a riding, part of which is eligible for DREE grants. Although with the two new super ministers I do not know whether DREE will be washed out, but the minister responsible did state that DREE grants are still available. Considerable money—and I am talking literally of millions of dollars—is being given to industry to subsidize industries to open up in certain areas. I say to the Minister of Agriculture (Mr. Whelan) that subsidized loans or interest rates are just as fair for producers, the people who are feeding Canadians. Our producers feed not only Canadians but a great many other people in the world. Canadian farmers do a great job. I believe a speaker from the government side said that a farmer is now able to produce enough food to feed 40 people. That is a pretty good record and a point I want to emphasize.

The Canadian Federation of Agriculture has stated that the Farm Credit Corporation provision is disgracefully inadequate and is a sop to the farmers' request for real help. As I mentioned before, the $45 million provided in the budget allows only $100,000 for 450 farmers, yet a farmer needs about $200,000 minimum to start up a farm today. This means only 225 farmers would be eligible for the amount that has been approved.

Many farmers have been looking forward to this legislation hoping that it will be the solution to their various serious financial problems. The government actually made matters worse with this stupid and disastrous budget brought down by the Minister of Finance (Mr. MacEachen) on November 12, 1981. I am quite sure that we cannot blame the Minister of Agriculture for that.

I assume that the minister is endeavouring to encourage farmers to stay in business and to produce food for the good of Canada, whereas the Minister of Finance has done everything he and his brain trust of bureaucrats could do to make things difficult for farmers to stay in business. In all probability the budget will cause additional farm bankruptcies to the 261 that took place last year.

The budget now penalizes the retirement income of farmers. After having worked all their lives to provide food for Canadians and thousands of others beyond our borders, they are now being penalized when they decide to retire and sell their farms. Farmers were under the impression they could arrange a pension from the proceeds of their farm sale.

Valuation for capital gains is also unrealistic. This valuation should be upgraded. The minister is well aware of this suggestion. It is a long-time election promise of his government. The very idea of calculating capital gains on the basis of values as at December 31, 1971, is absolutely senseless, especially when we consider the rising costs to farmers in this country and the price of farmland per acre. Many farms have doubled in price.

Some have tripled over the past ten years. The price of necessary farm equipment has doubled and tripled as well. This means that a farm that could have been purchased ten years ago for around $100,000 could be worth as much as $300,000 or even $400,000 today. The former Minister of Agriculture, the hon. member for Elgin (Mr. Wise), suggested a far better solution with respect to capital gains tax on farmers would be a once-in-a-lifetime exemption for a bona fide farmer. Having been a real estate broker for a number of years, Mr. Speaker, I am very familiar with the inflated value of land over the past ten years, and I would therefore emphasize that the very least the government could do would be to index the capital gains.

• (2050)

I would also point out that it is not only the farmer who is hurting with respect to capital gains, but also many other small businessmen who are retiring and want to dispose of their business and assets and are being taxed at exorbitant rates. Prior to the Finance Minister's monstrosity on November 12, farmers and businessmen could dispose of their farms and businesses and place the funds in income-averaging contracts and RRSPs. These assets represent their pension as neither of them have pension schemes with the government or large corporations. This new harsh and restrictive clause, even though it has been amended slightly, is most unfair, and let us hope the minister will recant. I hope the Minister of Agriculture will have a word of prayer with his colleague, the Minister of Finance, or better still take him out to the woodshed and talk to him as a father would to his son with respect to capital gains and capital cost allowances.

There is another item in the budget which is going to hurt farmers; that is, the few who are solvent enough to make a reasonable profit and be eligible for taxation. I refer to the capital cost allowance. That allowance is as important to the farmer as it is to all other businessmen. Farmers purchase machinery and it wears out, or is constantly being improved, and therefore farmers help the economy by purchasing new equipment.

The Department of National Revenue makes it very clear they recognize capital cost allowances. Are they also aware that if this new regulation is put in, it not only hurts the farmers but the equipment dealers and other businesses which provide the needed equipment to keep farms operating as they should? Revenue Canada, in their 1981 farmer's income tax guide, recognize that over a number of years assets wear out or become obsolete. However, in the budget it also states:

> In many cases the capital cost allowance rates are deliberately set in excess of economic depreciation rates in order to provide incentives to certain types of investments in the economy.

Then they came up with this change:

> For assets acquired after November 12, 1981, taxpayers will be permitted to claim only one half of the normal full year's capital cost allowance in the year of acquisition.

This is another backward step by the Minister of Finance's munchkins. They have sold the minister a bill of goods that some equipment and machinery is being depreciated at much faster rates than is warranted. They seem to think that if a farmer or businessman only gets half the depreciation the first year, because he can get the rest later on he is not being hurt.

I am quite certain, Mr. Speaker, that many farmers will, because of this, try to make do a year or two longer, and this will hurt the economy in general. I know one particular farmer—a quite successful one—who, when he read the budget, purchased two very expensive pieces of farm machinery. He would not have done so if the depreciation had remained the same. Now, I will admit that was good for the implement dealer and the farmer, but in all probability there are a great many others who are not in the financial position to run out and purchase new equipment prior to the budget date.

It can be concluded, therefore, that farm machinery manufacturers and dealers will be hurt by this change. The dealers have already pointed out that it has had an adverse effect on farm machinery sales.

The Minister of Agriculture is well aware of the serious situation of farmers. In my own riding there are many successful farmers who have been farming for years and yet are feeling the pinch and having difficulty staying afloat because of high interest rates. The minister visited the town of Powassan in my riding to officiate at the opening of a farm supply business. He was met by many worried and, yes, irate farmers who wanted to know what he was going to do to help them. Every weekend in my constituency office there are many farmers who telephone or come in personally to see what can be done to enable them to borrow money at reasonable interest rates so they can remain in business. The rate proposed by the minister through the corporation to help those in dire straits is excellent. The unfortunate part is that a good many of the farmers not on the verge of bankruptcy but feeling the pinch of high interest rates do not qualify, and to me this is absolutely crazy.

Mention has also been made by previous speakers, in fact by my colleague, the hon. member for Simcoe North (Mr. Lewis), of the Small Business Development Bond. This program has now been enlarged to include partnerships and individual entrepreneurs, which had been restricted to limited companies. However, the kicker in this, the bad part about it, is that the only ones now eligible for the bond are those again from that little village in western Ontario, New Dundee, I believe it was, which changed its name to Dire Straits. In other words, you have to prove you are in dire straits, almost on the verge of bankruptcy, but then when your books show that, you are not eligible. To me that bond, as well as the new low rates of the FCC, should be available to progressive farmers to perhaps consolidate a mortgage or purchase equipment to modernize their operations.

Many people have pointed out that there will be more and more farmers leaving agriculture and not finding buyers for their farms. The return is not adequate, the cost of going into farming is astronomical, and a good many of the farmers are saying, "No thanks, include me out." The sale of farms to young people has stopped because of tight money and many of the very negative regulations in the budget. One of the worst

regulations has to do with the sale of a farm with a small downpayment, where a farmer may take as little as 10 per cent down and, in ordinary circumstances, would take the balance in effect as a pension for himself and his wife. Even if he were able to get all cash in a sale, the capital gains regulation is very unfair because the government would extract its pound of flesh, often making the deal very, very unattractive.

So a good many farmers who might have been considering retirement are probably going to say, "Well, no, we are going to hang on for awhile. We will work out something, lease the farm or do something so that the government will not be able to get their clutches on all this money." I think they are going to be saying, "Well, we will wait for the next election. We know the present government will be defeated and the government which will succeed it, which of course, as we are all aware, will be a Progressive Conservative government, will certainly amend that stupid regulation."

An hon. Member: Don't be too sure about that. Wait for a couple of months.

• (2100)

Mr. Darling: We will wait for a couple, as the hon. member for the NDP side said, and who knows? One never knows. Stranger things can happen, but I remain to be convinced on that.

Mr. Taylor: We can wait but can the country.

Mr. Darling: That is exactly right. The Farm Credit Corporation has outstanding loans under the Farm Credit Act of March 31, 1980, a considerable number of which may be of interest to many of our listeners. Ontario has $917,487,000. The purpose of the Farm Credit Corporation is to help as many young farmers as possible, and older ones. About 27.9 per cent of those loans approved last year were used to purchase additional land, compared with 29.8 per cent the previous year. Other loans went toward the following: new units, 24.4 per cent; permanent improvements, 16.5 per cent; mortgages, 12.3 per cent; other debts, 12 per cent; equipment, 2.3 per cent; livestock, 2.2 per cent and miscellaneous 2.4 per cent. The repayment record for 1980-81 remained favourable. Out of the $75.2 million due, 89.4 per cent was repaid.

During the year, 91.9 per cent of the $279.1 million in due interest was repaid. At the end of the last fiscal year, 93 per cent of the active accounts of the Farm Credit Corporation were in order, with 93.2 per cent the year before. Real losses amounted to $1,537,000 or 1.4 per cent of the portfolio of the Farm Credit Corporation.

During the fiscal year April, 1981, to January, 1982, the Farm Credit Corporation approved 4,328 loans for nearly $429 million. Estimates reveal that the total budget for this year will reach nearly $455 million. The major purpose of the majority of the loans is to purchase additional land, followed by the purchase of new units. The number of loans for debt consolidation purposes has increased markedly because of the high interest rates, which reached as high as 27.1 per cent in September of 1981.

As I mentioned before, we will certainly support this bill. We think it is long overdue. We hope that the Minister of Agriculture will be able to prevail upon his colleagues in cabinet to get a good deal more than the $55 million, which is a mere drop in the bucket at the present time.

Some hon. Members: Hear, hear!

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, I was very pleased to see the Minister of Agriculture (Mr. Whelan) come to the session tonight on this bill, the Farm Credit Act. I think it has been intimated by hon. members who have previously spoken that this is one bit of agricultural legislation which has stood the test of time more than any other. It has not needed serious amendment. At the same time, during the 20-odd years since 1959 that this legislation has been in existence, we have seen a growth rate of productivity in the agricultural sector of about 7 per cent a year compared to a growth rate of about 2 per cent to 3 per cent in the rest of Canada's industrial segments. There is no question but that this first attempt to get a modern farm credit system in Canada has been a success. My remarks tonight will deal almost exclusively with the philosophy of the legislation. I would like to test that philosophy against the amendment we have before us.

The philosophy of the farm credit corporation act of 1959 can be shown by contrasting it against the old farm loans board which was set up in 1934 under the farm loans act of that year. The principles used in the original legislation in 1934 were for the purpose of meeting an existing condition. Many farmers were bankrupt, no one would buy their land and they had no way of paying their debts. Therefore, the government of that time set up the farmers and creditors rearrangement act whereby all a farmer's creditors would come in and calculate how much of a debt would be repaid under the new level of prices, which was very low. All creditors dropped the amounts of their claims and each was repaid a certain proportion of their loan. That act had to be followed by a farm loan act which lent money to the farmers to help repay some of the creditors who were fairly highly secured, getting them off the farmers' backs. The farmers borrowed money from the farm loans board to repay some of these creditors.

That legislation pioneered a new philosophy, but as the act was administered over the succeeding years it became a very conservative type of operation where loans were only made on the basis of a farmer's assets. The potential profit of money put toward new productivity was not considered. It simply acted like a bank. If a man had $10,000 worth of assets, he might take out a loan of $4,000. Very few risks were taken and there was very little development of new technology under that philosophy.

The philosophy of the 1959 legislation was to consider the potential profit if a man were loaned $10,000, $20,000 or $30,000, and if the loan were put to proper use. Therefore, people began working on the Farm Credit Corporation with

the farmer, out of the various provincial branches, to get a plan ready. Their philosophy was that if the farmer spent his money, it would increase his income, not only enabling him to pay back his debt but also leaving a nice, handsome net gain for the farmer during the repayment period.

That legislation was conditional on the power of the government of the day to persuade those who worked for the new Farm Credit Corporation to change their philosophy of lending on assets, not caring a hoot what the farmer did with the money so long as he could pay it back, to one of trying to help the farmer increase his growth and productivity, which would benefit the whole country. The Farm Credit Corporation grew and expanded on that basis. However, recently, in the last ten or 12 years, I have noticed a reversal of philosophy by those administering farm credit. Only ten or 15 years ago when I spoke to the Farm Credit Corporation people they were very willing to lend money for cattle, although they had decided there was a need for more livestock in the country. Because of this philosophy, it was very easy to get loans if one wanted to expand one's cattle operation, but it was not so easy to get loans for other purposes. I do not blame the Farm Credit Corporation people for that. Maybe they called the shot right.

As we know now, of course, the cattle industry overexpanded, and we have been suffering pretty well ever since. However, that should not be held against the Farm Credit Corporation because it was doing what it thought would give the greatest potential to that farmer.

I will not go through all the details, but I have now said enough that I must ask the following question: If that was the philosophy of the act which was in existence in 1959, what is the philosophy which is coming through in this bill and amendment? It seems to me that the philosophy coming out now is that the only people who will get money from the Farm Credit Corporation are those who need it the most. If you are doing well today as a farmer and want to do better, you cannot get money from the Farm Credit Corporation. It tells the farmer that he is doing all right and can get his own money. It sounds good politically for the government to say it wants to help the guy who needs it the most.

● (2110)

Under the philosophy of the Farm Credit Corporation there is no use lending money to a farmer if he will not be able to pay back the loan and if he will not be able to increase his income. The philosophy of potential growth must be in there.

We heard the figures from the hon. member for Parry Sound-Muskoka (Mr. Darling) a moment ago. Even in a tough year like 1979-80, all the corporation had was a million dollars worth of losses on one year's lending in a large portfolio across the country. The point I am making is that this tips me off that if you have small losses for your lending on potential, it either means the country is growing so fast that you cannot make a mistake or that the government is changing its philosophy to one of not lending money unless it gets it back.

When I hear this talk about studies for farmers in severe economic circumstances, or dire straits as the phrase goes, I begin to suspect that we have gone right back to the old handout philosophy of the old farm loan board of 1934. In those days, when a farmer went to a farm loan board after his first few years of operation, he went there to get help because he was in trouble. He found it very difficult to receive help when he was in difficulty because the board reviewed his assets. It was concerned, as a Conservative should be, about his ability to pay it back. But the new Conservative government of 1959 changed that philosophy. Its philosophy was to look at a farmer's plans to make money and give him all he needed to increase his income. We did not intend to lose money, but were prepared to lose it if the plan did not work.

I say that the history of the growth rate of agriculture in Canada over the last 20 years demonstrates that the philosophy of 1959 did work with minimal losses. In fact, the Farm Credit Corporation showed a profit over the years.

I detect now that the Farm Credit Corporation is going back to that old civil service concept that all the federal government should do is to look after those people who cannot get money from other sources. The government has become a lender of last resort.

The philosophy that we put in the act, which I helped to draft in 1959, was that we did not care about being a lender of last resort. We wanted the Farm Credit Corporation to advertise across the country that we had money to lend for people with ideas to make more money. That was the philosophy of that day. As minister for three years in charge of that act, my concern was that with this past background of the civil service which would be administering this new act, it would revert back to the old farm loan mentality. I think that my suspicions were right.

For the first number of years its philosophy did change. However, I detected over this last ten or 13 years when I talked to people in my own constituency that the philosophy was changing. Now, budding young farmers and successful middle-aged farmers do not go to the Farm Credit Corporation any more. They know they will be turned down because they are successful. The FCC, under the act now, is not supposed to be a lender of last resort. The philosophy was to back up winners. There are all sorts of winners, poor and rich. I would go further to say that I think the greatest mistake I made as minister was not to have put in clear legislative form that if a man had potential, we did not care what his assets were. A young farmer, if he had a program that would make money, whether he wanted $100,000 or $200,000, could get it even without assets.

Today, however, when the government lends money under the Farm Credit Corporation, it tries to tie down all the borrower's relatives and neighbours. We have a situation today in which a man who tries to get a loan through the Farm Credit Corporation must be backed by his uncle on the next farm for a certain proportion. Now his uncle cannot retire until this young farmer has paid off the debt. All this land is tied up and all the prospects for these farmers to retire are tied up. This is cruel.

Other governments have tried this. There was the young farmers loans legislation in Ontario from 1948 to 1959. Only a few thousand dollars was lost, and money was lent without regard to assets. All a farmer had to have was the approval of the local county board. If the board said he was a good, hardworking person, that was all that was required in assets.

Under the farm legislation of 1932 in the United States, any amount of money could be lent by a bank, guaranteed by the federal government, as long as ten people put down $100 to back up the loan, put their name and reputation on the line that this fellow would succeed. All we have to do is to look at the financial records of that American legislation. They were backing a man's potential, and that is the greatest asset in the world. You cannot imagine ten good farmers putting their names down with a $100 deposit to back a young farmer if they did not think he had potential. For many years, there was not a case of a young farmer going bankrupt because those other ten farmers would make sure he would not go broke. Those young farmers were able to pay back their debt and have money left in the bank.

My question to the House is simple. Having heard this debate and having heard the different views expressed by the minister and other hon. members that these housekeeping reforms are necessary, let hon. members ask themselves the question; in all honesty, has the philosophy changed in the Farm Credit Corporation? It does not matter to me whether there are five members on the board or 15. Has the philosophy stayed the same? I suspect that it has not.

I will use one major example. This is why I am glad the minister is here. He knows that many of us have been concerned about the Farm Credit Corporation. Personally, I have not been concerned about the supply of money as have many others. I am concerned about the philosophy. To make sure there was no question about the lack of money, several members in the Conservative Party got up last year and suggested that we use the principle of the Small Business Development Bond for the Farm Credit Corporation. It was suggested that the act be amended to allow this corporation to accept money from any person but, hopefully, from farmers in particular who would put their spare cash into the Farm Credit Corporation which would receive an interest rate at maybe 8 per cent, knowing that when they got that 8 per cent interest they would not be taxed on it. I alone am not responsible for this idea. I did make it too. But there was the hon. member for Medicine Hat, (Mr. Hargrave), the hon. member for Swift Current-Maple Creek (Mr. Hamilton), the hon. member for Red Deer (Mr. Towers), the hon. member for Lethbridge-Foothills (Mr. Thacker), the hon. member for Moose Jaw (Mr. Neil) and many others—if I missed them I am sorry—as well as members on the other side, and the minister himself, who gave their approval to this idea. I remember the minister giving approval to this idea on television and I was hopeful that if it could be used as a principle—as it was used in the Clark-Crosbie budget of 1979—and if it was being renewed again, this principle in Farm Credit with all its machinery here, with all its capital allowance, then let it draw its capital from many sources as well as from the government.

The government has gone out and borrowed money at 19.5 per cent. It rightfully feels that it cannot just turn money over to any industry at much less than that. It is turning it over at a little bit less to the Farm Credit Corporation. But let the public come in, let anybody come in, and lend on a Small Business Development Bond, knowing it is not going to be taxable, and it is quite content to take 8 per cent on non-taxable lending. You can show no one is subsidizing anyone because the farmer who gets his money at half interest rates, such as 9½, loses his right for deductions when he pays that interest. So the government wins on that one. If the government loses, it is not collecting the tax on the 8 per cent of the lending, but looking at it fairly and objectively, no one is subsidizing anyone.

● (2120)

There will be academic arguments that there is a tax expenditure here, but no one but a nitwit would ever use that expression because the reality is that no one is subsidizing anyone. The government is not hurting its balance of ways and means because if the loan is not made, it will not get any money anyway.

The main thing here was that people from all parties were behind the minister on that proposal. I could say similar things to what I understood the Minister of Public Works (Mr. Cosgrove) to say, but a similar suggestion has been made for housing. I was dreadfully disappointed when I heard that budget on November 12. After approval was obtained and the minister stuck his neck out and supported the proposal, I was very disappointed that the Minister of Finance (Mr. MacEachen) did not bring it forward in his budget.

I wonder what would happen if we in this House moved an amendment to this legislation proposing, in simple layman's form, that this should be done. We are not asking the government for any expenditure of money, so I think it would be acceptable under the rules. If we had the support of the Minister of Agriculture, the government would be very embarrassed if it did not accept the amendment. I would like to get a reaction to that proposal because we do not have much more time to wait. High interest rates are killing everybody, including the farmer, and no farmer in his right mind should ever borrow money, even at 16⅞ per cent. Eight per cent or 9 per cent is cruel, but I think we could show how it could pay if we looked at hypothetical cash flow for the next ten or 15 years if the money were spent wisely.

I suggest to the House that this is good legislation. It has served this country well, and I am sure hon. members in all parties would be willing to support the minister if he could help us out, go to his law officers and draft us a resolution we could move. All parties could support it. It would put the government in a fantastic position. It would not dare say we are costing it any money. We would not have offended the rules of Parliament. We would be carrying out something the people need and want. At the same time we could show

that the House of Commons does have a place in the whole administration of government in this country.

[*Translation*]

Mr. Louis R. Desmarais (Dollard): Mr. Speaker, It is with great pleasure that I take part in this debate on farm loans.

[*English*]

Not so many years ago credit and mortgages were not subjects easily discussed by farmers. Most of them felt it was a matter of pride to pay cash and not to borrow money. Of course, many of these people had witnessed the ravages of the depression, and they remembered a friend or neighbour who had lost his farm through foreclosure.

When we look back in history, and in particular the history of the Farm Credit Corporation, we find that its predecessor, the Canadian farm loan board, came into existence because farmers did not have access to an adequate source of credit. Agriculture has not changed all that much over the years. Farmers still have to contend with the vagaries of our climate. Even if we have developed better and hardier varieties, insects and weeds continue to be a problem. Adequate returns to ensure a profitable business operation continue to be one of the main concerns of most farmers.

The government is concerned about the difficulties farmers face because their fate is intimately linked to that of every Canadian citizen and many of our foreign buyers. Farmers provide the vital foodstuff to sustain life.

If agriculture has been as successful an industry as it has, it is because of the determination and ingenuity of Canadian farmers. The role government has played and must continue to play, in my opinion, is that of a supporter and facilitator. There are numerous examples of this, from the extensive research programs provided by Agriculture Canada to the stabilization programs and the inspection services offered.

I wish to concentrate my comments on what I consider to be one of the essential tools of today's farm business credit. Credit has been one of the true catalysts in the growth of Canadian agriculture. When the Minister of Agriculture (Mr. Whelan) speaks of the efficiency of the family farm and the Canadian farmer, he is simply reaffirming the facts which are there for all to see.

The credit tool government has created to help farmers is the Farm Credit Corporation. In its 22 years of existence it has assisted some 160,000 borrowers. The minister mentioned in his remarks that 74,000 of these borrowers still have loans outstanding with the FCC.

In terms of the economy it is difficult to measure what the FCC contributes to Canada by financing the development of viable farming operations. Although the nominal benefits to the economy are difficult to assess, some measurements are possible.

Facilitating the transfer from generation to generation of farms and providing capital investment in farming are considered essential to the long-term productivity and stability of the agricultural sector. These are necessary if the agri-food sector is to continue to provide Canadian consumers with an abundant supply of high quality food at a reasonable price, as well as provide for the export market which contributes so significantly to our balance of payments. The corporation strongly supports the family farm as the major means of food production. In 1979-80 and 1980-81, close to 98 per cent of all loans approved were to family farms.

In 1980-81, FCC borrowers increased their farm operating expenditures an estimated $100 million because of farm expansion, capital improvements and other agricultural investment projects. These increased annual expenditures, combined with credit extended by the FCC, contribute considerably to the economic health and growth of rural communities and agricultural service industries.

The success of FCC borrowers reflects their contribution to agricultural productivity levels and therefore to the Canadian economy. In recent years, the FCC has had to turn away a good number of applicants because of its shortage of capital. Data indicates that 65 per cent of those applicants who were declined loans because of their strong financial position had previously received FCC loans. Data on 2,622 borrowers whose loans in 1980-81 were assumed or retired indicates that over 91 per cent were considered successful. In addition, 93 per cent of all 72,663 accounts were in good standing as of March 31, 1981. This proves beyond doubt, in my mind, that farmers have more than lived up to the faith placed in them by the Canadian government.

An analysis of the effectiveness of the Farm Credit Corporation which was conducted last year indicates that the FCC is playing a significant role in facilitating the development of viable farm operations and thus contributing to the Canadian economy. Furthermore, the results of a special FCC survey of farmers which was completed in 1981 show that the corporation is currently lending to a much smaller scale of farm than the average. This substantiates our belief that the role of government in the financing of Canadian farmers is more important than ever, in spite of the greater share which private institutions have taken in the long-term agricultural lending market during the last five years.

• (2130)

The federal government's participation through the FCC has been reduced from over two thirds of this market to less than one quarter, primarily due to limited capital resources. During this period, the chartered banks and credit unions, as well as the provincial government in some provinces, particularly Alberta, Quebec and Nova Scotia, have lent substantial amounts in the long-term lending field. But in times of economic difficulties or when larger returns can be earned elsewhere, many of these institutions direct their funds elsewhere. The stability in supply of credit must be assured for all farmers who are efficient and productive.

The FCC's contribution has been essential to farm stability in many periods of difficulty because it provided mortgages with an attractive rate fixed for a period of up to 30 years,

when private institutions could only offer long-term credit with variable interest rates.

Also, the corporation strives to provide loans to those applicants who have viable proposals but who do not meet or who would have difficulty in meeting the security or repayment criteria required by the private sector. The FCC will continue to provide credit for these higher risk borrowers, not for those who have access to commercial sources of financing.

Since FCC was given the authority to make loans up to 100 per cent of the value of the security in 1975, the trend has been to loans with less security. In many situations, additional security is not available, which is typical of young beginning farmers, and the corporation does not hesitate to take higher risks than other lending institutions would. I wish to repeat the percentage which has been quoted: in recent years some 70 per cent of FCC loans has been going to young borrowers under 35 years of age.

Furthermore, FCC authorizes some of its borrowers to defer their payments until other pressures on their cash flow subside, and this probably means survival for these farmers.

In spite of its restricted budget, the corporation has been able to keep in close contact with the Canadian farming community. Farmers, although they know FCC has less money to lend, continue to approach the FCC officers for advice and farm management counselling. This is the kind of strength which is essential to a wise use of credit. The FCC plays a major role in this educational process.

In the 1980-81 fiscal year, 204 credit advisers in 103 field offices gave more than 47,000 interviews in the selection of loan applicants or the administration of loan accounts. A total of 27,409 specific loan requests were received. After assessment of these requests, 4,686 loans for a total of $508.9 million were approved. Some 17 per cent of all loan requests were approved. Of the 23 per cent of the loans declined at the interview stage, 32 per cent were declined because of insufficient repayment potential, 30 per cent had the resources and repayment potential to get credit elsewhere, 16 per cent were not planning to become principally occupied in farming and 22 per cent were declined for other reasons.

Although five out of six loan requests were declined, only 121 of these decisions were appealed by farmers. In most cases, credit advisers were able to provide applicants with alternatives to further their farm development plans.

I could go on for some time expounding the positive role played by the FCC in its lending program, but I wish to conclude by giving credit where it is due, to the farmer. We must remember that the borrower repays the funds borrowed. Farm Credit is an investment for the Canadian government, not a gift or a handout.

Mr. Waddell: Are there farmers in your riding?

Mr. Desmarais: Yes, we do have farmers in the riding. Farmers pay their own way. I trust we will continue to demonstrate our faith in their ability by providing our Canadian farmers with a good supply of the much needed tool that credit is. These amendments provide a starting point for interesting new developments in this field.

Some hon. Members: Hear, hear!

Mr. Peter Elzinga (Pembina): Mr. Speaker, in considering Bill C-88, an act respecting loans to farmers which was introduced by the Minister of Agriculture (Mr. Whelan) and received first reading in the House on January 27, we see that its purpose is to allow the Farm Credit Corporation to borrow supplemental funding on the private marketplace; to enact the interest rate rebate provision of the budget; to increase the board of directors from five to seven members, to remove the 35-year-old age limitation on Section 33 loans; and to update some of the language of the Farm Credit Act.

For over a year the Minister of Agriculture has stated that such legislation would soon be introduced, so we are delighted to see it finally in front of us. He took his time, of course. We had legislation similar to this in the planning stages in the latter days of our government, some two years ago.

Farm groups have generally been supportive of this legislation, as long as it is supplemental funding and not a replacement of government funding. We basically support this legislation, provided that the government does not intend to cut back on its financial commitment to the Farm Credit Corporation.

For other than patronage reasons we question the need for the board to be expanded to seven members, as has been mentioned by many of my colleagues. We also believe that the Farm Credit Corporation should be provided with an additional $500 million. It is interesting to note that the Canadian Federation of Agriculture has called for an additional $1 billion. This legislation will not solve the short-term underfunding problem of the Farm Credit Corporation. This extra $50 million in the budget is not sufficient.

As members on this side of the House who spoke previously have indicated, we support the legislation. What we do not support is the inaction of the Liberal government opposite, especially as it relates to the agricultural sector in Canada. The food producing sector in Canada is not receiving the priority it merits. When we view some of the figures published by Statistics Canada, we find that bankruptcies increased close to 50 per cent this year compared to last. We also find in this disastrous budget which was introduced on November 12—which will have a disastrous effect on the farming population of Canada—that the provisions regarding the income-averaging annuity contracts as they pertain to the agricultural sector are disastrous. The capital gains provisions as announced and consequently amended will also be disastrous for the agricultural sector.

The part of all this that is most detrimental is the lack of any action relating to interest rates. The reduction in the capital cost allowance in the November 12 budget means that farmers buying equipment will now pay substantially more income tax in the first year. This is the view of the Manitoba agriculture farm management specialist, Irwin Wiebe.

The Minister of Agriculture has made a mockery of his portfolio, Mr. Speaker. He has lost credibility throughout the land, and I will share the reason for that with you. On many occasions when he was speaking to farm groups, we have heard the minister indicate that he felt the banks were making far too much profit. He has indicated this repeatedly throughout Canada. He has blamed the banks for the high interest rate situation. Yet on two occasions in the chamber when he had an opportunity to do something about it, he voted against imposing an excess profits tax on the banking industry. On January 26, 1982, a motion proposing that we put an excess profits tax on the banking industry was voted against by the Minister of Agriculture. That action, as well as many of his other actions, shows that the minister is truly making a mockery of his responsibilities.

• (2140)

Because of a lack of action on the part of the national government, the provinces have been required to introduce programs on their own relating to the hog and beef industry. We require in Canada a comprehensive national program as it relates to both the beef and hog industry. Recently the province of Alberta introduced a cattle and sheep program because of the inaction of the minister opposite. Also, it is interesting to note that last year when the minister made his initial announcement pertaining to the hog industry, he was not going to make any payment to Alberta. After a great deal of lobbying by various farm groups, he changed his mind and introduced some fairness into the hog stabilization program.

I travelled throughout my constituency during the Christmas recess, visiting such areas as Newbrook and Westlock. Residents of those areas indicated a deep concern about the survival of the Canadian agricultural sector and about the lack of action on the part of the present Liberal administration. When we were in government, we took specific steps to aid the Canadian agricultural sector. We were in the process of working with various provincial governments to establish national programs, so that each province would not have to initiate its own program to the detriment of all. We had hoped that the Small Business Development Bond would have been of more use to the farm sector in that farmers could use them at reduced interest rates for expansion purposes. We introduced specific capital gains relief for the farming sector to the tune of some $200,000. When one looks at the record of the hon. member for Vegreville (Mr. Manzankowski) when he was minister of transport, one sees that we shipped record amounts of grain as well.

There are few sectors of the economy which are as dependent upon borrowed money as in agriculture. Farmers require money to start their operations and to remain in business. Most of their costs are fixed, which reduces any flexibility in times of financial crisis. When farmers hurt, so does the rural community. Recent figures show that businesses throughout the rural community, business investment and business turnover in terms of cash flow, has dropped in the vicinity of some 50 per cent.

The government should adopt a number of ideas to help Canadian farmers. I should like to share with the minister a number of points which should be adopted that would be of great help to the farming sector. We should introduce a moratorium on farm bankruptcies, foreclosures and forced sales to allow the government time to enact more meaningful assistance for farmers. We should have an infusion of some $500 million into the Farm Credit Corporation to subsidize interest rates and increase loan programs for farmers. We should create a committee, including farm representatives, to monitor the Small Business Development Bond program and to help save unincorporated farmers from bankruptcy. We should allow farmers to use the Small Business Development Bond to build and to expand their operations, rather than it being used by only those in dire straits. There should be the payment of a subsidy to farmers faced with interest rates of over 12 per cent on loans taken out for less than ten years. There should be enactment of the Liberal promise of the 1980 election campaign to change valuation day for capital gains tax on farmland from 1971 to 1974. The minister cannot even live up to that promise he made to the agricultural sector. It is my feeling that the capital gains tax provision should be abolished completely as it relates to the agricultural sector. There should also be a rebate on the price of fuel used in food production. There should be a national price stabilization plan for beef and for hogs, which is a meaningful plan, rather than the ad hoc plan that leaves far too much discretion in the minister's hands.

Mr. Whelan: We offered that in 1977.

Mr. Elzinga: I hope the minister will take the opportunity to respond to a number of concerns we have raised.

Mr. Whelan: Given the opportunity, I will.

Mr. Elzinga: We will give the minister the opportunity as long as he promises to be more credible in his answers than he was when he indicated that the banks should do away with their excess profits. Agriculture could be radically changed in the next three to five years if no action is taken. This is extremely bad news for all Canada, especially Canadian farmers, consumers, businessmen, and labour groups.

Bill C-88 should be an important and worth-while measure in the long-range funding of the Farm Credit Corporation. As I indicated earlier, we will support this legislation, provided the government gives a firm commitment that its direct funding to the FCC will not be cut back. I ask the minister to respond by giving us a commitment that the federal government will not cut back on its funding. Also, we hope that the government will guarantee the bonds floated by the Farm Credit Corporation so that they could be sold more quickly. We all look forward to a more detailed study of this legislation when it is referred to committee.

In closing I should like to put another question to the minister. Are there any plans in regard to the PFRA? There have been a number of suggestions by hon. members on this side of the House that it should be redirected and put under

Agriculture Canada rather than under the Department of Regional Economic Expansion. I hope the minister will give this matter serious consideration, as we did when we examined the possibility when the responsibility fell under the hon. member for Central Nova (Mr. MacKay). Also I suggest that this plan should be expanded upon so as to become a national program rather than a regional one.

Some hon. Members: Hear, hear!

Mr. Murray Cardiff (Huron-Bruce): Mr. Speaker, it is a well known fact that the production of food requires proper and modern tools, if we are to maintain the high quality and standards that have been achieved over a number of years in the production of excellent food, not only for Canadians but for consumers all over the world. Also it is a well-known fact that one of those proper tools is proper financing. The fact that the Farm Credit Corporation bill is being debated in the House and will be referred to committee later is very welcome.

I feel somewhat sorry for some of the field workers of the Farm Credit Corporation who, for the last year or 18 months, have had inadequate funds to meet the needs of the areas they represent. Many times loan applications have been refused. Even the refusal to take applications from applicants makes it very difficult for individuals in those offices; they see a need but, because of a lack of financing, loans are not possible at the time, or at any time for that matter.

In July, August or September of last year it appeared that there were no funds left to lend out at a somewhat lesser rate than that of today, that is, in the area of 14 per cent. This was mainly because representatives of the FCC indicated that all funds were being held until the new rate was set. Subsequently, a new rate was established at 16.75 per cent, and since budget time some loans were approved. The budget included a provision wherein there would be a reduction of 5 per cent on farm credit loans to 11.75 per cent. At the present time, some young farmers are starting out, saddled with the 16.75 per cent interest rate tied to the mortgages on their land for the next 29 or 30 years. Suddenly, the next few years are very important for those young people who find it difficult to make a living in agriculture, with the structure of their land base and getting established. It would only be proper if some subsidization were given them, especially those young people who were "fortunate" enough to obtain mortgages even at 16.75 per cent.

● (2150)

In Poland today meat prices have risen some 300 per cent. Pork chops rose from 60 cents a pound to $3 per pound. If we are not careful and do not maintain a good strong agricultural base here in Canada, it is possible that we could be facing the same situation. Consumers will have to pay extremely high prices for food if we do not provide the proper tools to agriculture now. It might be too late now. We know that we will lose many of our small farmers, those young farmers who started farming within the last six or seven years. Many of them started out with very little money. I am a farmer. I started with all borrowed money. I borrowed from my father to make my start. If it had not been for my father, I would not have been able to farm, even though it was very difficult for him to assist me at that time.

The bill we have here today is actually two pieces of legislation, and one wonders why the government has scheduled so much legislation for transmittal to the Standing Committee on Agriculture all at the same time. Certainly this committee has been fumbling around doing almost nothing for most of the past two years, and now suddenly we have debated three measures in a week for reference to it.

I am tempted to ask whether the government is scheduling its agriculture legislation in this way in order to push Canagrex through without much scrutiny, or whether it is shoving farm credit legislation through right behind the Canagrex bill in order to deflect attention away from the severe problems farmers have been facing while waiting and waiting for an improvement to farm credit financing.

There are some measures in the present legislation that will be welcome to our food producers that we on this side of the House will certainly want to support. For example, an increase in the capital of the Farm Credit Corporation is very much needed and will do a great deal to stabilize the financing of land in the Canadian agricultural industry. That is, it will do so once the problems raised by this bill are worked out.

Farm credit has been underfunded for years now, and as the Minister of Agriculture (Mr. Whelan) indicated the other day, he has been relying on the private banks to pick up the slack since 1975. We have all seen in the past two years how poorly they did the job of managing farm financing. In some cases, the banks employed personnel who knew far too little about agriculture to be in the business of agricultural lending. In other cases, the banks used poor judgment in matching the type of loan they were offering to the kind of asset or operation being financed. Much of this sloppiness on the part of the banks might have gone unnoticed if it were not for the monstrous fluctuations in interest rates which have been brought on by this government's policy of high interest rates. The Minister of Agriculture may want to blame the banks for writing lending contracts that allowed them to convert what should have been mortgages into demand loans, but the truth is that the policies of this government are too erratic and arbitrary for the banks to use a straight mortgage instrument to handle all kinds of farm financing.

It is the policy of the government to which the minister belongs that has caused much of the present problem. I hope the minister has now learned a lesson that he can teach to his cabinet colleagues, namely, to allow the Farm Credit Corporation to do what it was set up to do, that is, to finance the long-term assets of land and buildings which make possible family farming in Canada. In particular, I hope the minister is now committed to the idea that the Farm Credit Corporation is the proper vehicle for helping new farmers establish themselves in business.

That, Mr. Speaker, is what this legislation should be all about. I believe legislation to increase the Farm Credit Corporation's capital has been ready for two years. Better late than

never, perhaps, but let us note that too late means never, and for many hundreds of Canadians who were and who wanted to be farmers, this legislation has come too late. It is important now that the assistance contained in this legislation be provided as soon as possible. But clearly, the difficulties surrounding this piece of legislation have not yet been worked out. For that reason, the sooner the bill gets to committee and the committee gets down to serious examination of it, the better. I, for one, hope that the Standing Committee on Agriculture has the opportunity to give immediate attention to this bill, and is not delayed and obstructed in its job by red herrings such as a supposed need to get Canagrex operating by the middle of next week.

Let us note how helpful this present bill could be in theory. One of its principal effects would be to raise the capital of the Farm Credit Corporation by $75 million, thereby raising the amount the Farm Credit Corporation could borrow and lend out again by $1.875 billion. This is a very significant amount.

Another principal effect is to allow the Farm Credit Corporation to borrow from private sources some of the money it borrows on the basis of its authorized capital.

The minister the other day, in introducing this legislation, mentioned pension funds as one possible source of such borrowed funds, and then raised the possibility of allowing retiring farmers to provide another source through some plan equivalent to the small business bond plan by which banks can lend money at little more than half the prevailing interest rate. If the Minister of Finance (Mr. MacEachen) had a grasp of what fiscal management means, he might see his way clear to bringing in this kind of measure so it becomes more than a possibility.

At the moment, the Minister of Finance seems to regard money as being of two types. One, the type he has found is a way to take by way of taxes. Second, a type he is still trying to get hold of. If he could grasp that there are ways to put money to work so that both he as the tax grabber and other Canadians as producers could have more to play with, he would have advanced a long way toward helping the economy achieve its potential.

One idea he might well consider is the one his colleague, the Minister of Agriculture, has now seen the wisdom of, namely, allowing retiring farmers to invest funds with the Farm Credit Corporation as a way to reduce their tax burden. But this matter is one not for debate at the present time. It deserves full examination, and perhaps now that we on this side of the House have recruited the Minister of Agriculture to adopt it, we can encourage the Minister of Finance to see that it serves his interests too.

At present, the Farm Credit Corporation can borrow up to 25 times its capital out of the Consolidated Revenue Fund to lend out. The new bill would authorize the Farm Credit Corporation to borrow 25 times its increased capital, but it would no longer be required to borrow only from the Consolidated Revenue Fund. It would now also be able to raise money on the private markets. In theory, the addition of $75 million to the authorized capital of the Farm Credit Corporation should allow the corporation to raise an additional $1.875 billion in private borrowing. Certainly, an additional amount like this of almost $2 billion would be more than enough to meet the present needs of Canadian agriculture. Of course, in practice, things do not work this way. Each year, the Farm Credit Corporation receives a certain portion of its capital from the government and then proceeds to borrow up to 25 times that amount from the Consolidated Revenue Fund.

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

Some hon. Members: Question.

The Acting Speaker (Mr. Blaker): The hon. member has suggested calling it ten o'clock. I can put the question, but my understanding is that the hon. member seeks to continue the debate tomorrow.

Mr. Cardiff: That is correct, Mr. Speaker.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

VETERANS AFFAIRS—ENTITLEMENT TO RETROACTIVE PENSION PAYMENTS

Mr. Dan McKenzie (Winnipeg-Assiniboine): Mr. Speaker, I directed a question to the Acting Minister of Veterans Affairs this afternoon. I pointed out that close to 4,000 veterans receiving less than 5 per cent disability pensions have never been informed that they are eligible for a yearly consumer price index increase on a little known final payment allotment. I understand that some of these veterans are on the computer system and receive this entitlement but we do not know how many have been left off that system. Entitlement of final payment exists for veterans who have been given a disability pension of from 1 per cent to 4 per cent. Four thousand veterans are eligible for yearly consumer price increases on an original payment of $100. The problem is that they must apply for these or they will not receive them. In some cases they may have over $1,000 in back pay coming to them. Why is payment not automatically made? Will all veterans in this category be informed of this and paid retroactively, and what about future payments? To date there appears to be utter confusion in this category.

• (2200)

In addition, veterans will be penalized further under the Liberal budget. Resolution 53 of the budget will cost them thousands of dollars a year. The Acting Minister of Veterans Affairs today in question period misled the House when he

stated there are no provisions in the budget which would affect veterans. The budget will make veterans' pensions calculable income, something which has never been done in the past.

A veteran's working spouse may claim a veteran as a dependant only if he makes less than $3,660 in any year. This will most certainly eliminate tens of thousands of currently eligible veterans, thus cancelling the spouse's deduction. It will have the effect of drastically reducing a veteran family's net income, putting them on the tax man's firing line.

We are still having problems with widows' pension applications. Administration is slow. The process was supposed to take place immediately on passage of Bill C-82, but there are still widows who have been waiting for many months. As an example, a constituent of mine, whose husband died December 13, 1980, applied for a widow's pension in January, 1981. The application was never acknowledged by the department. In August, 1981, seven months later, she received a letter telling her to apply if she had not already done so. My office was informed early in January, 1982, that the pension had been granted, and contacted her with the news. She also received a letter from the pension commission dated January 6, 1982, saying that she would be receiving a proportionate pension. The total time from the original application was one year. The total time from the letter asking for the application was five months. So you see the problem we still have there, Mr. Speaker.

Now, there are many problems facing veterans which have been made perfectly clear by the Public Accounts Committee in its tenth report; the Senate committee report "They Served, We Care;" Legion submissions; the Auditor General's report; the Hong Kong Veterans Association; National Indian Veterans Association; and repeated representations from the Conservative Party. The problems are never ending.

We also have the prisoner of war benefit discrepancies which have not been settled, with no statement from the minister. The amount of interest income which can be exempted from federal taxes is now a mere $100 and should be raised to $1,000, but we hear nothing from the department.

There is next to no value in the aging veterans' programs. For example, only 92 vetrans are currently eligible for the home support program across Canada. It is far too restrictive. There are inequities which divorced spouses must face when they receive no entitlement under the pension act and the War Veterans Allowance Act. There are also the inequities in the way veterans are compensated for time spent as prisoners of war. We have these persistent unremedied time delays which were condemned by the Public Accounts Committee when it said they should be replaced by a time limit of 180 days for the entire process. Now we have this cruel budget provision which will in effect tax veterans' families when they cannot even survive on their current levels of income. The question is, Mr. Speaker, when will the minister resolve these mounting problems?

• (2205)

Hon. W. Bennett Campbell (Minister of Veterans Affairs): Mr. Speaker, my hon. colleague on the other side of the House raised about 12 different issues. I realize that I have only about three minutes in which to respond, so perhaps I could address only two of those issues. Specifically, I would like to address his question with respect to the final payment types of pensions. Perhaps "final payment" is not the proper description. These are annual payments which are made to veterans who have been awarded assessments of 5 per cent or less.

In 1921, when the legislation was introduced, there was provision that anyone receiving a pension under 5 per cent would receive a single payment versus a monthly payment. Between 1921 and 1971 eight adjustments were made to those single payment pensions. In 1972, the CPI was introduced, and the same thing has applied to pensions of this type as pensions on a monthly basis. The CPI has automatically been applied and has been applied all the way through.

For example, in 1973, there was a 24 per cent increase in the base rate for these types of pensions. The CPI has been applied all the way through. Just to give a classic example, since January 1, 1982, when the 12.3 per cent was announced, there has been an adjustment in the single payment, or "final payment" as it is known, of 1,246 pensions. A further 2,654 will be processed just as quickly as possible. We hope that by the end of February all the single payment pensioners will be receiving the adjustment. They have received this treatment all the way through, and they will continue to do so.

The hon. member is quite correct. Approximately 4,000 have been receiving their cost of living adjustment, as has been the case for the duration of their pensions. However, before I wind up, I want to address a question which I thought the Minister of Finance (Mr. MacEachen) resolved the other day with respect to the application of the budget to veterans.

Under resolution 53, there is a provision for prescribed programs. I want to say to the House and to the veterans of Canada that the programs under Veterans Affairs, the disability pensions and the War Veterans Allowance, will continue to be exempted from the application of the budget and, specifically, from the requirement to take these provisions into income in tax calculations. That was made clear the other day, and I want to reinforce that fact. Under resolution 53, which was cited by the hon. member, "prescribed" and "exempted" programs under veterans affairs will continue to enjoy the same decision with respect to the programs of the Government of Canada they have enjoyed in the past.

EXTERNAL AFFAIRS—(A) EL SALVADOR—HOLDING OF DEMOCRATIC ELECTIONS; (B) RECOGNITION OF POLITICAL MOVEMENT

Mr. Bob Ogle (Saskatoon East): Mr. Speaker, my question tonight asks for further illumination on a question I directed in the House to the hon. Secretary of State for External Affairs (Mr. MacGuigan) on November 9, 1981. At that time, I

indicated to the minister that I had in my hand a letter the minister had received from the Canadian Council of Churches, requesting a policy change in Canada's relations with El Salvador and Canada's view of El Salvador. At that time, I also had a letter from the Canadian Catholic Bishops which stated that the military and Christian Democratic ruling junta in El Salvador is responsible, before its own nation and before the international community, for extremely grave crimes.

At the same time, I asked a supplementary question of the hon. minister, regarding the UPI meetings in Havana which had proceeded during that summer. The Chairman of the Standing Committee on External Affairs and National Defence, along with a group of parliamentarians from Canada, had voted at those meetings to support the French-Mexican position. At that time, the minister told me that the initiative was largely discredited and that Canada would not change its position regarding elections to be held in El Salvador. These elections have been called, as everyone knows. In light of that fact, I continue my question with this new information.

• (2210)

On December 8 the subcommittee on External Affairs dealing with relations between Canada, Latin America and the Caribbean, of which I am a member, brought its report to this House. In it we indicated that the situation in El Salvador demands a pre-electoral period of political negotiation and stability. I quote:

> While the subcommittee has no illusions about the ease of achieving these conditions, we think they consist of three essential elements: first, serious negotiations between all parties to the conflict; second, an internationally supervised cease-fire; third, and only after the achievement of these conditions an internationally supervised electoral process in El Salvador.

That report of the subcommittee was unanimously voted on by members of all three parties in this House.

During the Christmas recess there were several delegations which went to the area of El Salvador. One delegation, under the auspices of Oxfam Canada, made up of the hon. member for Notre-Dame-de-Grâce-Lachine East (Mr. Allmand), the hon. member for Spadina (Mr. Heap) and the hon. member for St. Catharines (Mr. Reid) visited refugees from El Salvador in refugee camps in the Honduras.

On their return, they said quite emphatically that the possibility of elections in El Salvador is a myth. They cannot take place. There cannot be a truly democratic election at this time.

This past week I and several members of the subcommittee on Latin American and Caribbean relations were in the Central American area. In company with the hon. member for Kingston and the Islands (Miss MacDonald) and the hon. member for Hamilton West (Mr. Hudecki), I visited a refugee camp of El Salvadoran refugees in Costa Rica near the Honduran border. From that information, and from information received from literally all other sources, during our visit, it appears to us that the report we handed down in December is accurate and that at this time the elections that are called to take place in El Salvador are an impossibility. There are over 600,000 refugees inside and outside the country, most of them naturally being in the opposition.

In the *Catholic Register* of January 30, there is a story from San Salvador which speaks of the recent position of Bishop Arturo Rivera Damas, the acting apostolic administrator of the diocese of San Salvador. In this article in which he asks the people of El Salvador to reflect on his belief, he states:

> —the conflict of El Salvador is at the heart of the east-west conflict and runs the risk of becoming truly international with no end in sight—
>
> We address the guerrilla fighters themselves to ponder their actions in light of a national, patriotic outlook and not under alien influence, . . . We ask all political parties, all those responsible for the public administration to look at our situation with a realistic approach, devoid of ideological passions, and find political solutions that can lead to peace.

I do not want to set up a conflict with the government or the Secretary of State for External Affairs, but in light of this information I have given tonight, in addition to my previous question, I plead that the government take a new and serious look at the situation.

In the trip which the committee completed yesterday to the Caribbean and Central America, we found, and I can state this emphatically, that Canada has a very high and good profile in that whole area. I suggest that profile is far out of proportion to what we have done in that area. Canada does not have an imperialistic past there. People look to us as being just, and of those who will help.

During our trip inside El Salvador, in the past few weeks, we met journalists, including journalists from the Miami *Herald*, who indicated from their observations that, having talked with the guerrillas and as a result of the escalation of the war which took place last week when military aircraft were destroyed, and also from talking to the government people, much to my surprise they believe the Duarte government will actually lose the election. They will lose the election to extreme forces to the right because anybody who represents the middle, which is practically non-existent, or leftist forces, will not be there to vote.

• (2215)

In the light of this new information, and in the light of what I hope is the true, sincere and just feelings of our government, I would like to further my question by asking if the government is ready to re-evaluate its position on the question of El Salvador; to take positive steps, some of which were suggested in my question of November 9, in opening up our embassy and calling together the forces of various disputing parties; of going out of our way and taking the extra step of using our good profile, that good feeling we have in that part of the world, to call upon those forces to come together in negotiation and not to set up an election which can only lead to more disruptive situations in that very volatile part of the world.

Thank you, Mr. Speaker.

Mr. John Evans (Parliamentary Secretary to Minister of Finance): Thank you, Mr. Speaker. Canada's position on El Salvador has been expressed many times, notably in statements in the House of Commons by the Secretary of State for

External Affairs (Mr. MacGuigan). Canada is opposed to foreign intervention in the domestic affairs of El Salvador and believes that the problem of El Salvador must be resolved by El Salvadorans without foreign interference. Canada has a long-standing policy of not providing arms to areas of tension and deplores the fact that competing forces in El Salvador are receiving supplies from outside sources.

Canada hopes the dialogue on a political solution in El Salvador would encompass all political parties and welcomes the expressed willingness of the government of El Salvador to enter into dialogue on the electoral process with opposition groups willing to lay down their arms.

The Canadian government is not at this time prepared to associate itself with the declaration made on August 28, 1981, by the governments of France and Mexico because it believes that the appropriate political solution is through the electoral process rather than through negotiations. Canada would also be willing to provide technical assistance for the electoral process and to consider participation in international observation of the elections.

We are now discussing with the El Salvador authorities various aspects of the proposed election and observation process so as to determine the nature of the Canadian response. It is not for Canada or Canadians to support or oppose El Salvador's decision to have elections though persons and governments are entitled to their individual views.

It is the government's view that President Duarte should be commended for his efforts to hold democratic elections in very difficult circumstances and we hope that all political parties in that country will respond to his government's invitation to participate.

With regard to the question of human rights in El Salvador, the Secretary of State for External Affairs clearly indicated in his statement in the House on June 16 that the government is very sensitive to and concerned about the human rights situation in El Salvador. Those concerns have been expressed to the government of El Salvador and to representatives of the FLMN/FDR. Like all Canadians, the government deplores the senseless killing which has occurred in El Salvador these past many months, killing which has been perpetrated by both sides in that tragic conflict.

We are particularly disturbed by news reports today of a tragic shooting incident in San Salvador. We immediately called in the Chargé d'Affaires of the Embassy of El Salvador to express our concern and to request him to obtain from his government a clarification as to the exact circumstances of the incident. We also instructed our ambassador to El Salvador, resident in Costa Rica, to obtain similar clarification.

It has been reported that the United States is considering the supply of new helicopters to replace those recently destroyed by insurgent forces in El Salvador. Our position on the supply of arms to various forces in El Salvador by any country has already been stated. We oppose it and we hope that the problems of El Salvador can be solved peacefully by the people of El Salvador without outside interference.

Thank you, Mr. Speaker.

FINANCE—EFFECT OF BUDGET ON EMPLOYEES MEETING INCREASED ACCOMMODATION COSTS FOLLOWING TRANSFERS. (B) REQUEST THAT PROVISION AFFECTING MORTGAGES BE POSTPONED

Mr. John Gamble (York North): Thank you, Mr. Speaker. I welcome this opportunity to deal at some greater length with questions which I raised in the House on January 29 and the replies that I received thereto. Those questions dealt with the intended amendments to section 80.4(1) of the Income Tax Act, referable to—as they now provide—the exemption from the inclusion in income of the alleged benefits to employees of employer-provided mortgages at either no interest or at interest rates which are less than the going rate. I raise these issues because of responses provided to me by the minister. At page 14462 and 14463 of *Hansard* the minister's responses are to the effect that he takes my questions as representations and notes that they will be considered in due course. That answer underlines, regrettably, the way in which the entire budget was prepared. It was prepared as though a white paper on major tax reform had preceded it, without regard to the fact that there are elements in society very substantially affected by the intended budget proposals. One of those provisions is the one to which I made reference, and if I could just read some of the communications I have received from my constituents with respect to this matter hon. members would get a better grasp of the consequences of the intended amendment to that section of the Income Tax Act. I do not propose to refer to the names of the people who have actually corresponded with me because some of the letters have been marked "personal and confidential", and some of them have disclosed personal financial information which the writers might prefer I not read into the record because that would identify them as the people who have this particular problem. However, one letter dated December 8, 1981 contains the following comment:

• (2220)

> As a direct result of the new provisions in the November 12th, 1981 budget, the tax payable on my interest-free loan will add $320 to my monthly payments. This increase would leave me no alternative but to sell my house, at a direct cost to myself of the 6 per cent sales commission, and moving expenses.

This is just one of the cases, but, as a matter of fact, all the cases to which I refer are cases in which individual taxpayers have been transferred by their employers to new locations under circumstances wherein the cost of acquiring new residences exceeded the cost at former locations.

The gentleman went on to say:

> At the time of my transfer, my decision to relocate was based on the provisions of The Income Tax Act in effect at that time.
>
> I believe that in the interests of fairness it would be only just and reasonable to withdraw the imposition of this tax on loans already in place at the time of the budget, allowing the new measure to affect only those loans negotiated after that date.

Another gentleman stated in a letter also dated December 8, 1981:

The most disturbing factor is the retroactivity of this legislation which disturbs the agreement reached with my employer at the time of my transfer.

This gentleman also stated:

One of the conditions set by the Foreign Investment Review Agency—

This was at the time his employer acquired the stock of another corporation of which this gentleman is a former employee.

—required the company to ensure that no employees were to be dismissed as a result of the acquisition and in order to comply with this condition it was necessary to move a number of individuals into various locations in Canada. In most cases the transfers were to areas where substantial differentials existed on housing costs.

He gave the example of Montreal as against Toronto.

One of the principal themes of the federal budget introduced on November 12, 1981, was the question of equity and the need to maintain a fundamental sense of fairness in our country. I believe that in the interests of fairness it would be only just and reasonable to withdraw the imposition of this tax on loans already in place—

It is interesting that one of my constituents gave the specific example of having moved from the city of Beaconsfield, Quebec where his monthly payment on his residence at that time totalled $166 per month. He moved to a home of comparable value in terms of what it would provide him compared with what he was provided in Beaconsfield and found that his total costs, even with his interest-free and interest-reduced loans, amounted to $1,199 per month. In the event that these proposals of the budget are to be implemented he will be confronted with an additional cost because the total amount of his loans is now $78,000, and he must pay tax on $10,729 of that. He has not given me his tax rate, but assuming it is 30 per cent, that will total $3,000 more he will have to pay, in addition to his current monthly payment.

● (2225)

All of these moves have been undertaken as a consequence of the requirement of the employer and not the employee, Mr. Speaker. Whatever benefit accrues, will accrue to the employer who now has an employee who has moved to a new location, a move sought by the employer and not the employee.

One of the letters that I received made reference to a specific paragraph on page 21 of the budget papers which reads as follows:

Housing loans mainly provide benefits to mobile, high-income employees and officers of corporations and amount to an indirect subsidy for industries who regularly relocate their employees.

This gentleman is an employee of a firm that has only changed its location once. He has never changed his location and has always been an employee of that same corporation. He denies that he is at an upper income level.

Some time ago this House passed a resolution dealing with the Constitution and under Paragraph 6.(2) granted to every Canadian the right to move to and take up residence in any province in pursuit of a livelihood in any province. That right becomes very shallow when the financial obligation imposed upon these people when they move under the provision of the budget will specifically preclude them from undertaking the steps allegedly granted under this resolution which will become part of the Constitution of Canada.

I submit that in the event that equity and fairness is to prevail, arrangements arrived at between employees and employers with respect to this issue be left until they run their due course. In that way the people of Canada will enjoy fairness and equity.

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, this motion concerns budget changes to the provision which permitted employers to provide up to $50,000 of interest-free loans to employees who relocated without the resulting benefit being subject to income tax. The budget proposes to eliminate this measure effective for the 1982 taxation year. A transition rule will allow benefits on up to $40,000 of existing loans to be exempt in 1982, and this limit is reduced to $20,000 for 1983. Certainly relocation and labour mobility are desirable. However, this measure was not a particularly effective or fair one. There are a number of reasons why it was terminated.

Housing loans are but one method of remunerating employees for differences in costs of living resulting from a relocation. Others include promotions or increased pay, which generally occur on relocation, cash payments to offset differences in the mortgage interest rate on the new versus the old home, rental cost subsidies and general cost of living wage differences between regions.

Conference board data show that over half of firms do not offer tax subsidized housing loans. Most that do, do not make them available to all employees. Moreover, a significant number of firms offer other types of remuneration for relocation that have always been taxable. These facts raise serious questions of equity in existing housing loans.

As well, housing loans did not assist persons already living in a region with their higher living costs. They had to meet these costs out of taxable wages and salaries. Housing loans could actually reduce labour market mobility as they intended to lock employees into a job with the firm that provided them the loan. Higher income employees were more likely to get a loan, were more likely to get a loan for a higher amount, and derived more tax savings per dollar of loan than did a taxpayer in a lower tax bracket. Lastly, in some regions the measure may have added significantly to upward pressure on home prices. I do not believe that a measure with these sorts of defects can be justified.

The budget does not prohibit the use of housing loans for this purpose and I expect the past practice to continue. Interest-free housing loans continue to be attractive. Employees will not have to pay interest but only tax on the benefit—on the interest-free amount. What ordinary Canadian in a 30 per cent tax bracket can obtain a $50,000 mortgage loan at an annual cost of $2,400, compared to the current market cost of roughly $8,500 to any other Canadian?

The Acting Speaker (Mr. Blaker): Order, please. The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until two o'clock tomorrow afternoon.

At 10.30 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Tuesday, February 2, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

EXPORT DEVELOPMENT CORPORATION

FINANCING OF ENERGY PROJECT IN SOVIET UNION—MOTION UNDER S.O. 43

Mr. Bill Domm (Peterborough): Madam Speaker, the Government of Canada has finally found over $600 million to loan to people in dire straits. The Export Development Corporation is entering into an agreement with the Soviet Union to help finance a huge sour gas megaproject at Astrakhan. The EDC is providing loan financing of $637.5 million at the unconscionable rate of 10 per cent. This means that the project will be interest subsidized, by Canadian people, to the amount of $198.5 million. Therefore I move, seconded by the hon. member for Portage-Marquette (Mr. Mayer):

That at a time when Amoco and Chevron have pulled out of our own Alsands project, and when our major NATO allies have levied trade sanctions against the Soviet Union for its military imperialism, this House recommends an immediate review of this deal with the Communists by the Standing Committee on Finance, Trade and Economic Affairs, and that the terms of the so-called "Friendship Treaty" signed in the early seventies between Canada and Russia be likewise reviewed.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EXTERNAL AFFAIRS

POLAND—CONDEMNATION OF MARTIAL LAW—MOTION UNDER S.O. 43

Mr. Joe Reid (St. Catharines): Madam Speaker, martial law in Poland is not bringing about the social and economic goals that were set out at the time of the imposition of martial law. On the contrary, Poland's economy remains precarious and such social and democratic progress as was made in 1980 and 1981 has now been annulled. I therefore move, seconded by the hon. member for Erie (Mr. Fretz):

That this House do now instruct the Prime Minister to set aside academic discussion of this issue and outrightly condemn martial law in Poland and work with our NATO allies to impose meaningful sanctions against the present regime in Poland.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FINANCE

SUGGESTED ISSUANCE OF BULLETIN ON TAXATION OF EMPLOYEE BENEFITS—MOTION UNDER S.O. 43

Mr. Don Blenkarn (Mississauga South): Madam Speaker, the government's intention to tax, as an employee benefit, supplemental health plan contributions made by employers on behalf of employees is creating a great deal of concern both to employees and employers, in that regulations or detail as to how the benefit is to be taxed and charged as an employee tax deduction from weekly or monthly pay packets has not been estimated. I therefore move, seconded by the hon. member for Portage-Marquette (Mr. Mayer):

That the Minister of National Revenue forthwith issue a detailed bulletin indicating to employers how they are to deduct taxes from employees for this alleged benefit so that employees will be able to pay their income tax as income is earned, and not face owing the minister huge amounts of tax when they file their returns for 1982.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

CROWN CORPORATIONS

INCREASE IN SALARIES OF CORPORATION HEADS—MOTION UNDER S.O. 43

Mr. Rod Murphy (Churchill): Madam Speaker, I also rise under the provisions of Standing Order 43. Whereas the heads of nine Crown corporations, including Michael Warren of Canada Post, Claude Taylor of Air Canada, and other top executives have been granted retroactive wage increases by the federal cabinet of up to 12.3 per cent; whereas government officials have been condemning increases of a similar percentage for average Canadians and have been advocating wage controls for public service employees and encouraging similar

action for private sector wages; and whereas people earning $100,000 plus can easily afford to go without such large increases while workers at the bottom of the scale are struggling to pay for the high cost of food, shelter and energy costs, I move, seconded by the hon. member for Beaches (Mr. Young):

That the government exercise fiscal responsibility and immediately withdraw the order which increases upper level salaries at the expense of the taxpayer.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

PENSIONS

EFFECT OF BUDGET RESOLUTION—MOTION UNDER S.O. 43

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, as a result of a week's questioning by the Conservative Party, the Minister of Veterans Affairs (Mr. Campbell) has finally cleared the air by issuing a press release which retracts the government's previous position on adding veterans pension benefits to calculable level income for tax purposes. I move, seconded by the hon. member for Grey-Simcoe (Mr. Mitges):

That this House now call on the Minister of Finance to issue immediately a statement outlining which pensions and other social assistance benefits will and will not be exempted from Resolution 53 of this tax-all budget.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

AGRICULTURE

CALL FOR INTRODUCTION OF NATIONAL STABILIZATION PROGRAM FOR BEEF—MOTION UNDER S.O. 43

Mr. Charles Mayer (Portage-Marquette): Madam Speaker, the Canadian beef industry is suffering extremely depressed prices which are causing many farmers to cut back or cease production altogether. Because of the lack of federal involvement all the major beef producing provinces, except Manitoba, are now involved in beef stabilization programs. I move, seconded by the hon. member for Medicine Hat (Mr. Hargrave):

That the Minister of Agriculture stop talking about farm leaders being gutless, and show that he is not totally useless himself by announcing a national stabilization program for beef that involves the federal and provincial governments, as well as the producers, in order to prevent the further balkanization of the Canadian beef industry.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1410)

CROWN CORPORATIONS

INCREASE IN SALARIES OF CORPORATION HEADS—MOTION UNDER S.O. 43

Mr. Lorne Greenaway (Cariboo-Chilcotin): Madam Speaker, in an interview published yesterday in *Le Devoir*, the Minister of Finance (Mr. MacEachen) announced that he had made "heroic efforts" to hold down government spending and that it was now up to Canadian workers to moderate their pay demands. However, it was announced in this morning's Toronto *Globe and Mail* that the heads of ten Crown corporations as well as four top executives were receiving retroactive pay increases of up to 12.5 per cent. Among those receiving performance-based increases is Michael Warren of Canada Post, even though he has just had the job for five months. In light of this blatant hypocrisy, I move, seconded by the hon. member for Capilano (Mr. Huntington):

That the cabinet immediately revoke these increases as a concrete example of government restraint for Canadian workers.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EXTERNAL AFFAIRS

SOUTH AFRICA—REPORTED COMMENTS BY MEMBER FOR WINNIPEG-ASSINIBOINE—MOTION UNDER S.O. 43

Mr. Terry Sargeant (Selkirk-Interlake): Madam Speaker, whereas in an interview with the Toronto-based newspaper *Contrast*, a member of this House stated that after a recent trip to South Africa, paid for by that country's racist government, he thought South Africa's blacks were still too primitive for self-rule, uncivilized, lacking in morals, having terrible problems with alcohol and absenteeism and unable to keep up with the whites intellectually; whereas he praised the remarkable job done by the South African government, and whereas he feels that the Canadian government should consider similar measures as those used by the South Africans, for Canadian Indians, I move, seconded by the hon. member for Nunatsiaq (Mr. Ittinuar):

That this House establish a scholarship fund for remedial courses in race relations, humanity, morals, Christianity and native studies for the member for Winnipeg-Assiniboine.

* * *

NATIONAL ENERGY PROGRAM

SUGGESTION MINISTER BE BANNED FROM COMMONS—MOTION UNDER S.O. 43

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, given that the Minister of Energy, Mines and Resources (Mr. Lalonde) is now bragging about his attempts to woo investors from Kuwait, Saudi Arabia and France, to invest their oil profits in Canada in order, quoting the minister, "to create jobs and perk up the economy", yet for many months he has encouraged and applauded the flight of investment capital out of Canada, as in the decision of French-owned Elf-Aquitaine to sell their entire Canadian holdings to the Canada Development Corporation because, in their words, "the climate for investment is better in the United States than in Canada", I move, seconded by the hon. member for Portage-Marquette (Mr. Mayer):

That the Minister of Energy, Mines and Resources be banned from this House for his blatant hypocrisy and scurrilous deceit of the Canadian people by advocating Canadian ownership out of one side of his mouth and foreign investment by France and OPEC nations out of the opposite side.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ENERGY

SUGGESTED OPERATION OF ALSANDS PROJECT AS PUBLIC UTILITY—MOTION UNDER S.O. 43

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, I rise under Standing Order 43. Whereas Amoco and Chevron, two of the seven partners, have apparently withdrawn from the Alsands megaproject, and Shell, the main partner, is still unsatisfied with the proposed rate of return, I move, seconded by the hon. member for Humboldt-Lake Centre (Mr. Althouse):

That the Government of Canada not panic into a bad deal, that it should refuse to provide loan guarantees and a 20 per cent rate of return to private companies, and that instead Ottawa and the government of Alberta should together operate the project as a public utility. We do have cheaper alternatives. Therefore, we can either do it ourselves, thus ensuring that all the benefits go to the people of Canada, or we can pursue the alternatives, but we should not be blackmailed.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

SEARCH AND RESCUE

SUGGESTED STATIONING OF SUPER TUG ON EAST COAST—MOTION UNDER S.O. 43

Mr. Howard Crosby (Halifax West): Madam Speaker, I rise under Standing Order 43. Recent marine accidents on the Atlantic coast of Canada underline the need for a special tugboat capable of taking in tow ships like the *Euro Princess*, supertankers, and other very large vessels, to prevent marine disasters. Accordingly I move, seconded by the hon. member for Fundy-Royal (Mr. Corbett):

That this House direct the Minister of Transport to make available on the Canadian east coast a super tug that can rescue vessels in distress to prevent the loss of human life and environmental damage.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1415)

ORAL QUESTION PERIOD

[*English*]

ENERGY

FUTURE OF ALSANDS PROJECT

Mr. Harvie Andre (Calgary Centre): Madam Speaker, my question is for the Minister of Energy, Mines and Resources. It arises out of the announcement yesterday that Amoco and Chevron are withdrawing from the Alsands consortium. In April of 1980 this project was all ready to go, needing only government approval. Some 20 months later, after a national energy policy promising self-sufficiency by 1990, this project which is so vital to self-sufficiency is falling apart. Yet, according to press reports, the minister is neither surprised nor concerned.

Will the minister explain to the House whether this withdrawal of Amoco and Chevron is part of some grand plan, and can he explain this plan to the House? If not, could he tell the House what he is doing to get this project back on track and under way as soon as possible?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, in the last few weeks there have been discussions between the government of Alberta, the Government of Canada, and the partners in the Alsands project. The two governments have put forward an offer which we find fair and sufficient. However, it was recognized at the time of those discussions that obviously both governments could not necessarily make an offer that would meet the demands of the weakest partner in such a consortium.

We were trying to put forward an offer that would be satisfactory for the whole project. There is a limit to how much

the Canadian people should be asked to pay for this particular project. In that sense we are not surprised that those two companies have decided to withdraw from the consortium, and we are confident that the consortium will proceed, either through enlarged participation by the existing partners, or through new partners joining the consortium.

These discussions will carry on. It is my understanding that the consortium is supposed to meet shortly and review the situation among the remaining partners. We will see what they decide.

REQUEST FOR MINISTERIAL ASSURANCE

Mr. Harvie Andre (Calgary Centre): Madam Speaker, this project is not only vital to self-sufficiency, it is absolutely vital to Canada's economic development. Indeed, the Economic Council of Canada described the energy megaprojects as the only good thing the Canadian economy has going for it in the 1980s.

This two-year delay has already cost Canada untold billions of dollars and untold thousands of jobs. Sponsors indicate that unless an affirmative decision to go ahead is given by April they will have lost another construction season, another full year's delay.

In the interests of the billions of dollars that are being lost, and in the interests of the thousands of jobs which could be created by this project, will the Minister not commit to the House his assurance that this project will get under way as soon as possible so that another year is not lost while people walk the unemployment lines?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, both the government of Alberta and the Government of Canada have agreed on a proposal that we found fair.

Mr. Crosbie: It is not good enough.

Mr. Lalonde: It is up to the companies concerned to react, and we are awaiting their reaction at the present time. There is nothing the two governments can do now except to see what the private companies concerned will do.

Once again, I am sure that the hon. member would not be recommending a policy which would imply giving into any demand by those companies. There is a limit to what the taxpayers of Canada will be asked to contribute. It is up to the Government of Canada and the government of Alberta to protect the consumer and the Canadian people.

Mr. Clark: Some protection.

NECESSITY FOR COMMITMENT

Mr. Harvie Andre (Calgary Centre): Madam Speaker, who in the government is concerned about the thousands of Canadians who are unemployed because this project is delayed and held up?

Some hon. Members: Hear, hear!

Mr. Andre: Who in the government is concerned about the billions of dollars being lost? It is all well and good for the minister to stand in his place and say that he has to assure the people of Canada that he is doing the best job possible. The fact of the matter is that the people putting up the money are withdrawing, and this is costing the Canadian economy in general, and manufacturing and construction in particular, a fortune. It is affecting our balance of payments and interest rates.

Will the minister not make a commitment to the House to ensure that this vital project goes ahead? If he does not, we must start examining ways in which we will be able to control the social unrest in this country which will have a million unemployed throughout the entire 1980s?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I would repeat that for several months already it had been foreseen that some members of the consortium would not proceed with the project.

Mr. Crosbie: Why did you not act?

Mr. Lalonde: There is a limit to what we will ask the taxpayers of Canada to contribute and the governments of Alberta and Canada have taken a common position in this. We are both confident that the project will proceed. The consortium is to meet again in the next few weeks, and we will see what is the conclusion of those discussions.

As far as we are concerned, we are confident that the project will proceed on the basis of the generous offer which has been made by the two governments. However, there is a limit to what any particular company should be asking from the Canadian taxpayer.

• (1420)

GOVERNMENT TREATMENT OF INVESTORS

Mr. Jack Shields (Athabasca): Madam Speaker, my question is directed to the same minister. I suggest that there are also limits to what a government can do to an investing company in Canada.

The minister must surely realize that one of the reasons Amoco and Chevron have withdrawn from the Alsands consortium is the treatment by this government of Syncrude, Suncor, and the oil industry in general, with its national energy policy, broken promises, and retroactivity. He must realize that investor confidence in Canada is at an all-time low.

What assurance has the minister given to the Arabs and the French that this government can be trusted not to treat their investment in Canada any differently from the way it has treated other investment in the energy sector in Canada?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, as far as Suncor is concerned, it has been extremely happy with arrangements made and the treatment it has received under the National Energy Program

and the agreement we arrived at with the government of Alberta last year. I refer my hon. friend to the record of statements made by company officials at the time of the agreement. They were quite happy with the arrangement.

As far as Syncrude is concerned, I am also happy to inform my hon. friend that Syncrude has indicated that it is satisfied with the arrangement contained in the Canada-Alberta agreement in relation to financing and the price for its particular product. Therefore, I fail to see upon what my hon. friend is basing his question when he refers to Suncor or Syncrude. Both those companies are quite happy with their investments in this country. They feel they have made very good investments, and they are proceeding with their projects, so I think the introduction to the hon. member's question is completely without foundation.

POSSIBILITY OF INVESTMENT BY MIDDLE EAST AND FRENCH SOURCES

Mr. Jack Shields (Athabasca): Yes, Madam Speaker, Syncrude is so happy with its agreement and with the way it is being treated by this government that it has cancelled the second train of its project.

Is the reason the minister seems so unconcerned about the withdrawal of Chevron and Amoco from the Alsands consortium that he has commitments now in his pocket which he brought back from the Middle East? Are the Arabs now going to invest in the development of the oil sands? Are the French going to develop the oil sands? If so, can the minister explain to the House why French and Middle East investment in Canada's energy security is better or more desirable than American investment in our energy sector?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, there are clear rules in this country in relation to foreign investment, particularly in the energy field. We have said that between now and the end of this decade we want the oil and gas industry to be at least 50 per cent Canadian owned. We have taken clear steps in that direction. In the last year the result has been a reduction of foreign investment by 6 per cent. However, that being said, there is still room for foreign investment in this country from whatever country is interested in investing here, whether it be the United States, European countries, or other countries, but they will be subject to the rules decided by the people of Canada and the Government of Canada in the interests of the people of Canada.

Some hon. Members: Hear, hear!

Mr. Lalonde: Whether money comes from France, the United States, an OPEC nation or any other nation, provided the investor abides by the rules established by the government of this country for the protection of Canadians and to ensure that the industry will be controlled by Canadians, that investment will be welcome.

Oral Questions

EXTERNAL AFFAIRS

EL SALVADOR—EFFECT OF TERRORISM ON POSSIBILITY OF HOLDING DEMOCRATIC ELECTIONS

Mr. Edward Broadbent (Oshawa): Madam Speaker, my question is directed to the Secretary of State for External Affairs and concerns the government's stated commitment to the view that democratic elections in El Salvador are now possible. The question arises from news at the weekend that government troops went into a suburb of San Salvador and murdered some 20 youths as a demonstration of terrorist tactics. Amongst the youths were a number of pre-adolescents.

● (1425)

Considering this most recent barbaric act, and considering that all-party delegations from Canada's parliament that have looked into the situation do not believe that democratic elections are possible in this circumstance, is the minister now prepared to change government policy and acknowledge that terrorism is no foundation for democratic elections and that peaceful negotiations, leading to the abolition of violence, are an essential condition at this time, before elections?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, these were terrible events that took place over the weekend in El Salvador. We condemn them, as we have condemned all such events. We have asked the government of El Salvador for an explanation. As the hon. member knows, there was some dispute about the facts. We would like to ascertain who is responsible. The events speak for themselves; they are too horrible to contemplate.

With respect to the question of elections in El Salvador, if we are speaking in the ideal, and we certainly would prefer to do so, as would the hon. member, we would want to see much better conditions for elections in El Salvador. In fact, through our initiative we tried to change the conditions that prevail in that country. We were turned down by the rebel forces very clearly in their response, and somewhat more ambiguously by the government which said the rebels would not accept it so it would not work. In any event, we did not succeed in changing the course of events in that country. We are seriously considering whether, in the circumstances, we should in any way participate in the election campaign in that country through observers or in any other fashion.

SUPPLYING OF ARMS BY THE UNITED STATES

Mr. Edward Broadbent (Oshawa): Madam Speaker, the minister knows and certainly the Presidents of Mexico and France, and most other western European nations which have involved themselves know, that those he describes as rebels are in fact prepared to have a negotiated settlement. It is the junta that is turning down negotiations, not the so-called rebel forces.

I should like to ask a related question. Yesterday we learned that the United States government has made a decision to increase its military involvement in El Salvador rather signifi-

cantly. This can have no other effect than to further prop up the junta which was responsible for the murders on the weekend. Just the other day I received a copy of a letter from the Prime Minister in which he said, and I quote:

> On the supply of arms to Guatemala and El Salvador . . . we have frequently expressed our opposition and have done so vigorously . . .

On behalf of the vast majority of Canadians who want to see a peaceful solution to the terrible situation in El Salvador, will the minister now implement what the prime minister committed himself to, and condemn the recent increase in the supply of arms by the United States to El Salvador?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, the hon. member invoked the positions of Mexico and France. I am sure he knows that those positions were very strongly rejected by the Organization of American States by a very heavy vote. We prefer to be guided in our foreign policy by the kind of information we receive from the countries and regions such as Venezuela, which I recently visited.

The hon. member knows that while he claims the rebels may want to negotiate a settlement, the one thing they feel they cannot accept is an election. We wonder why that should be the case, Madam Speaker.

In any event, to come to the heart of the hon. member's question, we will certainly indicate again to the United States our opposition to the supply of arms from any source to either side in El Salvador.

Mr. Crosbie: Don't blink when you are doing it.

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EXTERNAL AFFAIRS

McDOUGALL REPORT ON CONDITIONS IN FOREIGN SERVICE—GOVERNMENT POSITION

Hon. John C. Crosbie (St. John's West): Madam Speaker, my question is also directed to the Secretary of State for External Affairs. The Prime Minister appointed Miss McDougall to do a study of our foreign service because of the dissatisfaction prevalent in it. Last December her report was made public. She found a crisis of identity, of confidence, in the ranks of the foreign service that required positive counteraction. She found a profound malaise and a communication gap between posts and headquarters, and a failure of management.

● (1430)

To date neither the Prime Minister nor the Secretary of State for External Affairs have made any statement on the report, even when the Prime Minister announced the reorganization of January 12. What is the response of the government to these startling findings? What action will be taken to carry out the recommendations? Will the foreign service be restored to proper management? Will its personnel be given the conditions under which they can perform to their capabilities? This is the service for which the minister is responsible. What is he doing about this devastating indictment of the management of External Affairs?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, the McDougall report was commissioned by the Prime Minister. It will be the Prime Minister who makes any statements in direct response to it.

Some hon. Members: Oh, oh!

Mr. MacGuigan: I can tell the hon. member that the large-scale reorganization announced recently which affects my department is indeed a partial response to those recommendations, and that there is an interdepartmental committee which is working very actively to deal with all details of the report. But it is important to recognize, as I stated in the House before, that Miss McDougall, in presenting her report, said that it was in effect a minority report—it detailed the bad and not the good—and that over-all morale in the department was high and efficiency was very great.

Miss MacDonald: What do you mean by "a minority report"?

REQUEST THAT REPORT BE REFERRED TO STANDING COMMITTEE

Hon. John C. Crosbie (St. John's West): Madam Speaker, the Prime Minister said that there was dissatisfaction in the ranks of the foreign service, and Miss McDougall confirmed it. The minister's department is reported to suffer from a failure of management and these people are characterized as demoralized, mistrustful and frustrated. This is the minister's department, not the Prime Minister's department.

The minister is responsible day by day for this department. When will the minister act to change these findings? Will he agree that this report be referred to the House of Commons Standing Committee on External Affairs and National Defence as Miss McDougall recommended, so that we can monitor his progress in carrying out the recommendations? Does he agree with that? Will he give our External Affairs people a chance to perform as they have the ability to perform, given proper leadership and management? When will he do that? When will he take this indictment seriously? Never mind the Prime Minister; if he is too busy to do anything, the minister must do it.

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, perhaps I may help the hon. member with a simple distinction. The Prime Minister is responsible for the report. I am responsible for the department. I am very happy to answer any questions on the department, but as to referring the report to a parliamentary committee, that would be for the Prime Minister to decide.

The hon. member knows that there are many chances in a parliamentary committee to ask questions about the report, especially about the morale of the department. Nobody denies

that there are some problems in the morale of the foreign service. As the hon. member said, that was the point of the report, but the author of the report said that despite the fact there are problems, the over-all morale was good.

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EXTERNAL AFFAIRS

EL SALVADOR—REQUEST THAT MINISTER CONSIDER COMMITTEE RECOMMENDATIONS

Mr. Bob Ogle (Saskatoon East): Madam Speaker, my question is supplementary to the one asked by the hon. member for Oshawa; and it is also directed to the Secretary of State for External Affairs. I am frustrated with the government's position on the El Salvador question. Last week members of the House visited refugee camps in Costa Rica, and our committee recommendations were given in December.

Some hon. Members: Question! Question!

Mr. Ogle: Our recommendations given in December were confirmed by our experience of the last two weeks in that part of the world. I plead with the minister. Will he seriously look at the recommendations which we gave in December and reconsider the Canadian position on that seriously troubled part of the world?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, I hope the hon. member knows that we take very seriously his views and the views of other Members of Parliament. We do not have to reconsider our policy because it has been to keep the situation under constant review. We are not pleased about the situation in El Salvador. We are not pleased about the prospects of having the kind of election we would like to see happen. Because of that we are considering whether or not we should give the election which will take place there the moral support we might give by participating in it. If the hon. member was in Latin America last week with the committee, he knows that the foreign minister of the neighbouring democracy, Costa Rica, urged the committee to give all possible support to the election in El Salvador. He is in a pretty good position to give advice to the world as well.

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EXTERNAL AFFAIRS

McDOUGALL REPORT—QUERY RESPECTING DEPARTMENTAL REORGANIZATION

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, my question is supplementary to the one asked by the hon. member for St. John's West, and it is also directed to the Secretary of State for External Affairs. I suppose we can assume that the minister has read the McDougall report, in particular Recommendation No. 44. For the benefit of the House, it reads as follows:

> Concrete steps be taken to correct the widely held view that those in positions of power consider the activities and the product of the foreign service as largely irrelevant to federal government or Canadian objectives.

I wonder whether the minister is aware of that. Does he consider that the steps announced by the Prime Minister on January 12 are, in effect, in the Prime Minister's mind or in the minister's mind, an answer to that particular criticism?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, I assure the hon. member that indeed that kind of consideration was very much in the government's mind in the reorganization which took place. If there was any doubt about the relevance of External Affairs, it was certainly answered by the change, which had at least two effects. Making External Affairs in its new broad sense an economic department as well as a political department in a direct way, gives it a larger role in the Canadian scene and also enables it to represent a wider range of Canadian interests abroad. Of course the people who represent us in the department are the first to understand the significance of the change.

ROLE OF MINISTER

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, the minister will recall that on January 12 the Prime Minister said that he was creating a triumvirate of equals—himself, the minister who was formerly responsible for DREE, and the minister responsible for international trade—this tricephalous monster. I am not sure whether the Secretary of State for External Affairs understands what role he plays in that hierarchy. Could the minister expand on his particular role in that grouping? The Prime Minister said that he asked the former minister for DREE "specifically to take on as an assignment the development of a strategy of our relations with foreign countries." What role does the Secretary of State for External Affairs play in this particular hierarchy?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, the hon. member should read the whole of what the Prime Minister said or, if he has read it, he should quote the whole of it. I am very pleased to be associated with two outstanding colleagues in this responsibility.

Mr. Crosbie: You need them.

Mr. MacGuigan: I assure the hon. member and the House that the concerns of the Minister of State for External Relations are primarily in the area of francophone, cultural and humanitarian affairs. If the hon. member will read and quote the whole of what the Prime Minister said, I think he will find the answer to his own question.

Mr. Epp: What do you do?

Mr. La Salle: Nothing.

Mr. MacGuigan: I have the same role that I had previously, and it embraces the department.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

* * *

AGRICULTURE

MINISTER'S STATEMENT ON CANADA'S ROLE AS WORLD FOOD SUPPLIER

Mr. Arnold Malone (Crowfoot): Madam Speaker, I welcome the Minister of Agriculture back from Crowfoot; I hope he appreciates his task. My question directed to him is with respect to a speech he made in Peterborough last Friday wherein he was quoted as saying that "the world's need for food will make Canada a world power by the turn of the century." In view of the fact that we presently import 40 per cent of our winter food dollar, that other than grain Canada is a net importer of food, and that Canada is losing 200,000 acres per decade of good, prime agricultural land, how can the minister, who has taken no initiative in terms of the preservation of agricultural farmland in Canada—and all our land could be gone by the year 2014—make a statement that we will be a world power in food, when the only source of food other than water could be destroyed early in the next century?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, I cannot understand how one can be so pessimistic after coming from the first ministers' meeting and listening to the premier of his province being so optimistic about the future of the great province of Alberta.

• (1440)

Land is a resource that belongs to the provinces. They have control of it. We know through our research and technology that land can be preserved and conserved in a manner whereby the productivity of this land can increase three quarters by the year 2000. It must do that. I would suggest to the hon. member that, if he wants to do something, he could go to the station at Lacombe or the substation at Vegreville; he could go to Lethbridge or to Swift Current and talk to some of the people there who are also concerned about the land. We have the technology and the scientific knowledge needed to make the land productive and stay productive as long as we want it to do so.

Mr. Nielsen: The land is strong.

Mr. Whelan: We are optimistic. I do not think there is another country in the world that has the potential for agricultural development that we have here in Canada.

Some hon. Members: Hear, hear!

LAND CLASSIFICATION MAPPING SYSTEM

Mr. Arnold Malone (Crowfoot): Madam Speaker, that answer would turn the minister's hat green. I would like to point out to the minister that the Premier of Alberta is optimistic because he is a Conservative.

Some hon. Members: Hear, hear!

Mr. Malone: Bearing in mind that we are presently losing between 30 and 40 acres of agricultural land in Ontario per hour, and over the last few years the province of Alberta has lost 60,000 acres per year, why is it that for 20 years the minister's department has not come forward with a classification mapping system? The minister's department has embarked on it. Without that mapping system a land-use policy system cannot exist, and the government is dilly-dallying and toying around. That classification is not ready, and it is essential and incumbent if we are to have a land utilization policy across the nation. When will the system be ready?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the hon. member talks about the land and how much is being lost. Is the hon. member recommending that the land, as a resource, be turned over to the federal authorities so we can manage it?

Some hon. Members: No.

Mr. Whelan: Is that what he is suggesting?

Some hon. Members: No.

Mr. Whelan: The land is under provincial government management right now, and the hon. member should know that. When the hon. member talks about land use and how much land we are losing through industrial and urban encroachment, that is strictly a provincial responsibility. It is not under federal authority to tell the provinces what to do with the land and what they cannot do. We can recommend. We have done that.

The hon. member talked about the land-use maps and the maps that we have for soils in Canada. Our maps are one of the most complete sets of maps there are. I would ask the hon. member to compare ours with any other nation in the world.

The agri-food policy that we have presented for the next 20 years, to feed six billion people by the year 2000, shows that there is land that we can work and develop with the help of our researchers. In northern Ontario and Quebec there are 24 million acres that will provide forage for livestock, and vegetable oil seed such as canola seeds that will provide protein for Canadians and many other millions of people all over the world.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

NUCLEAR ENERGY

QUERY RESPECTING REACTOR CONTRACT OFFERED TO MEXICO

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, my question is for the Minister of Energy, Mines and Resources. According to recent reports in *La Presse* and The *Globe and Mail*, the cabinet's economic development committee has been the green light to yet another massive bailout to Canada's nuclear industry. This bailout involves massive financing subsidies for potential foreign buyers. It will also involve a subsidy program here in Canada designed to entice the provinces into building reactors to export electricity to the United States.

The February 1 deadline for bids on the Mexican reactor deal has now passed, and whatever our offer to the Mexicans happens to be, it must have been tendered. At a time when Canadians are being asked to spend 20 per cent on mortgages, does our sales pitch include concessional financing at or near 7.5 per cent to 8 per cent as our competitors are bidding on the same reactor deal?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, first of all I would like to assure the hon. member that the figures he is mentioning at best are very much hypothetical. We do not know what our competitors are proposing as concessional financing. We do not intend to tell our competitors what our offer is. This is a competition with several other countries in order to get the contract that will create several tens of thousands of jobs and, man-years for Canadians, over the next few years. This is a very important contract. It means jobs for Canadians. We intend to try to meet the competition. The exact financing arrangements will be known if and when Canada gets the contract in question.

As far as the particular concessional financing is concerned, I remind my hon. friend that there is a general rule for exports from Canada of all kinds of products ranging from automobiles to locomotives and various other kinds of manufactured products. In order to ensure that Canadians are going to sell goods abroad and create jobs in this country, we have to make arrangements to meet the competition. There is nothing special with Candu reactors compared to any other product that we are selling abroad. Our job is to sell Canadian goods abroad and we are going to take the means to do it.

JUSTIFICATION FOR DOMESTIC POLICY

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, it is very interesting that every time a question relating to the nuclear industry is raised it is always shrouded in secrecy. The public has a right to know about the billions we have already spent and the billions we intend to give away to foreign competitors on what I call the nuclear-electrical lunacy in which we are involved.

Some hon. Members: Hear, hear!

Mr. Rose: I think it is about time people did know about those things. As far as job creation is concerned, the minister knows that it takes $22,000 to create a job in manufacturing. It takes about $173,000, or eight times that much to create one job in the nuclear field or in the electrical utilities area in Canada. Why are we not moving in that direction?

Finally, how can the minister justify a policy to locate Candu reactors throughout Canada with all their attendent risks as well as all of the unsolved problems in the matter of waste disposal, and subsidize the building of these reactors so that Canada takes all the risks with respect to possible accidents and the U.S. gets all the power benefits?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I am afraid the lunacy is in the hon. member's mind.

Some hon. Members: Oh, oh!

Mr. Crosbie: Mad Marc.

Mr. Lalonde: Whether it is in the sale of cars, the sale of locomotives, the sale of Candu reactors or the sale of any other product manufactured in this country, we are engaged in tough competition on world markets with other countries. Before bids are opened and contracts awarded, it would be stupid to announce what our proposal is. This is the infancy of the art. For my hon. friend to make such statements that this matter is shrouded in secrecy is a lot of nonsense. It is standard business practice around the world, and I suggest the hon. member go back to square one.

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[*Translation*]

HAZARDOUS SUBSTANCES

UREA FORMALDEHYDE FOAM INSULATION—DISCUSSIONS WITH PROVINCES AND MANUFACTURERS CONCERNING DEADLINES

Mr. Jean-Guy Dubois (Lotbinière): Madam Speaker, my question is directed to the Minister of Consumer and Corporate Affairs and concerns urea formaldehyde foam. In view of the program announced by the federal government before the Christmas holidays, I should like to know whether the minister has continued his discussions with the provinces, and more specifically with Quebec, regarding this problem and also whether discussions have continued with the manufacturers. Regarding the extension of the time limit for UFFI victims who want to take legal action against the government or other agencies, has the Government of Canada taken the position that it will extend the time limit for any legal action?

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, regarding the first part of the hon. member's question, I am very pleased to be able to confirm that our discussions with the provinces and with the industry itself are continuing. Unfortunately, results are not as good as we would have wished. As for the time limit, I can inform the hon. member that, first of all, any payment made to the owner

of a home with UFFI will not deprive that person of legal recourse against the governments in question, and second, as far as the time limit is concerned, I can assure him that the legislation to be passed by the Quebec National Assembly will have the same consequences for both the Canadian and the Quebec governments.

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AIRPORTS

TRANSFER OF CERTAIN COMMERCIAL FLIGHTS FROM DORVAL TO MIRABEL

Hon. Roch La Salle (Joliette): Madam Speaker, my question is directed to the Minister of Transport. For a long time people have been talking about Mirabel, its economic situation and the need for a study in order to transfer certain services from Dorval to Mirabel, and it seems that last week, 33 local mayors met to make a clear recommendation to the minister regarding the transfer of commercial flights from Dorval to Mirabel. After all this time and all these studies, can the minister tell us what answer he is going to give the mayors, after consultation?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, first I should like to point out that 33 mayors may be in favour of the action described but there are thirty-three on the other side who are against. This is one of those very local North-South conflicts.

In any case, Madam Speaker, I can inform the hon. member that we are past the study stage, since I am now busy trying to get a consensus among some of my colleagues, and I intend to go before cabinet quite soon in order to obtain an opinion from my colleagues, which will then be discussed with the parties concerned. That is as far as we are right now. I shall try to get this consensus as quickly as possible.

REQUEST FOR DECISION ON NORDAIR CASE

Hon. Roch La Salle (Joliette): Madam Speaker, I have a supplementary question for the minister. Since the first group of 33 mayors indicated that they wanted to meet him, could the minister tell us whether he intends to invite the 33 others, and so organize a meeting of all the mayors concerned by this development—I suppose the minister would like to see Mirabel more productive than it is now—and, with leave, I would also ask the minister—this will not take much longer—whether he has forgotten or lost the Nordair file?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I shall attempt to explain to the hon. member what I was trying to say. I am now trying to get a consensus among the members of this side of the House, and more specifically, the cabinet members. I feel this is important if I am subsequently to have discussions with the parties concerned. If I do so on the basis of my own personal opinions, I think it would be a waste of time, since I will not necessarily be able to sell my own position to my colleagues. Regarding Nordair, and I have said this often enough, this summer we had an offer that was accepted by the majority of the people who are directly concerned, and at the last minute, the government of Quebec decided to intervene and put up $15 million in order to influence the deal. In other words, we had reached an agreement that was economically sound but was not acceptable politically to the government of Quebec.

* * *

● (1450)

[*English*]

PENSIONS

EFFECT OF BUDGET RESOLUTION

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madame Speaker, my question is for the Minister of National Health and Welfare. Last night the Minister of Veterans Affairs stated veterans pensions are to be exempt from Resolution 53 of the budget which makes certain pensions taxable. Can the minister inform the House if she has been as successful as the Minister of Veterans Affairs in having pensions from her department exempted?

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, perhaps the hon. member could be more explicit. I am sorry but I quite fail to understand what he means.

[*English*]

REQUEST THAT INFORMATION BE PROVIDED

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, that answer indicates we have a very serious problem. The Minister of Veterans Affairs has informed himself on which pensions will be affected by Resolution 53. Certain pensions payable by her department will now be taxable under this resolution. If the minister is not familiar with this, will she please find out and advise the House which pensions from her department are now going to be taxable?

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): Yes, Madam Speaker.

[*English*]

ENERGY

CONSTRUCTION OF PETROSAR VACUUM DISTILLATION UNIT

Hon. Bud Cullen (Sarnia-Lambton): Madam Speaker, my question is for the Minister of Energy, Mines and Resources. Given the announcement this morning by Petrosar that it will attempt to meet both the federal and Alberta governments' requirements to upgrade residual fuel oil by construction of a vacuum distillation unit only, and not the larger units initially indicated, is the minister satisfied that Petrosar can meet their commitments with this unit and, if not, will he agree to meet personally with Petrosar and Polysar officials to help with the ultimate solution?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, extensive discussions took place over a year ago with Petrosar in order to arrive at an arrangement which would very substantially reduce the production of heavy oil at their refinery. They gave a commitment at that time to take certain steps to achieve this objective. My officials are now in touch with them in order to check whether the new approach they are proposing will enable them to meet their commitments.

I want to assure my hon. friend that we are following this case very, very carefully and, if necessary, I will meet with Petrosar officials, but in the meantime consultations are currently taking place and we want to make sure Petrosar will live up to its commitments.

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FREEDOM OF INFORMATION

GOVERNMENT POSITION ON LEGISLATION

Mr. Svend J. Robinson (Burnaby): Madam Speaker, my question is for the Minister of Communications responsible for freedom of information legislation. Several days ago he was quoted as saying it was no longer a government priority that this long overdue legislation, promised in the Speech from the Throne and essential in a democratic society, be passed in this session of Parliament.

In view of the fact that the Justice and Legal Affairs Committee had nearly completed clause by clause study of the bill when the minister refused to appear further, will he now assure the House that this important bill, substantially amended after strong criticism by many witnesses, will indeed come back to that committee before the end of the current session, or will he allow the bureaucrats to triumph and let the bill die?

[*Translation*]

Hon. Francis Fox (Minister of Communications): The hon. member knows that I cannot answer his question with a yes or no at this time.

At the unanimous request of the attorneys general of the provinces, Madam Speaker, we have decided to consider the concerns they raised. Following this expression of concern, there was an initial meeting of the officials of the Privy Council, who are helping me with the formulation and preparation of this bill, with officials of the provinces.

Another conference of provincial attorneys general is scheduled shortly—I believe for February 8 and 9 or 9 and 10—and if I understood correctly, a report on the entire question of freedom of information will be made at that conference. Following the conference, I shall be reporting to my cabinet colleagues on the position taken by the provinces, and the decision will be made at that time.

[*English*]

OBJECTIONS BY PROVINCIAL ATTORNEYS GENERAL

Mr. Svend J. Robinson (Burnaby): Madam Speaker, the minister knows very well that the objections raised by some, not all, of the provincial attorneys general, were first raised over a year ago. They were repeated in a letter signed by Roy McMurtry in June, and again at an attorneys general conference in October.

Why is the minister now all of a sudden deciding that these objections are serious enough possibly to kill the bill? Is it not a fact that this is just a phony excuse to keep the doors of government shut and effectively kill this legislation in this session?

Hon. Francis Fox (Minister of Communications): Madam Speaker, I would just like to remind the hon. member that it is the Attorney General of Saskatchewan, Mr. Romanow, who is of the same political persuasion as the hon. member, who wrote to me on behalf of all the attorneys general of the provinces bringing their concerns to my attention. Following that letter, at their request, I appeared in front of a meeting of the provincial attorneys general, and all those present—

Mr. Robinson (Burnaby): Not Manitoba.

Mr. Fox: —with the sole exception of the Attorney General of Manitoba—

Mr. Waddell: Why not?

Mr. Fox: —who was not prepared to take a position on the matter at the time because he was only recently appointed. All those present, including Mr. Romanow, asked me to take under consideration a number of their concerns. Obviously, Madam Speaker, if the attorneys general of the provinces, who are responsible for the administration of justice within their provinces, ask us to take into account a number of concerns they have with our bill, any responsible government would wish to do so.

Order Paper Questions

• (1500)

ROUTINE PROCEEDINGS

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 2,375, 3,049, 3,053, 3,489, 3,545 and 3,663.

[*Text*]

EVALUATION STUDY ON CORE FUNDING PROGRAM

Question No. 2,375—**Mr. Cossitt:**

1. Is the Core funding program for native associations presently under evaluation and, if so, were a number of consulting firms asked to bid on an evaluation study?

2. Did one consulting firm submit a proposal considered the best by four independent assessors and, if so, was the amount of the bid $95,000 and, if not, what was the amount?

3. Did the Department of the Secretary of State subsequently receive pressure to alter the terms of reference after the bids were received and to award the contract to another firm in the amount of approximately $139,000?

4. Were the terms of reference altered and, if so (a) for what reason were competitive bids called (b) were political considerations involved and, if so, what were they (c) what was the justification for a larger expenditure of taxpayer funds than may have been necessary?

5. Were there irregularities in the bidding process and, if so, were they made known to the Treasury Board or to responsible financial comptrollers in the department and, if not, for what reason?

6. (a) Was a $139,000 bid received from Hickling-Johnson (b) did the government give final approval to the bid and, if not, will the matter be investigated before it proceeds further?

7. What was the name and address of each bidder and the amount involved?

Hon. Gerald Regan (Secretary of State): 1. Yes. Six invitations to bid on an evaluation study were issued.

2. One of the four valid tenders received was recommended as most cost effective during a first review carried out by a team of three independent assessors. See reply to parts 6 and 7.

3. No. An advisory committee to the evaluation study, which included representatives from the three national native organizations, recommended that non-Core funded associations should also be part of the study sample. Although the tender call had not included non-Core funded associations the possibility of an expanded study sample was discussed at the bidders' conference. One firm included non-Core funded associations in their proposed sample. See reply to parts 6 and 7.

4. No. (a), (b) and (c) Not applicable.

5. There were no irregularities in the bidding process. The contractor selection process yielded two incompatible recommendations. One firm, with the lowest dollar bid, was recommended by a technical review committee. Another firm, with a higher bid and an enlarged study sample, was recommended by the advisory committee. The department was not prepared to ignore the advice of the advisory committee; nor could it ignore the technically acceptable lower bid. In view of the situation and the passage of time, the decision was not to proceed with a contract for the full study at this time.

6 and 7. The disclosure of information contained in bids which have not resulted in a contract would prejudice the competitive position of the companies and therefore the requested information regarding name, address and amount involved in each bid is not provided.

RELOCATION OF DVA

Question No. 3,049—**Mr. McKenzie:**

1. With reference to section 10.6 of the 1980 Report of the Auditor General (a) what is the exact relocation schedule and is the schedule progressing as planned (b) for each phase of the relocation, how many persons are involved?

2. (a) What is the retraining schedule for the 80 per cent of new employees required to fill the positions of those unwilling to relocate to Charlottetown (b) is the Department of Veterans Affairs currently hiring people who are guaranteeing that they will relocate (c) what percentage of those presently being hired are guaranteeing that they will relocate?

3. What is the total updated cost of relocation, including physical construction, relocation of personnel and the aggregate costs of retaining staff?

4. What is the percentage and what is the make-up of the departmental personnel that will remain in Ottawa?

5. (a) Which records will go to Charlottetown (b) is there adequate means of record communication between Charlottetown and Ottawa?

6. (a) What percentage of departmental record-keeping is computerized (b) what percentage of the record computerization is made up by (i) Canadian Pension Commission (ii) Pension Review Board (iii) Entitlement Board (iv) Pension Advocate Bureau records (c) are these computer systems being expanded or reduced in scope and use (d) what are the future plans of the department with respect to computerization (e) is it felt that computerization enhances or detracts from the Department's efficiency and effectiveness?

Hon. W. Bennett Campbell (Minister of Veterans Affairs): 1. (a) and (b) Yes.

	1979	1980	1981	1982	1983	Total 1979-1983
Department of Veterans Affairs	27	109	164	163	45	508
Canadian Pension Commission	0	0	0	0	210	210
Bureau of Pensions Advocates	0	0	0	0	23	23
Pension Review Board	0	0	0	0	22	22
War Veterans Allowance Board	0	33	0	0	0	33
	27	142	164	163	300	796

2. (a) Training begins upon appointment for a period based on the experience, knowledge, skills and abilities that the successful candidate possesses.

(b) Yes.

(c) 100 per cent—where willingness to relocate is stated as a condition of employment.

3. $35,814,500 (excluding construction—1980 dollars). $16,500,000 (Department of Public Works construction costs—1979 dollars).

4. 4 per cent to 5 per cent consisting of a senior executive in charge of national capital operations which include a

secretariat, a correspondence section, a public affairs section, support staff for a deputy minister's NCR office.

5. (a) All active pension case files (veterans), all active subject files as well as the closed volumes which have a high rate of retrieval.

(b) Yes.

6. (a) The preparation of client cheques and related statistics has been completely computerized and operated on behalf of Veterans Affairs by the Department of Supply and Services.

41.3 per cent of these relate to WVA/CWA benefits (93,298 recipients as at October 31, 1981) and 58.7 per cent of these relate to CPC benefits (132,401 clients as at October 31, 1981).

Computerized Client Database Records contain information on 100 per cent of clients.

(b) (i) There are 132,401 pensioners out of a total of 225,699 individuals in the Database.

(ii) Pension Review Board—Nil. However, the Pension Review Board has access to the basic data held on pensioners.

(iii) Entitlement Boards—There are computerized records on all the "current" files which represent client cases under active consideration; computerized records are held on all the current year's completed action file, and on all the previous five years' completed actions. Information reports derived from these records are available for use by the staff of the Canadian Pension Commission.

(iv) Bureau of Pensions Advocates—100 per cent of clients who have approached an advocate or representative for advice, counselling, or preparation of pension applications or modification.

(c) An extensive program is under way to replace and expand the existing computer programs in Veterans Affairs. Up-to-date technology is being applied in this process. The end result will be that Veterans Affairs staff will be able to use computer systems directly through the use of terminals in support of their work.

(d) The plans of the department in the area of computerization include:

Systems that support War Veterans Allowances, Civilian War Allowances established in all district and regional offices of the Veterans Services program.

Systems that support File Registry Operations established in field and head office registries.

An extended system for payment and accounting of disability pensions to replace the existing payment system.

The development of an extended system for the Canadian Pension Commission to assist in the monitoring and control of all its client related activities.

The development of extensions to the Personnel Management Information System to provide access and update capability to Veterans Affairs field units.

(e) Computerization is an essential component of Veterans Affairs' long-range program of management and operational improvement and modernization. It will play a significant role in improving the department's efficiency and effectiveness.

PERFORMANCE INFORMATION IN ANNUAL REPORT

Question No. 3,053—**Mr. McKenzie:**

With reference to section 10.28 of the 1980 Report of the Auditor General (a) is the Department of Veterans Affairs preparing to include performance and organizational information and more extensive statements describing expenditures and transfer payments for its next annual report (b) what indices is the department considering for use to measure performance other than those it already uses?

Hon. W. Bennett Campbell (Minister of Veterans Affairs): (a) The annual report presents extensive information on the organization. It also includes detailed information (with charts) on transfer payments. Performance information is not presented in the annual report and will not be included in our next annual report.

However, the portfolio is participating in the reform of the main estimates for 1982/83. This document will include extensive information on transfer payments and expenditures in the organization. Information on performance will be integral to that report.

(b) For efficiency indices the department is considering outputs such as War Veterans Allowance applications processed, maintenance of War Veterans Allowance accounts, cases handled by counsellors, and payment of suppliers' invoices for health treatment.

SUMMARY TRIAL AND COURT MARTIAL

Question No. 3,489—**Mr. McKinnon:**

1. Did the Department of National Defence hold a summary trial of Private Alan Tremblay and, if so, what was the (a) charge (b) sentence?

2. Was Corporal Hoffman tried by the department and, if so (a) was it a summary trial or a court martial (b) what was the (i) charge (ii) sentence?

Hon. J. Gilles Lamontagne (Minister of National Defence): 1. Details surrounding a summary trial cannot be made public without the express consent of the party involved, in accordance with subsection 52(2) of the Human Rights Act.

2. Yes.

(a) Corporal WJR Hoffman was tried by court martial on June 1, 1981.

(b) (i) four charges under section 120 of the National Defence Act: "Trafficking in a substance held out by him to be a narcotic, contrary to section 4(1) of the Narcotic Control Act"; and one charge under section 120 of the National Defence Act: "possession of a narcotic contrary to section 3(1) of the Narcotic Control Act".

(ii) he was found guilty on all charges and was sentenced to: two years less one day imprisonment, dismissal from Her Majesty's service and reduction in rank to the rank of private. He appealed the severity of the sentence and as a result of that

appeal the punishment of imprisonment was mitigated to 12 months. The punishment of dismissal from Her Majesty's service was approved.

COST TO GOVERNMENT OF TELEPHONE OPERATIONS

Question No. 3,545—**Mr. Cossitt:**

1. With reference to the answer to question No. 3,142 which states in part that the cost of government long distance telephone calls during 1980-81 over and above those made on regular government-leased lines was $26,325,000, what was the total cost to the government of all telephone operations for the period of time involved and, of this amount, what figure applies to all lines leased by the government?

2. What are the names of all telephone companies from whom the government leases lines and what was the amount paid to each company for the period of time involved?

Mr. Jack Masters (Parliamentary Secretary to Minister of Communications): In so far as the Department of Communications is concerned, the reply to the above question is as follows:

1. As reported in the Annual Review of Telecommunications in the Government of Canada, 1980/81, total operational telecommunications expenditures for voice intercity and local telephone services for the period of time involved was $117,832,000.

Of this amount, the total federal government expenditure for leased lines is not uniquely identified by the financial coding system and is, therefore, not available. The coding system provides for the identification of this expenditure item at individual departmental levels only.

2. As noted above, this information is not available at the aggregate level for the government. The following information lists the names of telephone companies from which the government telecommunications agency leases lines and the amounts paid to them by the agency for the period of time involved.

Trans-Canada Telephone Systems. GTA receives summary billings from TCTS, for lines leased from the following Companies:

	($000) 1980-81
Bell Canada	
British Columbia Telephone Company	
Maritime Telegraph & Telephone Company Ltd	
Manitoba Telephone System	
New Brunswick Telephone Co. Ltd	
Alberta Government Telephones	
Newfoundland Telephone Company Ltd	
Island Telephone Company Ltd	
Saskatchewan Telecommunications	
Terra Nova Telephone Company	
Edmonton Telephones	
Total TCTS	$40,625.
CNCP Telecommunications	$ 6,130.
Other (Québec-Téléphone; Télébec Ltée; Northern Telephone Limited; AT & T Long Lines; New York Telephone and C & P Telephone)	630.
Total	$47,385.

DIRECTOR OF SECURITY FOR PARLIAMENT BUILDINGS

Question No. 3,663—**Mr. Cossitt:**

1. Is the government aware that a position as a deputy director of security for the Parliament Buildings has been advertised and that the duties consist in part of "investigation of criminal offences within the House"?

2. Did the Solicitor General or any department make a recommendation to any person connected with the House of Commons for the hiring of such a staff member and, if so, what are the "criminal offences" within the House that are envisaged?

3. Is it government policy that such reflections on Members of Parliament and their staffs be made?

Hon. Yvon Pinard (President of the Privy Council): 1, 2 and 3. Except for the most senior positions in the House of Commons establishment, all appointments are the responsibility of the Speaker. Any questions about advertising or filling such positions must be directed to the Speaker.

[*English*]

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

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered.

Mr. McKinnon: Madam Speaker, I am very pleased that the parliamentary secretary has been able to get the answer to a very difficult question, No. 3,489, on my behalf. That question was put on the Order Paper on November 26.

I am curious why I have never received an answer to a very simple question I put on the Order Paper on June 1. It simply asks: "What was the increase in real terms in the Department of National Defence's expenditures, including statutory costs and expressed in percentages, for each fiscal year, 1970-71 to 1979-80?" If we had a more knowledgeable Minister of National Defence I would be prepared to ask it as an oral question. It is so simple that it should be answered in ten minutes. I would like to know why it has taken some seven months.

Mr. Smith: Madam Speaker, I will make inquiries on behalf of the hon. member.

Mr. Paproski: How about, 2,214?

Madam Speaker: Shall the remaining questions stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

FARM CREDIT ACT
FARM LOANS INTEREST REBATE ACT

MEASURE TO AMEND—MEASURE TO ESTABLISH

The House resumed from Monday, February 1, consideration of the motion of Mr. Whelan that Bill C-88, respecting loans to farmers, be read the second time and referred to the Standing Committee on Agriculture.

Mr. Murray Cardiff (Huron-Bruce): Mr. Speaker, I am very pleased to continue my speech on Bill C-88, which I was not able to conclude when we adjourned at ten o'clock last night, dealing with changes to the Farm Credit Corporation.

Last year, for example, the Farm Credit Corporation received $12 million in capital and could therefore borrow and lend out some $300 million. This present bill would raise the authorized capital of the Farm Credit Corporation by $75 million, but on the basis of past experience, the corporation can expect to get only about $12 million to $15 million of that in the coming year; that is, enough to allow it to borrow and re-lend from $300 million to $375 million. This is far short of what farmers need now and in the coming year, but it is also far short of what this legislation seems in theory to be making available.

It would be a great advantage if the government were to concentrate its efforts on helping the Farm Credit Corporation get ready to borrow privately, so that the government could grant more of the authorized capital in the coming year and do less of the authorized lending. One solution is precisely the plan the Minister of Agriculture (Mr. Whelan) is now toying with, namely, allowing retiring farmers to place their money with the Farm Credit Corporation at low rates and avoid tax of the type introduced in the November budget which is designed in such a way as to cripple the retirement plans which many have been making for the last few years. All of this could and should be discussed in committee. What is important is to see that the Farm Credit Corporation is helped to utilize the new capital authorization now being proposed for it, rather than hindered by the government, as it has been in recent years.

There are other features of this legislation which appear to be of a routine nature and which seem welcome on the surface. One such feature is a loosening of the definition of farming which should allow the corporation more flexibility in dealing with the changing face of Canadian agriculture and husbandry, rather than tying it to models from the past. The dropping of present age restrictions is another feature which seems welcome, and certainly it is in line with the will of the House as expressed in the Charter of Rights and Freedoms which we so recently adopted. It is to be hoped that the Farm Credit Corporation will adopt this change, not only in form but also in spirit. There are other changes in this bill which are of a more technical nature, such as changes in the size of the board and its quorum, and turning over some matters to regulations, which should prove worthwhile, but which should certainly receive some scrutiny from the committee as it examines this bill.

One of the main problems which will have to be confronted in effecting this legislation is the problem of ensuring that the Farm Credit Corporation can borrow private funds at a low enough rate to allow it to lend at an acceptable rate. In this connection, it is interesting to note recent press reports indicating that the Farm Credit Corporation has been approached with an offer of private money at rates much lower than the prevailing commercial lending rates in Canada. According to the press reports, however, the Farm Credit Corporation does not know the source of the funds being offered. Speculation, therefore, suggests various possibilities, including the possibility that the funds being offered are from illegal sources, such as the proceeds from the international drug trade or other organized crime activities. Rather than see the Farm Credit Corporation accept money from such anonymous sources, perhaps the Minister of Agriculture will prevail upon the Minister of Finance (Mr. MacEachen) to adopt the suggestion he aired last week, that retiring farmers might have their own kind of registered retirement savings plan by lending to the Farm Credit Corporation at reduced rates and with a corresponding tax reduction. This is not any sort of obnoxious tax expenditure on the part of the government, as the Minister of Finance seems to think all money is when other people have it, but, rather, a recognition that the capitalization of agriculture, if we are to see the survival of the family farm in Canada, is a special case, just as the non-taxation of capital gains on a principal residence is a special case associated with the socially desirable goal of seeing people own their own houses.

Certainly there is no advantage in allowing the Farm Credit Corporation to borrow privately if it must borrow at the outrageously high rates caused by the government's high interest rate policy. There must be a means worked out whereby the Farm Credit Corporation is not entirely dependent on the public treasury for its borrowing, yet can borrow at a low enough rate that its clients, Canada's food producers, can afford to reborrow from it at manageable rates. This, it seems to me, is an issue which must be faced and which the committee examination must deal with squarely.

There are other matters which I was hoping to see in this bill, Mr. Speaker, but which are not mentioned at all. For example, up until now there have been many cases where the Farm Credit Corporation has refused to treat the spouses of farmers as they would treat other partners in assessing loan applications, even though in a great many cases both spouses work full time or what many industrial workers would consider to be much more than full time. I asked the head of the Farm Credit Corporation about this last spring, and I would like to remind the House of his response. He said:

> We are preparing right now to send a demand—and this is a decision of the cabinet for regulation—to abolish entirely this regulation we have right now.

In other words, the Farm Credit Corporation seems prepared to treat men and women equally in this matter, as partners. Apparently the government is not, for we find no

proposed change here, even though we in all parties supported the granting of equality to both men and women when we recently voted on the Charter of Rights and Freedoms. It is interesting to recall how slow the cabinet was to accept that principle of equality, and now to see that they have not acted to give it legislative effect in this case now before us.

Another matter which I would have liked to see addressed is foreign takeovers of Canadian farms with Farm Credit Corporation mortgages. We live in a riding in western Ontario, and we know that a large percentage of our prime agricultural lands are being purchased, not only by foreign buyers, but also by absentee buyers. We know that we cannot compete with some of the rates which are being offered for some of the foreign money which is being brought into this country. We know that we are competing against money which has been earned in industrial areas of other countries. We would like to see people come to this country to set up residency, taking their place beside us, if they want to be producers of agricultural products. However, it is a different matter when foreigners buy our prime lands, very often leasing those lands out to the farmers who have farmed those lands for a number of years with as low as a 5 per cent return on their investment. There is simply no possible way that our young farmers, even with the help of the Farm Credit Corporation, can handle such purchases or compete against this type of buyer.

● (1510)

When selling farms, we want to be able to sell to the highest bidder. This is one area that should be addressed. I realize that jurisdiction over property is a provincial matter. However, I would feel bad if we did not include in this bill something to restrict FCC capital being used to facilitate a foreign purchaser who has no intention of residing in this country.

Last spring I asked the chairman of the Farm Credit Corporation about this matter. I quote from his answer at that time:

> Right now the act says that we can incorporate in the mortgage a covenant saying that our borrower will not sell his farm without our permission. However, in the act as it is, it does not say that if he does not do that we can call the loan. It seems to be the logical thing to do, but it does not say it in the act.
>
> When we were contemplating making amendments to our act this is one of the amendments that we wished to bring in, stating that in the case where he does that without our permission we can call in the loan. That would be one correction.
>
> Right now, we have an internal policy by which we will not accept an assumption if the chap is not a Canadian citizen or a permanent resident. We will also refuse persons related to the business of real estate; we will refuse companies who do not meet our criteria for being principally occupied in agriculture; and finally, examine all cases where the person involved will not use the property for farming purposes.
>
> This is as far as we have gone recently in the administration of that. We are getting ready to publish an internal policy on this . . . . The trouble with a policy of that sort is that we never know if it will stand up in court. In certain provinces, it would be pretty hard because of provincial legislation. However, so far, all the cases we have refused have not been challenged; so we still do not know.

It is my hope and intention when this bill goes to committee to introduce an amendment to include recognition of the spouse as a partner in a farming operation and to introduce an amendment pertaining to the transfer of Farm Credit Corporation mortgages to non-residents of Canada.

Here is an area where farm credit is expected to see some legislative action. In examining this bill in committee we will want to know how far it goes toward giving adequate legislative backing to the policy. If there is any danger of a challenge to the policy in court, let us be clear in giving a legislative answer so that the courts will have certainty in denying such challenges.

Mr. Laverne Lewycky (Dauphin): Mr. Speaker, it gives me great pleasure to speak on Bill C-88 this afternoon. The constituency of Dauphin is a farming community. The farmers are not only involved in livestock and grain, but a very large number are involved in mixed farming. Of course, the family farm is still a reality for many people in my constituency. Farming is carried on in most parts of my constituency, in the north, Swan River Valley, around Dauphin, in the south, and the east in my constituency in the Alonsa, Plumas, or Amaranth area. There is a large area of potential for grain marketing and grain development. Because there is this large number of people in my constituency who are affected by this bill, I am pleased to speak on it this afternoon.

I am interested in the fact that there is mention of changes for Indian bands involved in farming. Of the seven Indian reserves in my constituency, a couple are expanding their farming operations. They are interested in the changes this bill may provide. Unlike many rural areas, I have a couple of Hutterite colonies who have expressed their concern about the Farm Credit Corporation.

I welcome this opportunity to speak. My colleagues, the hon. member for Humboldt-Lake Centre (Mr. Althouse) and the hon. member for Selkirk-Interlake (Mr. Sargeant) stated that in some ways the bill does not present the solution because it does not look at the real problems farmers face today.

There is no over-all agricultural or transportation policy which the Liberals are following at this time that this FCC bill can fit into. It is interesting to note with regard to transportation that in today's *Globe and Mail*, it is reported that Saskatchewan Liberals under the leadership of Ralph Goodale are starting to make noises about coming out in favour of the Crowsnest Pass agreement. They know if they stick with what the Minister of Transport (Mr. Pepin) is trying to abolish, they will not survive a provincial election in Saskatchewan.

The government is not dealing with some of the over-all, basic problems in this FCC bill. One point underlined earlier by the hon. member for Humboldt-Lake Centre is so poignant to this issue that I should emphasize it. On January 28, the hon. member stated:

> This particular bill, this move to attempt to free up more funds through the Farm Credit Corporation, will assist; but I hope that the government and the minister will focus more attention on doing something about the real problem, the farm income problem, and will get on with programs for improved marketing and better stabilization which will bring us better net farm incomes.

My constituents involved in farming know that costs have gone up considerably over the past number of years. Input costs have grown. At the same time the amount of money they

receive has been decreasing. They are caught in the cost-price squeeze. As a result many are forced to apply to the FCC. They need credit in order to maintain a viable farming operation. If the government was following a food policy and if the farmers were getting a fair return, there would be no need to worry about farm credit.

It is interesting to note from statistics that interest rates have become the number one cost for farmers. According to the projected figures for 1981, farmers will be faced with interest on indebtedness to the tune of $2.168 billion. That is a huge amount that the farmers of Canada are being forced to absorb as part of their operation. In my province, the projected figure spent by farmers on interest for 1981 is $201.9 million. This problem is faced by the farmers in my constituency. I am glad to see that there will be some loosening up on the part of the government with regard to the Farm Credit Corporation.

● (1520)

When we examine the whole matter of credit and how financial institutions are involved in farm credit, it is rather interesting to see how the minister over the years has been singing a different song. As early as October 25, 1977, when the minister was speaking to the Canadian Bankers' Association at the fifth agricultural credit conference at the Chateau Laurier in Ottawa, he was taking off his hat—I suppose it was that green hat the minister wears even when he comes to my constituency—and saying: "I take off my hat to the banks and other interested financial organizations who are starting to get involved in long-term agricultural lending programs, because I welcome progress and this is progress." I see that he has obviously been walking on the road to Damascus, because in his speech on January 28 he does bring in a more realistic view of banks. I am happy to see that he is putting his finger on where part of the problem lies.

Mr. Waddell: He wants it both ways.

Mr. Lewycky: It is interesting to read what he said on January 28 as reported in *Hansard* at page 14419:

> One need only look at the record of the banks over the last five years as to how they have handled, or maybe I should say mishandled, farm loans to know the answer to that question. I think hon. members from rural constituencies will agree when I say farmers need a supply of long-term credit from an agency which recognizes the needs of farmers and knows how to lend money responsibly in rural Canada, particularly to the agricultural sector.

I would have to say amen to that, because the farmers in my constituency certainly know what that means.

The minister goes on to make a few other very important statements, which I can relate to very much from first-hand experience of farmers who have come to my constituency office. The minister referred to the fact that many lenders, the banks, have shown neither mercy nor consideration to the food suppliers in this country by abruptly foreclosing mortgages and calling in demand notes. I think he has correctly underlined the problem when he says that there are farmers who understood they were getting a long-term mortgage note, and then all of a sudden they get a note from the lending institution indicating to them that this note is not really a long-term loan but has become a demand notice.

Farmers in my area as well as other areas have experienced many problems just getting the credit which is required to operate, especially with the downturn in the economy. For this reason, I would like to underline some of the statements the New Democratic Party has made with regard to interest rates. Last October my colleague, the hon. member for Broadview-Greenwood (Mr. Rae) was relating the fact that the federal government was abdicating its responsibility by allowing the long reach of the banks to extend too far into the farming community, and I know that this is a problem which we are experiencing.

An hon. Member: Who is the minister?

Mr. Lewycky: My colleague asks who the minister is. He is part of the government.

At that time, the hon. member for Broadview-Greenwood said that he wanted the FCC to become more of a farmers' bank and not simply an institution which picks up the leftovers of the private sector. I would reiterate that statement because I think it is important to emphasize the financial needs of farmers and what their relationship should be to the FCC, rather than having to rely on the banks which charge high interest rates and which quite often turn those mortgages into short-term demand notices.

In the minister's speech, which I read very carefully, he talked about the fact that he had to wait for a long time before this bill was introduced. It is disappointing that he waited five years to introduce this bill because after close examination it is evident that the bill is so general that it could have been brought in five years ago. I know the minister counters by giving a history of all the changes and all the previous bills which he introduced and the different bills which died on the Order Paper. I find it amazing that with all that amount of work, study, preparation and tabling, we should have had to wait so long for so little. There are quite a few clouds that have been promising rain in this bill but we have not had the showers of blessings or the rain that has been promised by the minister.

An hon. Member: Just sleet.

Mr. Lewycky: Something which is quite disturbing about the Farm Credit Corporation is the decline in the amount of credit which the FCC has been providing to farmers. If we examine the figures for 1975, more than 70 per cent of all the long-term credit provided to farmers was provided by the Farm Credit Corporation. By 1980, however, this had dropped to approximately 25 per cent of the long-term credit being provided.

I think this is somewhat inconsistent with the assessment of the banks that the minister made. He indicated that part of the problem which the farmers face today is a result of the way the banks have mishandled the farmers' money. To then give the banks an increased share of long-term credit is very

inconsistent to me. It is no wonder that I have been faced by a number of constituents who have complained that they cannot get Farm Credit Corporation loans. This is because the proportion of help that has been given by the FCC has been declining rapidly over the last five years.

If we want to have a stable food supply and ensure that farmers stay in production, they must be provided with the opportunity to borrow money at a rate which allows them to stay in business. As my colleagues have pointed out and as I suggest again to the minister, he should take heed of what organizations such as the Canadian Federation of Agriculture has said with regard to interest rates. In October of 1981, the executive secretary of the Canadian Federation of Agriculture said in an interview: "It is an undesirable change; no farmer can get a return of 16.75 per cent on their investment". He was referring to the fact that the loans of the Farm Credit Corporation would now be 16.75 per cent because the Minister of Agriculture (Mr. Whelan) had not been able to convince cabinet to retain the loans at 14 per cent. I wish the minister had been more authoritative and able to do more arm twisting of his cabinet colleagues to impress upon them the importance of our entire agricultural sector.

In the amendments brought about by Bill C-88, the minister mentions new sources of future funding, the fact that this bill would enable the FCC to borrow in the financial markets. He introduces a measure which would enable retiring farmers to contribute to a pool which would have additional funding for the FCC. Again, this bill is not specific and the minister should have talked to the Minister of Finance (Mr. MacEachen) before he brought down his budget on November 12, so that perhaps the income-averaging annuity contracts could have been replaced by a measure such as this and farmers who were retiring might have been able to contribute toward the self-sufficiency of farming by contributing some of their own retirement savings plans under this proposal that the minister has been underlining.

• (1530)

We welcome some of the loosening up we see in these new amendments because of the higher costs of machinery and the higher costs of building. We welcome the fact that applicants will benefit from the higher upper limits on amounts which can be borrowed. It is interesting that this bill provides maximum amounts of loans which will henceforth be prescribed by regulation rather than statute. It is good that the minister has proposed an increase for people who are single farmer applicants from a maximum limit of $200,000 to $300,000; and for more than one applicant the upward limit on Farm Credit Corporation loans is increased from $400,000 to $500,000. It is good that we are moving in the direction of recognizing the increased costs farmers are forced to pay.

I am also very pleased that under these Farm Credit Corporation amendments there will be some authority to disburse up to 30 per cent of a loan based on acceptable security while registration of a mortgage and other security arrangements are being made. This should prove somewhat helpful to farmers who will be borrowing from the Farm Credit Corporation.

It is also good to see that the age limit for people borrowing money from the Farm Credit Corporation is being deleted. I must commend the work done by my colleague the hon. member for Selkirk-Interlake in applying pressure on the government to remove the age limit. The age limit for borrowing was 35 and under. People will now be allowed to work off the land for up to five years before engaging in full-time farming, if that is their situation. I know the hon. member for Selkirk-Interlake outlined some of the things he did in relation to appealing to the Human Rights Commission to see that this age discrimination at the Farm Credit Corporation ceased. I am very happy to see this being done. In my constituency there have been people who have wanted to borrow money from the Farm Credit Corporation, but they have not found the Farm Credit Corporation to be as helpful as they would have liked.

When we are dealing with this Farm Credit Corporation bill later on in committee, I hope we will be able to bring in even better amendments which would assist farmers. While we are doing this I hope we will also remember that we must deal with the basic problem farmers are facing in all our rural constituencies, and that is the problem of farm net income. While necessary, in some ways the credit measures we are looking at are not the real solution to the problems farmers are facing. So I urge the government to take a closer look at some of the basic problems of farmers in relation to stabilization and marketing so that the farmer might continue to play a vital role in our Canadian economy and be able to continue farming and provide us with the food supplies we need.

Those are some of my concerns relating to Bill C-88 as it is before us at the present time.

[*Translation*]

Mr. Gaston Gourde (Lévis): Mr. Speaker, it is with great pleasure that I rise to speak on a subject as important as Bill C-88, an act respecting loans to farmers, which is now before the House. I feel that the bill constitutes a source of assistance and motivation for our Canadian farmers.

The riding of Lévis, which I have been proudly representing since May 4 of last year, consists largely of farmers, especially in the southern part of the riding which includes farms that are the envy of many farmers in Quebec. I am very pleased to be able to discuss this bill, especially since Canadian and Quebec farmers have been seriously affected by the economic situation during the past months and weeks, just like industry and business. First, I should like to refer to the throne speech of April 14, 1980, and I quote:

> Food and agriculture are going to be increasingly important to the Canadian economy in the 1980s. To further strengthen the industry, my government plans to create a Canadian Agricultural Export Corporation to expand markets for Canadian producers. A meat import act will be introduced to protect both consumers and producers.

The present government has indeed kept the promises made in the throne speech from which I have just quoted. In fact,

the legislation on meat imports was passed by the House on December 11, 1981.

As for the Canadian Agricultural Exports Corporation known as Canagrex, the bill is now before the House and it should not take more than a few days before the corporation is established. Canagrex will very substantially serve the interests of Canadian farmers by helping them discover and expand important export markets for Canadian agricultural products. In his budget speech on November 12, 1981, the Minister of Finance (Mr. MacEachen) announced special measures to help farmers who are unable to keep their business going because of the present interest rates. These farmers will be able to obtain loans at a rate of 11.75 per cent, which is 5 per cent less than the usual rate charged by the Farm Credit Corporation. The minister also announced that $50 million would go to the FCC to finance additional loans and reduce interest rates for our Canadian and Quebec farmers. The minister also said that farmers would now be eligible for the Small Business Development Bond program. However, our farmers need more assistance than these measures are able to provide, and that is why today the House is debating legislation that will make the Farm Credit Corporation more accessible to farmers. Perhaps a few statistics would be useful concerning the Farm Credit Corporation or at least some figures on agriculture in Quebec. Six per cent of Canadian farmland is located in Quebec, and 13.5 per cent of farm income is earned by Quebecers. The fact that 20 per cent to 23 per cent of the total budget of Agriculture Canada, including the Dairy Commission, is spent in Quebec is ample proof of the Canadian presence in Quebec agriculture. This is according to figures published late in 1980. In dollars and cents, it is about $160 million per year. I think it is always useful to have a few figures on hand, because there are always people who claim the Government of Canada, the present Liberal government, is doing absolutely nothing for agriculture in Quebec. Now I think that quite the opposite is true and that those statistics show it beyond doubt.

● (1540)

I also noted that several members opposite have supported the substance of the bill now under consideration. I am, therefore, pleased to agree with them. With respect to this bill, I would like to point out some interesting new provisions, knowing that the Farm Credit Corporation was set up 22 years ago and that it has lent over $5 billion to some 160,000 Canadian farmers including a great majority of Quebecers. Almost 74,000 loans are now in effect, of which 4,328 have been granted during the financial year 1981-82. In mid-January of the current financial year, the total amount lent to farmers reached $426.9 million with average costs largely exceeding $98,000. One of the important amendments proposed is to allow the Farm Credit Corporation to seek other financing sources than strictly government sources. In fact, this means that the Farm Credit Corporation will be able to borrow on independent financial markets instead of always having to beg from the government.

Another very important change proposed in this bill is that the ceiling for loans will now be set by regulation instead of being provided in the act, which prevents the minister from having to introduce a new bill each time the loan limit has to be changed. In view of the lengthy procedure which must be followed to amend legislation, I believe it will be to the advantage of Canadian and Quebec farmers if the act allows our Minister of Agriculture (Mr. Whelan), who is doing an exceptional job, to proceed by regulation instead of waiting weeks and months before being able to introduce a bill.

The loan limits now provided in the act until this bill comes into effect are set at $200,000 for a single applicant and at $400,000 for several eligible applicants, companies or corporations. One would have to be blind not to know that costs are increasing very rapidly today, and that is why the Minister of Agriculture announced in his statement last week that he wished to raise the limit immediately to $300,000 for a single applicant and to $500,000 for several applicants. I think we should commend this change because it will allow our government to act much more quickly in the future.

Another change which will benefit greatly those who borrow from the Farm Credit Corporation is the fact that they will be able to obtain on the provision of satisfactory security an advance of up to 30 per cent on their loan before their mortgage is registered. Having worked for quite some time in a closely related field, I think that anyone who has drawn up mortgage papers knows that because of extended delays, farmers often had to arrange for short-term financing on the private market before obtaining their loan. The bill, therefore, includes a new provision which will allow the Farm Credit Corporation to pay 30 per cent of the amount of a loan on the provision of satisfactory security, even though such security might not be as sound as a mortgage as such.

● (1540)

Of course, the second part of the bill empowers the Corporation to reduce by 5 per cent the interest rates for loans granted under the special farming financial assistance program, which was announced in the budget of last November 12, as everyone will recall. As the Minister of Agriculture has indicated, the Farm Credit Corporation had already granted 89 loans under this special program as of January 28, 1982. All in all, the FCC has made available some $11 billion, each loan with an average value of $124,000. With these amendments, the corporation will remain, as in the past, one of the most significant factors which has made it possible for Canadian farmers to increase their productivity and effectiveness over the past few decades. As a matter of fact, the corporation has made available over 60 per cent—I think this figure is quite important, because we hear so many rumours, at least in the province of Quebec, concerning financial assistance to farmers—the corpo-

ration, I mean the Farm Credit Corporation, has made available over 60 per cent of all the long-term farm credit over the past few years. The rest was made available through provincial organizations, banking institutions, credit unions, caisses populaires and private lenders.

Since 1973, the funds available for long-term farm credit have been increasing by as much as 20 per cent every year. It increased from $655 million in 1975 to $1.9 billion in 1980, and it is expected to keep on increasing. It becomes, therefore, more and more urgent to provide the Farm Credit Corporation with an adequate and stable source of funds. The FCC's role has always been to help young farmers and, in fact, the majority of approved loans have gone to farmers under 35, whose share has remained relatively constant at 70 per cent during the last three years. Up to now, loans were mainly used to purchase additional land or new farming units. However, the number of loans granted to consolidate debts has increased significantly because of the spectacular rise in interest rates. The percentage of such loans rose from 24.8 per cent on March 31, 1980, to 27.1 per cent on September 30, 1981. On this subject I should like to quote Mr. Marcel Mailloux of the Farm Producers' Union in an article published in *La Terre de chez nous* of December 10, 1981. I prefer to quote Mr. Mailloux directly to let him make this point:

> When we met here last year, the bank rate was 12.8 per cent. Six months later, it was over 21 per cent, at a level no one would have believed possible a year ago.
>
> The extremely high level of interest rates during the past year has had and continues to have a serious impact on many farming operations. In 1980, Quebec farmers paid $154 million in interest to various financial institutions, their second largest expenditure after feed purchases.
>
> Why do farmers have such large interest payments? The reason is simple and you know it as well as I do: Interest payments reflect the increasing productivity of our agricultural industry.

From Mr. Mailloux's words it is clear that one of the industry's main problems—and it shares this with other sectors—is interest rates. Although we have excellent legislation providing for access to credit, until we make it possible for farmers to repay their loans, they will move steadily closer to bankruptcy. I feel it would be useful to set up a special program to help Canadian farmers by, for instance—and there often have been recommendations to that effect—setting a ceiling of, let us say, 40 per cent on interest rates for Canadian farmers. Naturally, farmers would benefit from any drop in interest rates on the same grounds as people in business or industry.

According to a study made by Mrs. Louise St-Pierre, agricultural producers have taken a different approach to financing, allegedly because many of them were facing new problems created by soaring interest rates which forced them to refinance their debts over longer terms. Mrs. St-Pierre was referring to a recent survey conducted by the Farm Credit Corporation whose statistics revealed that the over-all indebtedness of Canadian farmers now stands at $17.64 billion as compared with an estimated value of $15.10 billion in 1979. However, it would seem that the rising long-term indebtedness over the past year is due mainly to debt consolidation rather than to new investments. This information is contained in a report published by the Farm Credit Corporation Research Division.

Mr. Speaker, I conclude by saying that I will gladly support the bill now before the House, assured as I am that this measure is only one step on the part of the Liberal government in its effort to provide further assistance to Canadian farmers. In light of the recent statistics and the results achieved after 15 or 20 consecutive years of Liberal administration, there is no doubt whatsoever that the farming community will be ever better served by this government. I hope that all spokesmen for the agricultural sector, whether they belong to the provincial government, the Agricultural Producers' Union or the farming community, will work hand in hand with the federal government, because I am sure that is the road to success. I would suggest that no one stands to gain anything by attacking, threatening or insulting the various levels of government, and I remain convinced that we can rightfully expect that co-operation will stand the agricultural community in good stead.

● (1550)

[*English*]

Mr. Blaine A. Thacker (Lethbridge-Foothills): Mr. Speaker, it is a pleasure to rise to speak on second reading of Bill C-88. I suppose it is difficult to object in principle to more money being made available to the Farm Credit Corporation and also to its being given the privilege of going to private sources to raise money. I note that the increased borrowing capacity of some $5.6 billion is good for farmers. There is no doubt that the farming community needs access to this money at the present time. Also there is no doubt as to the importance of agriculture. I am sure we all agree that when everything else is said and done, the bottom line is that any society which ignores its farming community and allows its soil to be depleted, to go to rack and ruin, is headed for trouble.

Tomorrow we will debate the Canagrex bill. It strikes me that this type of bill in a sense deceives Canadians as to the true situation in the country, because the implication is left that Canada is an exporter of food. In actual fact, when we take out western grain exports, Canada is a massive importer of food of all categories. Yet the government is setting up a corporation allegedly to export the various categories of food of which we are a massive importer.

Mr. Whelan: Is it not all one country?

Mr. Thacker: The point is whether Canadians will have enough food to eat. The Minister of Agriculture (Mr. Whelan) is setting up an export corporation.

Mr. Whelan: If we took out the dairy, pork and beef industries, just imagine what we would have to import!

Mr. Deputy Speaker: Order, please. The hon. member for Lethbridge-Foothills (Mr. Thacker) has the floor.

Mr. Whelan: What a ridiculous statement! It is similar to the earlier one of the hon. member for Crowfoot (Mr. Malone).

Mr. Thacker: The hon. member for Lévis (Mr. Gourde) referred to the great Minister of Agriculture and the great accomplishments of the Liberal government over the past 15 years. He should realize that 15 years ago Canada had a balanced budget and did not have a national debt. He should look at where the Liberals have taken us.

For example, we could look at what has happened in other countries, such as Poland. Once it was a massive exporter of food, and then it became continuously more and more involved with government. The government started to take over the agricultural infrastructure. It started to set up state export and import corporations. Now the people of Poland are lining up for food. We should not think that that cannot happen here. We import $1 billion worth of food per year because of government policies.

Why are we debating an increase in loans made by the Farm Credit Corporation? It is because of massively high interest rates. Why are there massively high interest rates? It is because of the deficit. We did not have a deficit when the government first took office; there were balanced budgets in the country. Then there was the great Liberal deceit of the Canadian people. There were various tremendously popular programs with low capitalist taxes. The government could maintain low taxes because it borrowed the difference. In the first year it was $1 billion, no problem; then it was $5 billion, no problem; then it was $25 billion, and it started to become a problem. Members of the opposition then said to Canadians, "We are getting ourselves into a jam." But the Liberals offered great programs with low taxes and borrowed the difference, until today when the national net debt is some $90 billion.

The interest cost to service this debt is so massive that the government cannot step in and do the things it should. For example, the automotive industry requires help, but the government has no money because 25 cents of every tax dollar goes to service the debt. Not only does the massive debt and the interest on it stop and block government flexibility, but it concentrates wealth into the hands of a very few Canadians, the people with real wealth. In a generation it will be just like Third World countries—massively rich people and massively poor people. This is what governments can do, and this is what the Liberal government can be fairly and honestly criticized for.

What does the Minister of Agriculture say to this? He said that all western nations are suffering inflation and that, therefore, we are no worse than others. This is absolutely incorrect. When the Minister of Agriculture took office, Canada had a standard of living which was second to all other western industrialized nations; now it is No. 13. What kind of a record is that? It is the record of the Minister of Agriculture and of the government. Canada's resources go far beyond those of Germany and Japan, yet those countries have much higher standards of living. The reason is that their governments have been honest. When they propose programs, they propose taxing regimes so that people can genuinely decide.

Mr. Whelan: Their debt loads are bigger than ours, compared with resources.

Mr. Thacker: The minister thinks that if we have resources we can borrow. Within his own life and his own business he would never borrow sufficient to bring his debt load up to his equity load, yet this is exactly what the government thinks Canadians should do. When the minister is dealing with other people's money, trust and responsibility, he is prepared to take them into debt. He would not do it in his own farming operation because he is a good farmer, and he should not do it for Canadians, either.

Mr. Taylor: Right on!

Mr. Whelan: I would not do it any differently for Canadians. We are running a good ship.

Mr. Taylor: There are a lot of leaks in your ship.

Mr. Thacker: The *Titanic* was a good ship too, but it hit the "rocks".

Mr. Whelan: But we have a good captain on this ship and a good crew, I should add.

Mr. Taylor: Your navigator is blind in both eyes.

Mr. Thacker: The Minister of Agriculture seems to think that the Liberal Party has a good captain. I have the feeling that many people of Polish descent have some questions about that. If he is a good captain, I am certainly worried about some of the first mates.

There are other reasons why Bill C-88 has to be amended. Of course farmers require more money because of government policies. But we should never look at any bill in isolation. We must look at it as broad government policy. What do we find? On the one hand, there is the offer to farmers of a few more dollars by the FCC, which only take them deeper into debt. On the other hand, the government is abolishing via its budget provisions the income-averaging annuity program and the capital gains forward reserve. The government is not changing the valuation date to 1974, as was promised in the government's election campaign.

● (1600)

The effect of those policies will impose a far greater burden on the farming community. This little band-aid affair is giving them a few extra dollars and taking them deeper into debt. Why does the government not abolish capital gains? There is no need to keep that going in view of the very small percentage of Canadian land that is bona fide agricultural land. Food is too important a product to have bona fide agricultural land taxed. Why does the government not abolish the roll-over

provisions? Why not let one generation pass it on to the next generation without any capital gains tax at all? The government alludes to that in the roll-over provisions. As I have explained to the Minister of Agriculture in earlier speeches, and I am prepared to sit down with him to show him on paper, the roll-over is an amazing trap, that within one generation, or two at most, we will have all of our agricultural land nationalized. Many farmers believe that is the exact role of the government. I rather doubt it is the intention of the Minister of Agriculture, but I can show him that will be the result because the roll-over provision is merely a trap for future generations.

Why does the government not accept the Canadian Cattlemen's Association's suggestions? They are perfectly well thought out and logical. I refer to the income-averaging trust account. The beauty of that vehicle is that it would allow farmers in the good years to put a little bit of money away in a special agricultural fund, perhaps managed by the Farm Credit Corporation, and in the bad years the farmers could then withdraw that money.

If we look at the country as a whole, when there are bad times in the west the east is probably experiencing good times. The eastern farmers would be pouring money into this fund and the western farmers could be taking it out. And vice versa with good times in the west and bad times in the east. A system like that would do more for national unity than anything else.

Farmers would be more than delighted to put their money into this special fund when they retire and be able to get the average income out of it in the future. The way it is now, if a man or a woman sells his or her farmland, the person is not entitled under the budget provision of the government now to buy an income-averaging annuity. Instead, all of the capital gains tax must be brought into income in the year of sale and in future years the person applies for a tax rebate. That is an incredible situation. In short, the government is saying that when you die everything belongs to the government and you can apply for future tax credits in the event you sell. But what happens to the man who sells this year and then dies next year? Is his estate entitled to apply for some sort of tax rebate, or is that money, all of the tax on the capital gain, lost? That question has never been answered. I wonder why the minister does not face that.

We also have the Minister of Agriculture blaming the banks. He waxes eloquent that the banks have led farmers into a trap. The proper response to that again is that government has led people into a trap. Who would have guessed, even the smartest banker or the smartest farmer, that the combination of government policies would drive interest rates up to 21 per cent? Who would have believed that a government would ever have been so stupid as to get people into that kind of a jam? Yet that is what we face in this country. Again, it goes back to governments getting into deficits, those deficits building up and lack of government flexibility. Ultimately governments have to face reality. Even the Liberal government has to realize that you cannot circle around a $90 billion net debt. You might as well have started at the beginning and used Keynesian economics around a balanced budget. During bad times, of course, the government would borrow to help out certain sectors. But during good times it is incumbent upon governments to pay those debts back, and out of surplus revenues you get back to a balanced budget.

I have many questions to ask when this bill gets to committee. Other members have elaborated on certain sections. I wish to speak only to Section 16.2(2) which requires farmers to file a plan of operations with the Farm Credit Corporation. I am anxious to question witnesses as to how far an amendment of that plan is possible and how often farmers must report.

I note Section 35 provides that loans will not be granted unless the farm is an economic unit. What is an economic unit? Who will make that decision? What type of ministerial authority will there be as to whether there will be any political repercussions one way or the other? What differences will there be in describing a plan for different provinces? What is an economic unit in Alberta as compared to an economic unit in Ontario? More than anything else, I will be looking for some direction as to what is the remedy in the event a farmer does not honour his plan. Will the government then be just like the banks and call the note? Will there be a clause in the mortgage to provide that if one deviates from the plan the government can foreclose on the mortgage? If so, who will make that decision? There are many uncertainties which I hope the Minister of Agriculture will do something about, because they can lead to the grossest of abuse.

I notice under Section 17.1 and Subsection 19(4) that the statutory amounts will now be set by regulation rather than as before, which was by statute. As the minister himself pointed out, we have made many amendments to this legislation in past years, but I wonder why it is now felt that statutory amounts should be governed by regulation? By doing that we, as Members of Parliament, will be giving up our responsibility to look at that bill and make constructive criticism of it. Instead we will be passing off that responsibility to a bureaucracy. Without doubt, individually bureaucrats are well intentioned. But as a collective group they become subject to a system, rules and regulations producing results exactly opposite to those which anyone would say are common sense and reasonable.

The minister will have to answer why this change to regulation is being proposed. In my opinion, this provision should be left in the statute, in order that we as Members of Parliament, who are elected to review these things and with the obligation to do so, will in fact do so. Again, this change is capable of the grossest political subterfuge.

There will be amendments at report stage, I am sure. There will be amendments at third reading and I look forward to that.

Mr. Vince Dantzer (Okanagan North): Mr. Speaker, I am pleased to speak at this stage on Bill C-88. As the member representing Okanagan North, I might say that farming in our community is perhaps more varied than anywhere else in

Canada. Everyone knows that the Okanagan produces the best fruit in Canada and that it is the best fruit growing area.

Hon. members may not know that we also have grain farms, forage farms and tree farms. We produce some of the best grapes and make some of the best wine in this country. We even have nut farms. I can assure this House, however, that we are not talking about the kind of nuts produced in other parts of Canada; I am talking about the kind of nuts we eat. This bill is very important to the people of Okanagan North and to all Canadians. I am very glad to see that with this bill and with the Canagrex legislation, which will be discussed tomorrow, the government has finally started something positive. I would be the first to commend the government for doing that. The minister has said in bringing this bill before the House that Canadian agriculture must be assured of a constant and sufficient supply of long-term credit if it is to meet the goals set for its agri-food strategy.

I have looked far and wide for any strategy, and I mean good strategy from this government in the agricultural industry, whether its produce is for home use or export. I will have something more to say about that later on. The bill itself is positive. It seeks to encourage and assist the production of agriculture. Together with Canagrex, this bill will help to rationalize the export of food from this country. It broadens the scope of the Farm Credit Corporation. Capital is increased from $150 million to $225 million, which given the 25 times roll-over, allows for about a $5.6 billion line of credit. Furthermore, it allows the corporation to go to the private market. While it is not perfect, I would endorse the comments of the hon. member for Huron-Bruce (Mr. Cardiff)—and I hope this matter will be brought up again in committee—that there should be a regulation that only resident farmers are entitled to borrow money under the act.

• (1610)

The hon. member mentioned foreigners buying land in Canada. I realize that must be controlled at the provincial level but certainly in the Okanagan it is a big problem. We have foreigners paying very high prices for very good land, because it is a nice place to live. However, they do not live on the land; therefore its productivity is down.

Now, I said earlier that this is the first positive thing this government has done in two years. I have sat here for just over two years and seen nothing but negative and punitive legislation. In fact, there was a time when I thought the government's whole purpose was to savage Canadians. First of all, we had the energy crisis and this government's energy policy. All it succeeded in doing was to ruin what at one time was a very good industry in western Canada, Mr. Speaker. The drilling and associated service industry has virtually disappeared because of this government's policies. That really hurt western Canadians.

The second bit of legislation in another direction was also negative. The government made it impossible for most people to communicate by mail because of the high cost of postage. It stopped most of the rail passenger activity in western Canada, and altogether had a very negative impact on transportation and communications.

The third attack on the country was the too high interest rates. They have affected everyone, and most certainly the farm population. When I was home over the holidays I spent a lot of time talking to farmers and business people, and high interest rates was the main topic of conversation. One farmer in particular said he was in danger of losing his farm. He reminded me of the Farmers' Creditors Arrangement Act and asked me to see if it was still in effect. Now, there are perhaps many in this House not old enough to remember the thirties; you might, Mr. Speaker, and I do, but it was a very, very difficult time for farmers, not only because of a lack of markets but because of failed crops, bad weather and dust storms. In fact, we used to call them the dirty thirties.

However, it was the Bennett government at that time, a Conservative government, which brought in an act that made it possible for farmers on the verge of bankruptcy to come to terms with their creditors, and if they could not the courts were empowered to force an agreement on the farmers and their creditors. This farmer said that he saved his land at that time because of the Farmers' Creditors Arrangement Act. He has farmed that land for 40 years because of that act; he has been productive, and I am sure his story can be repeated many times in western Canada.

This farmer asked me, why can we not do something like that now? Well, I think that is the kind of forward-looking legislation that this government should be bringing forth. Hopefully they will; hopefully Bill C-88 and the Canagrex bill mark a change in the government's direction. Certainly in the past 15 years it has not shown any real strategy for agriculture. Everyone, Mr. Speaker, who has spoken to this bill has emphasized the need to protect the farming operation because, over the long term, I think most Canadians will agree it is absolutely essential.

I want to talk now about what has happened to Canada in relation to the farming community, agricultural production and exports in general, because both these bills address that question. I read recently an article in the January, 1979 issue of the *Chelsea Journal* which identified the result of this government's failure to have a national policy of agricultural production and export. It said that as a nation we can produce our own breakfast, but we must send out for lunch and dinner. That is a very apt way of saying we have failed. We can produce only our breakfast; if we want lunch or dinner we have to go outside the country and buy it.

By the year 2000 Canada will be a net importer of every food with the exception of grains, oilseed, milk and eggs. We will be making our breakfast but nothing else. That is a sad commentary on a country which was once a great agricultural producer. The article goes on to say that Canada is an underdeveloped country where agricultural trade is concerned. That was a surprise to me, Mr. Speaker. I had not heard the word "underdeveloped" in relation to Canada for a long, long time.

This article then goes on to prove it. First of all, the pattern of agricultural trade in an underdeveloped country shows certain characteristics. First of all, they specialize only in one or two major exported crops. They mentioned Brazil with coffee at 33 per cent and sugar at 21 per cent of its export trade. Tanzania has 31 per cent of its trade in coffee. The Philippines exports of sugar represent 33 per cent of its total trade. Seventy-eight per cent of the Dominican Republic's trade is in sugar. Does Canada fit this pattern? Of course it does. Forty per cent of our trade is solely in wheat, a raw product.

The article goes on to say that as a result of this fact we are subject to wild fluctuations in export prices. That also marks an underdeveloped country. It points out that Brazil earned $1.1 billion from the sale of sugar in 1975, but only $421 million in 1972. Canada earned $2 billion from the sale of wheat in 1975, but only $687 million in 1970.

Another characteristic of an underdeveloped country is that most of its food is exported in the unprocessed, crude form. As a result, you lose jobs in the processing industry.

Another characteristic is that farmers are forced off the land, mostly by the large agri-business corporations. We have not yet reached Brazil's stage where some 6.3 million farmers have left the land, but we have seen the beginning of the trend. There were 381,000 fewer farmers in Canada in 1976 than in 1951. The farming population is down to 5.1 per cent of the population, compared to 16.8 per cent only a few short years ago.

Now, Mr. Speaker, I am perfectly aware that you need an economic unit in order to farm. I have lived in Saskatchewan and have seen where a farmer starved on a quarter section. Later on he starved on a half section, and barely made a living on three quarters of a section a few years later. There are now much larger economic units and I agree with that. There had to be some rationalization of the whole system. But it does not mean that you have to rationalize him out of existence. I think it is a well-known fact that farm land is more productive in the hands of a family farm unit than under any other system. Certainly much more so than the large agri-businesses which are now demanding great quantities of land.

I was very glad to see that at least Prince Edward Island is attempting to put a stop to this. Some time ago the Irving Corporation wanted to add another 6,000 acres to their existing holdings, which would have given them about 10,000 acres on that small island. The government there indicated that perhaps they will put a limit of 3,000 acres on what any one person or corporation can own. I agree with that; I think farming is essential to our way of life.

● (1620)

Canada is certainly an underdeveloped country in relation to its food exports and is in great danger of using most of its arable land for cash crops. Again, I do not think we will ever become like some countries, such as Brazil or Mexico. As a result of large corporations taking a great deal of the land and using it for cash crops, the benefit to the citizens of those countries does not match the actual return from the sale of cash crops. An article with which I agree states that today in Brazil the sugar workers are provided with less nutrients than were the slaves back in 1880. That is not a good story.

I think the statistics tell the story in Canada. In 1948 crude food exports amounted to 50 per cent of our total food exports. In 1980 our crude production was four fifths of our total food exports. I think that is unreasonable. In this country we are seeing a greater dependency on processed foods, most of which are imported. As a result, the number of jobs we have lost has become a national scandal. We now have a deficit in 11 of the 12 major fabricated food groups, when as late as 1967 the majority were in a trade surplus position.

In my own constituency we have a good example of what has happened in Canada. At one time we grew and processed tomatoes. Our production of canned tomatoes and ketchup was a very viable business. Today, not one single can of tomatoes or one bit of tomato ketchup is being produced in the Okanagan Valley. That is true of many articles. We are told that if this process continues, the tomato industry in Canada will eventually suffer a loss of some 2,365 jobs. It would not be so bad if the tomatoes imported from these large corporations in the United States and Mexico were any good, but they are designed to be picked up by machinery and not to be eaten. Most of these tomatoes could be used in baseball games and they would not suffer at all.

I think that if the Minister of Agriculture (Mr. Whelan) has a strategy, he had better look to that problem very quickly, because we certainly have the wherewithal and the means in this country to produce the kinds of foods we need. It is entirely up to us, to this government and to future governments, because this government has only a couple of years more in which to do anything. First of all, what the government must do is to ensure a self-reliant food industry. Canadian farmers and workers should grow and process food in Canada which is of the required quantity and quality. That is the first step. Second, we should ensure that our workers and farmers have sufficient incomes to purchase the food and articles they need. We have the technical know-how. All we need is some direction in policy toward which the people of this country can work, and a commitment toward lowering the interest rates.

At the moment, as a result of the high interest rate policy, all the capital formation in farming has gone to the United States. And why should it not? We are told that because of this government's policy, 25 per cent of foreign investment in the United States comes from Canada. I think it is a shame when we have the technical know-how. All we need is some financial encouragement, and I hope that it will be forthcoming from the government. As I said earlier, the government is beginning to show signs of some enlightenment. I hope it will continue with this positive attitude and work toward an ever-increasing and productive farm industry.

Mr. G. M. Gurbin (Bruce-Grey): Mr. Speaker, as a Conservative I am glad to be able to enter the debate on Bill C-88.

An hon. Member: You are sure, now?

Some hon. Members: Hear, hear!

Mr. Gurbin: At this time, I am particularly pleased that the Minister of Agriculture (Mr. Whelan) is in the House so that I can address several important points which I think should be included when we are looking at farm financing. I will come to those points as quickly as I can, while he is still here.

We have all awaited the changes the minister has promised in the Farm Credit Corporation for many months, particularly as the farm situation has deteriorated. The minister said many times, and I can only concur, that the problem is in the red meat industry. One of the things the minister knows well, and I think it is evident to all of us, particularly from comments made by all opposition parties, is that the farm community is now in a cost-price squeeze. It is in a vice which has been grabbing and squeezing it to death. It is something which can be approached from many sides, although there are some critical factors. The financial arrangements through which farmers must work comprise one of those critical factors.

I have recently finished a survey in my constituency. We sent out approximately 1,300 questionnaires at almost the same time the Minister of Agriculture sent out questionnaires. We did this, first of all, to ensure that our area was properly understood in the context of this broader survey, because we face some special problems. I will return to that survey in a few moments, after I refer to the changes which will be made to the Farm Credit Corporation.

I would like to make reference to the capital formation of the Farm Credit Corporation. One of the things which seems unclear among the proposed changes is exactly what will happen within that capital formation part. At this point in time we know that we have a capital limit of $150 million. We know that if the request for an additional $14 million were to be granted this year, we will have gone over that limit. We are now at $143 million, and this bill would change the upper limit of capital to $225 million. The trick is that the Farm Credit Corporation can loan 25 times the amount of its capital. The Farm Credit Corporation is requesting that the government consider giving it $14 million. If one multiplies that by 25, that will mean a $350 million increase in the borrowing capacity of the Farm Credit Corporation this year. That is clearly inadequate to meet the needs of agriculture right now, and it is something which should certainly be expanded by several millions of dollars at the capital side. I know the minister knows that, and that is something we need in a hurry if we are to address the problems presently sitting in the agricultural community.

The other side to that capital formation is that the 25 factor could also be changed, so that instead of only providing another $14 million times 25, equalling $350 million, the factor could be changed, for instance, to 30 times the capital, allowing an expansion of borrowing capacity to the Farm Credit Corporation which would directly address most of the requirements of agriculture. That would work well, and there is no reason why it cannot be done.

We must also consider the source of this borrowed money. The minister has suggested that the Farm Credit Corporation could borrow from sources other than the government in order to satisfy its requirements. One of the dangers, of course, that this bill has presented is that if the total borrowing limits are still the same, we will not really have accomplished a heck of a lot. If the government reduces its commitment and allows the Farm Credit Corporation to borrow from other sources, then the government will be off the hook as far as providing funds is concerned. However, we will really not have done anything to increase the amount of available capital within the Farm Credit Corporation. Therefore, what we really want to ensure is that the government maintains its commitment while allowing expansion of capital from private sources, if possible.

We must ensure that interest rates applying to funds borrowed from private sources are not too high. I read the minister's speech and certainly it is not clear in the bill how this could be accomplished. There was an indication by the hon. member for Huron-Bruce (Mr. Cardiff) that people were suggesting that money could be borrowed at very low interest rates. I think this must be seen before we can believe it, because the money which is presently available through private sources will certainly be lent at the best return it can get. I know that the minister, even in private conversations, has discussed the available opportunities for borrowing large amounts of money at lower rates. Before anyone can have any confidence that this will happen, we must have a much clearer indication and the confidence that the Farm Credit Corporation will indeed be able to provide money at interest rates which are much less than the current 16.75 per cent.

From all of the discussions which have taken place lately in the farm community, we know that an acceptable interest rate must fall somewhere around 12 per cent, as agriculture simply cannot bear interest rates at much above that level. I think the minister will agree with that. The question concerns the bottom line for the composite Farm Credit Corporation rate after we are done with this bill.

I will not spend time on the agri-bond concept because I would like to move on the other areas. However, the idea of farmers lending into the Farm Credit Corporation and getting a special tax consideration is not too far removed from the small business bond concept. It is a good idea and should be promoted vigorously. I hope we get a chance to discuss this in committee.

• (1630)

Other important items in this bill include the removal of the 35-year age limit. These are items that could easily be supported. This should have been done a long time ago. The hon. member for Huron-Bruce looked for a guarantee that spouses be considered. That may be accomplished in part by the improvement in the loan limits from $200,000 to $300,000 on up to $500,000 for multiple-person operations. I hope the understanding is there if the wording is not.

The points I want to make go back to the realities of where the financial situation is in agriculture today, particularly in

those areas where there are a few options, at least in the short term, for those involved in the red meat industry.

In the survey we have just finished compiling, 1,600 questionnaires were sent out. There were 473 people who responded. We found that 10.1 per cent of all farmers have their farms for sale—and this is dairy and all types of agricultural industries—in the whole of Bruce County. The important point is that in the red meat industry, those who have any type of beef or pork, an additional 30 per cent are considering selling their farms. That says something for the industry.

We have a number of other matters that have been tabulated, including land equities which have fallen, particularly if you include the inflation factor. These things could be expected. There are important matters in terms of marketing boards. I intend to share these with the minister in a written way as soon as I have them all put together.

The critical factor is that the extra $50 million available for farm credit will not solve the problem. It helps in areas where the FCC feels it can make a loan because there is a viable operation. It will obviously only help for a year or two, will be reviewed, and there will again be the same problem. It looks at one area incompletely, but at least it is addressing it.

There is another area which, as the minister knows, has been discussed in a number of forums in the past several months. This is the area where people are now without equity. They could be called technically bankrupt. They are in a situation which continues to deteriorate. There is no answer. Some of these people might be criticized for being poor managers.

In his speech, the minister indicated his understanding of the fact that there needed to be a certain size operation in order to be competitive and productive in a way that the farmer could earn a living. The farm size grew as people were expanding their operation. They were doing things right, but they were caught in a squeeze because of changes in energy prices. A lot of farmers were concerned about that when the Conservative Party was in power. They are caught just as badly now, if not worse. They will have to spend $4.50 an acre more over the next year. All of these things coming together have left these people in a situation which has to be looked at in a serious way.

There have been a number of suggestions. There are three basic solutions to this problem. One is akin to the farmers and creditors act introduced in the thirties. It is something that nobody likes to consider seriously if they do not have to, but it is a humane way of looking at the situation that exists today.

Something else that has been suggested with some historic precedent, as far as ARDA is concerned and what it does, is a kind of land banking. I read some of the comments about what happened in Saskatchewan. In order to address the problem, some answer that includes land banking and government ownership in the land for at least an interim period might be considered.

Finally, what could be considered, and would not be an awful lot different in terms of legislation or the way the minister and his department look at the situation, would be an instance where a farmer was able to negotiate a settlement on his own behalf with a particular financial institution, and that institution writes off some of the amount. I know of one case where the bank is prepared to write off $800,000. In spite of the fact this person has been a good manager and is respected in the community, he is in a situation now where he cannot go anywhere else to raise the money to resolve the situation. He cannot get the kind of support that would give confidence to another financial institution. The same financial institution that would negotiate the settlement is clearly not in the position where it wants to refinance this man. Therefore, that kind of negotiation would serve the purposes of the bank. It would certainly serve the purposes of individual farmers involved in this area. It could be supported by the government either through the Farm Credit Corporation or by government guarantees, either with or without the co-operation of the provincial government. It could answer one of the last problems remaining to be solved.

We are working through some of these matters, including marketing, which the minister knows is important, the longer-term financing of lower rates that he knows is important, and the rationalization of the whole red meat industry and whether that will be a specialty product in the future.

Others have mentioned many other points; I will not go into them. I look forward to speaking at committee stage of this bill in an attempt to understand what the minister has in mind. We know that the regulatory aspects of this bill have been expanded. I find it confusing when I read some of the minister's remarks in years gone by with regard to the amount of discretionary power which civil servants have and now see him giving them more power. I guess there is good news and bad news about that. If it speeds up the process and avoids legislative delay, that is good. However, I wonder whether he is going to change his mind about some of those things we talked about before.

I end my remarks with the hope that the minister will address that one area in agriculture that has been missed, to the detriment of the individual farmer who deserves his integrity and degree of dignity as he is trying to go through a painful readjustment, but one which will serve well the interests of the minister, his department and all Canadians.

Hon. Jake Epp (Provencher): Mr. Speaker, in rising to give some views on the bill before us to amend the Farm Credit Corporation legislation, one which would increase the loan capacity by $50 million and increase the borrowing capacity to $5.6 billion, the question that has to be asked very quickly is, can this bill be supported? The answer to that is yes. The second question is, will the bill do the job which the minister says it will? I think the answer to that is, at best, a qualified yes. I say at best.

● (1640)

All of us in the House, especially those of us who come from rural constituencies, believe that this is not only a rural Canadian problem but a Canadian problem. I think it is

important that Canadians in urban areas as well understand, at least in part, what is happening on the farm front.

The minister loves to say that we have the best farmers and the best agriculture in the world, and he would like us to believe that this is true for one reason—because he also feels that the best agriculture minister is resident in this country. That is debatable.

I also believe that, as Canadians, we are fortunate to have people who have the potential to be among the best farmers in the world. I believe many of them are. What farmers are facing today is the prospect that as their costs are rising, their farm incomes are projected to go down. When one studies the Canadian economy, it becomes a very frightening projection for the 1982 crop year.

The Outlook conference which was held just before the end of the year is generally a conference that tries to put forward an optimistic view of the agricultural community for the next year. There is realism but, generally speaking, Outlook conferences try to provide an optimistic view. While that stamp of optimism was attempted to be made in the last conference, every participant knew that the farm economy was facing lower returns and higher costs. The question that is before us today is not merely of a $50 million increase in money available to FCC. What is before us is the viability of the farm community.

The Minister of Agriculture (Mr. Whelan) knows that while I might be a critical person in the House from time to time, I also attempt to give some views in the hope that we can help Canadians. This is especially true today as we address the farm question. I say to the minister with frankness and honesty that, joking aside, I know he has made serious attempts to improve the condition of the Canadian farmer and the economy in which he has to function. However, I think if he were honest as well—as I know he tends to be—he would have to admit that he is not getting the support he needs within the cabinet. There may be many of his colleagues who give him verbal support, but the fact is—he has almost said so himself in the myriad speeches that flow across our desks—that within the Canadian cabinet, especially this one but generally within the Canadian government structure, the prominence that agriculture once enjoyed has been greatly reduced.

Mr. Cullen: I disagree.

Mr. Epp: It has been largely reduced. All one has to do is to see how the cabinet is made up compared to the cabinets of the thirties, forties and fifties. In those years there was a much higher rural input than today.

Mr. Cullen: We have quality today.

Mr. Epp: I am being interrupted by the hon. member for Sarnia (Mr. Cullen). He says they have quality today. Yes, they have quality, but I would tell you, Mr. Speaker, that Canadians are rejecting that quality day after day. We expect more. My point is that the cabinets of the past had a much larger rural component. Today there is a heavy weighting toward an urban component.

All of us have sat in committees and participated in their deliberations. Some of us have sat in the cabinet room. It is obvious that, no matter what the good intentions are, if the majority of ministers are from one group, the cabinet will tend to make decisions which are in the interests of that group. This will result in the cabinet holding up legislation or not passing it as quickly as possible because of a lack of stress from the majority of cabinet ministers. If the minister were to assess his situation today, he must at least agree in part that this is what is happening in the Canadian governmental structure. This is also true with provincial governments.

I do believe that there is a preponderance of members in the federal government who have an urban mind-set without at least in part understanding what is happening on the rural front.

We see today a deep concern in the farm community about the future in 1982. The first thing that farmers have to face is high input costs. Loans were traditionally made to farmers for one purpose, the purchase of land, buildings and machinery. That was the largest amount, not only in dollar value but in the number of loans that were made. Although this still applies today, there is a new component. It is a feature which we have begun using, and that is line of credit. Today farmers not only have mortgages, they must go to financial institutions to obtain an additional line of credit in order to operate. In other words, they must pay the mortgage and machinery costs as well as pay that line of credit. This line of credit generally runs from year to year and is settled before the next crop year starts. With lower farm incomes and higher interest rates, the ability to pay that line of credit becomes very difficult for farmers.

My hon. friend from Bruce-Grey (Mr. Gurbin), who has just finished speaking, has many constituents engaged in the operation of feed lots and who operate on a yearly basis. They obtain a loan as a line of credit in order to finish cattle for sale at the end of the year. Then they pay back their line of credit with the hope of having some money left over to clothe themselves and pay off their mortgage. That is how farming operates today.

One day during the Christmas break—it was about minus 31 on one of our more balmy days in Manitoba this winter—I was driving down the highway listening to the CBC farm report on the radio. I heard a statement which quoted the FCC as saying that farmers were moving toward becoming millionaires. I looked out at the farms I was passing and, yes, the farmers' equity is higher, but almost invariably their indebtedness has kept pace or even increased with their equity. Statements such as the one I heard bring total misunderstanding between rural and urban Canadians. The urban Canadian automatically says; "There are those farmers who are worth half a million dollars and what am I trying to do? I am trying to pay off my house mortgage." That is a completely erroneous concept of what is happening.

Mr. Whelan: The reporter did not write the whole story or you would have had a better understanding.

Mr. Epp: You also run the CBC.

An hon. Member: We wonder.

Mr. Deputy Speaker: I should remind the hon. member to address his remarks to the Chair.

Mr. Epp: I appreciate that admonition and I am sure the Chair did not direct it to the Minister of Agriculture.

• (1650)

Seriously, what I am saying is that there must be more understanding throughout Canada of what is happening on the farm front. There are many farmers in our constituencies today who have loans they had been hoping they would be able to dispose of within a 12-month period. They are now carrying those loans for two and three years. They have not been able to pay them off, and without lower interest rates, no matter how good a farmer might be, no matter how good a manager he might be and no matter how long his farm has been in his family, he will not survive. He cannot survive under the present conditions, and no matter how good a job the Minister of Agriculture might feel he is doing, those are the realities farmers face today.

I am not even referring to young farmers who have mortgages over their ears they are trying to pay. I am talking about farmers who are in good equity positions, who have been farming for a number of years and who thought their equity was building so that they would have something for their retirement. Suddenly they are selling off equity to pay for credit they need for their operations.

Some people will tell those of us who are participating in this debate that if we are in favour of this bill we should send it to the committee; but it is important that we use the opportunity of this debate in the House to show Canadians what is actually happening to farmers. People see on their television screens at night the news that some farmers are irritated. They are going to their banks and taking action farmers are not in the habit of taking. They are not doing this because they enjoy taking those actions. They are taking those actions because they are being driven to it. This is serious. This is very serious in terms of the future of the Canadian farmer, and I suggest none of us would be protected from the whirlwind which would be unleashed if Canadian farmers could not operate any longer.

There might be some in this House who will say that as an opposition member all I am trying to do is create a straw man I can knock down. No, that is not what I am trying to do. I spoke to farmers during the Christmas break. I spoke to people who have been in business for 30 and 40 years. They have two fears. "How can I put my crop in next year and be able to pay for it?" Second, "Will I have enough retirement income at the end of my working life so that somebody else can continue farming and I can live in dignity?" Those are the two questions they are asking.

When we look at the whole question of farm borrowings or the need for cash flow or financial resources, it is not traditional to look only at land, buildings and machinery. We must also look at lines of credit.

On the matter of high interest rates, I attended the federal-provincial conference this morning. Perhaps the Prime Minister (Mr. Trudeau) felt he did not have too many friends around that table. The premiers have varying political stripes, but what they were saying were the same things people were saying to the Conservative Party's committee on the budget and the economy as it toured the country during the Christmas break. The first issue to which people referred was not the budget. That was second. The first issue to which they referred was the issue of high interest rates. The budget compounded the problem.

What was said this morning? I will not read in detail what was said this morning. The meeting went on for a long time. The Chair would not give me the amount of time I would need to read everything in detail, but the Premier of Alberta said that what we need for a national economic recovery strategy is, first, a made-in-Canada interest rate policy. The Premier of Saskatchewan, obviously of a different political stripe from that of the Premier of Alberta, said that we need the immediate adoption of a made-in-Canada monetary policy of lower and stable interest rates. Just to encourage the Minister of Agriculture further, the Premier of Saskatchewan also said that the introduction of effective national stabilization programs for Canadian beef and hog producers is needed.

Hon. members might think that the Premier of Ontario is the premier of a province which is highly urbanized.

Mr. Whelan: He did not even mention farmers.

Mr. Epp: If the minister wants to speak—although it has been difficult to listen to him in the past—I am sure we would allow him to be heard again. The Premier of Ontario said we cannot follow the narrow pursuit of American interest rates.

What did the Premier of Prince Edward Island say? Oh, we can say that there are only 110,000 people in Prince Edward Island, but those people are Canadians and agriculture is vital to that province. A former premier of that province sits here, and I do not have to convince him of that. The Premier of Prince Edward Island said:

> Farmers, like all businessmen across the country, are facing the real hardship of high interest rates. Most provinces, except ours, have the fiscal flexibility to subsidize interest to the farmer. We suggest as an alternative to varying degrees of provincial support, that the federal government, through the Farm Credit Corporation, alleviate this burden by providing credit at more reasonable interest rates to our primary producers. This policy would allow our farm community a more equitable opportunity to compete.

That is what the Premier of Prince Edward Island said, and that is what is being said across the street. It is being said in this House but, more importantly, it is being said on every main street in rural Canada. It is being said in every coffee shop.

An hon. Member: And in beer parlours.

Mr. Epp: My friend at the back says it is being said in beer parlours as well. Perhaps that is the only solace people are getting these days.

I grant that an easy solution to the high interest rate problem is simply to reduce rates, but that would not be in keeping with reality. The problem is that the Canadian government has been into the international bond market to such a degree and for so long that it is now caught on the horns of a dilemma brought about by itself. How can the government expect interest rates to drop substantially if it is into the international bond market at a rate of 25 per cent annually over its revenues? That is what we have been seeing. Oh, yes, it was very easy for a time to advance all kinds of programs and say to Canadians, "Look, we are doing this for you". However, the government has never reminded the people of who is paying for the programs and how much more they will cost in the future. I am for those programs too, but I want to see them as a natural outgrowth of more economic activity. Today we are looking at our economic pie and cutting it up in such a way that some people get a little more and others a little less. The only way to help Canadians is by allowing Canadians to increase the size of the pie.

On the one hand we are into the international bond market to a large extent, but what did the government do in relation to the new issue of Canada Savings Bonds? The new rate offered Canadians was 19.75 per cent. How can Canadians expect interest rates to drop when any Canadian can go into a bank and buy $15,000 in Canada Savings Bonds, leave them in the bank for one year and get a return of 19.75 per cent? Does anyone in his right mind really believe that is the way to reduce interest rates?

Those are the realities. We can indulge in all kinds of rhetoric and political philosophy, but the fact remains that if we are into the bond market to the extent we have been for the last 15 years and are now trying to finance in Canadian dollars at 19.75 per cent, and if that is what the government is paying for money, we cannot expect the Canadian farmer who is worried about credit to enjoy interest rates which are substantially lower. It cannot be done. That is the tragedy that results from this government's administration in relation to Canadian farmers.

• (1700)

Hon. members and the minister will recall the questions that were asked about the proposed FCC loan rate. I would have liked to be a fly on the wall of the cabinet room when the minister argued for a lower interest rate. But what was it when he announced it? It was 16.75 per cent, Mr. Speaker. Canadian farmers cannot afford a line of credit at 16.75 per cent. Is that supposed to help?

Mr. Whelan: It is 6 per cent below the banks.

Mr. Epp: Yes, and it is 1.75 per cent above my credit union. There are financial institutions—

Mr. Whelan: Yours is one in a hundred.

Farm Loans

Mr. Epp: Mr. Speaker, the minister says that the credit union where I have a mortgage and where farmers have lines of credit is one in a hundred. If that is the case, I suggest that he go to the credit unions, ask them how it is done and then follow their advice.

Mr. Whelan: Don't lecture me on credit unions. I have been a member of them for a long time.

Mr. Epp: The fact remains that 16.75 per cent, no matter what the bank rate is, is too high.

Mr. Whelan: Your minister raised it 2 per cent a year before.

Mr. Epp: That is too high for Canadian farmers. Some might say that we cannot afford to subsidize interest rates for young Canadian farmers at this time, but I do not accept that. I would accept it if this government were consistent, but I have in front of me information on a deal that the Minister of Finance (Mr. MacEachen) has worked out with the Soviet Union for a natural gas project for $637 million. How much money are we dealing with today for Canadian farmers? Just $50 million. Yet we are dealing with a loan of $637 million to be advanced to the Soviet Union. And at what per cent?

Mr. Regan: Why?

Mr. Epp: And at what rate, I ask the Secretary of State (Mr. Regan), when he asks why? At 10 per cent, Mr. Speaker. And for how many years? For 12 years. I ask the minister, if that is the kind of deal these fellows in this new Department of External Affairs who deal with imports and exports are getting for us, why he was so weak in cabinet that now he has to tell Canadian farmers they have to pay 16.75 per cent, but that the Soviet Union can be advanced money at 10 per cent. How weak is the minister?

Mr. Whelan: That is because we are exporting some financed at much lower rates than that to the Soviet Union.

Mr. Epp: That does not make me feel any better.

Mr. Whelan: I didn't believe it would.

Mr. Epp: If Canada cannot afford to subsidize farming—and by that I mean giving the farmers the loans they need—how can we afford to subsidize the Soviet Union and its citizens for the next 12 years? I wonder how many young farmers would be willing to accept a loan from the FCC today at 10 per cent for the next 12 years! How long do you think the line-up would be? Yet we are saying to the Soviet Union, "Yes, Soviet Union, we will do it for you". We see the Prime Minister going off to this location and to that location, handing out money here and handing out money there.

Mr. Whelan: We gave $3 million to your corn growers in Manitoba interest free. Potato growers get money interest free too.

Mr. Epp: Canadian farmers come to us and ask why they cannot get at least as good a deal from the Canadian government as it is willing to give others. That is all they are asking.

Mr. Regan: You are a demagogue, Jake.

Mr. Epp: I might be a demagogue but this is what farmers are asking and it is my responsibility to tell the government about it, so you had better listen as well.

Mr. Regan: Mr. Speaker, would the hon. member permit a question?

Mr. Epp: What about the budget and its relationship to the Small Business Development Bond? I find it interesting—

Mr. Regan: Mr. Speaker, would the hon. member permit a question?

Mr. Deputy Speaker: Order, please. The hon. Secretary of State rises to ask the hon. member's permission to put a question. Will the hon. member accept a question?

Mr. Epp: Yes, Mr. Speaker, I will accept a question when I am through.

What about the Small Business Development Bond? The idea of that bond was laughed at by this government yet in the last two years it is the only new idea that it has brought forward. However, it has emasculated it to such a degree that the banks do not want to handle it.

If we did a survey of members of this House on the difficulties they have had with constituents asking for their help to get a Small Business Development Bond, I dare say every one would have had that experience.

As a result of the last budget farmers can now get a Small Business Development Bond but they have to show that they are in trouble, that they are almost broke, that they are in danger of foreclosure. Then they can ask the bank for a Small Business Development Bond. Considering the history of the Small Business Development Bond, how many banks will deliver?

Let us consider the budget provision regarding IAACs and RRSPs. How many members were confronted by farmers during the Christmas break who said, "I have an IAAC", or "I want to buy an IAAC", or "I want to save for my retirement"? The government now says, "Oh, yes, we want agriculture to advance, but we are going to make sure that the government gets the first call on your resources." Many members have had such experiences.

Where was the Minister of Agriculture when the budget was being drafted? Where was he when income-averaging annuity contracts were discussed? What was he doing to protect the Canadian farmer when the budget was being discussed or ideas were being advanced to be included in it?

Mr. Whelan: Where were you when Crosbie did his?

Mr. Epp: Mr. Speaker, that budget was not taxation; that budget was confiscation. There is a big difference. We all criticize taxation and argue about the rate because none of us wants to pay tax. There is quite a difference between payment of taxes, however, and the confiscation of property on which taxes have been paid over the years. There is a great difference.

As I remember the constitutional debate, if I feel any chagrin it is about property rights. In one way or another the idea of property rights—that a person may own something after he or she has worked for it—is being eroded. It is being chipped away; it is being chiselled away.

I am sure many other members have had the experience of people coming to them with this question: "Why is it, when I want to retire, the government insists on taxing me first when I have worked all these years in order that I might live in dignity in the sunset years of my life?" That question is not being answered by the Minister of Finance or by the Minister of Agriculture.

I should like to say something about the administration of the FCC. I notice that there are some officials in the gallery who I presume are from FCC, and I think it is important that they understand what we hear about the administration. I must say that in general terms I think it is valuable and that I think the administration is excellent. The officials are often confronted by people who are in difficulty, people who need a loan and obviously the need has to be assessed in a very rational way. But I want to tell them that farmers do not come to them in a master-servant relationship. Perhaps there is a defence mechanism involved on the part of officials of the FCC but we often hear the complaint from farmers that they feel it is due to the good graces of the person across the desk that they receive the loan. That person's job is one of administration, not to make that Canadian farmer feel that if he gets anything he should be very thankful to the person sitting across the desk.

• (1710)

In the whole question of administration the Catch 22 situation arises time after time. A young farmer comes into the FCC looking for a loan. He is told that he can obtain a loan if he has enough equity, and the farmer says, "My dear friend, I would not be here if I had the equity; I could go to a different financial institution." Very often banks are willing to take risks on the potential of a young farmer, on the potential of his land, on the potential of his management ability, or on the potential of his willingness and that of his wife and family to work. Often banks and credit unions are much more willing to take a risk than the FCC.

Another matter of administration was brought to my attention recently. I do not know how it will be resolved, but I have written to the minister in the past few days about it. I am referring to the situation where a farmer obtains a loan and goes into a local place of business, such as a lumberyard or a farm supply dealer, and shows his line of credit. He says that he wants to build a facility or a barn with the proceeds of his loan. He starts building his barn and because there is a line of credit through the FCC, the supplier advances the materials.

But suddenly the barn is not quite complete and FCC demands that it be completed. Now the supplier is in a Catch 22 situation. He either advances more supplies in order to get his money, because FCC will not advance it to the farmer, or he stops the project right there. I know a lumber dealer who advanced materials and $7,000 is outstanding, but the person who received the FCC loan left the province—he walked away, so to speak. Obviously the FCC has the first mortgage, and in order to protect himself, the lumber dealer took a second mortgage on which I do not think he will ever realize any return. Not only does FCC have a responsibility to farmers, it must modernize its administrative system, particularly concerning the manner in which supplies are received and building materials are purchased by some people with FCC loans.

If there is hope in the country, I believe there is hope because of agriculture. I have been somewhat critical of the minister today because the farmers with whom I have spoken have been extremely critical of the minister over the last few months. What they have been saying is: "Would you tell them in the House of Commons that first there must be a recognition, not in words but in action, that agriculture is extremely important for Canada's future." Perhaps that sounds prosaic, that everyone understands and agrees with it, but this is not so.

Today we hear much about an industrial strategy, which is valid and important, but the development of farming and a method of meeting the problems and challenges of farming should be as much a part of the industrial strategy as rebuilding, for instance, industries in central Canada to make them more competitive. When there is a lay-off in farming, it affects a farmer, his wife and his family and their future and dreams. When someone who works for Massey-Ferguson is laid off, we hear about the numbers. Both are tragic, but there must be a recognition that farming is important. We should not only give it lip service. It must become part of the national strategy. Also we must do a better job of selling. Today I often hear the word "marketing". I am not against marketing boards, but I want to see hard-nosed people out in the marketplace selling Canadian agricultural products. We are not doing an adequate job in that regard.

I should like to refer to the example of the first shipments of canola to Japan. Yes, the Canadian government was interested but it did not know what to do. I know a farmer who said, "Look, I will do it". He filled containers and said that he would clean it in Canada. The Japanese had a certain standard, they thought it could only be done in Japan. When the farmer delivered the canola to Japan, cleaned in Canada, it had a lower dockage rate than the best cleaning facilities in Japan. This is what Canadian farmers are capable of doing. We must get out there and sell.

I should like to refer to another example in the time remaining; that is, the Canadian Egg Marketing Agency. Over 50 per cent of all eggs produced in Manitoba are produced by a number of farmers in my riding. Over the last few weeks I have been trying to obtain, through CEMA, permission to purchase eggs through an international contact in excess of 11,000 cases per week. The average farmer produces 100 cases per week, so one can imagine how much I am talking about. I cannot obtain that. I have talked with farmers in British Columbia and in Manitoba, and they have said, "Give us the opportunity and we will produce those eggs." When marketing becomes more important than selling, we run into trouble. This is what has happened.

I am for marketing. We need good marketing, but we also need hard-nosed selling. We also must be able to assure Canadian farmers that they will retain their assets. If we do not assure young Canadians who want to become involved in farming that the assets will be theirs first, that they will be their pension plans, that the Government of Canada will not confiscate through capital gains and change the rules in the middle, as we saw with the budget, we will not attract young Canadians into farming.

Those of us who grew up on farms—and perhaps tragically were not able to continue that life—say that farming has a great future, but we must allow farmers to do what they do best—farm. We should not interfere, but we should encourage.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: The hon. member for Hillsborough (Mr. McMillan)—Federal-Provincial Fiscal Arrangements—Calculation of provincial revenues. (b) Request that Minister review formula; the hon. member for Portage-Marquette (Mr. Mayer)—Agriculture—Government aid to producers. (b) Application of lower interest rates. (c) Short-term credit; the hon. member for Halifax West (Mr. Crosby)—The Budget—Provisions affecting pensioners. (b) Taxpayer statistics. (c) Minister's budgetary statements.

GOVERNMENT ORDERS

[*English*]

FARM CREDIT ACT
FARM LOANS INTEREST REBATE ACT

MEASURE TO AMEND—MEASURE TO ESTABLISH

The House resumed consideration of the motion of Mr. Whelan that Bill C-88, respecting loans to farmers, be read the second time and referred to the Standing Committee on Agriculture.

Mr. Bud Bradley (Haldimand-Norfolk): Mr. Speaker, I welcome this opportunity to speak today on Bill C-88, respect-

ing the loans of the Farm Credit Corporation to farmers. Improvements in food production in Canada should be our number one priority. I am sure we are all aware that farmers are one of the major pillars of the economy of the country. During this time of economic disparity, inflation and rising costs of production, they need a strengthened role of Farm Credit Corporation. Proper legislation for the corporation is crucial to the farm community and to Canada as a whole. I am pleased to see this legislation brought before the House; I am pleased to see the amendments proposed by the Minister of Agriculture (Mr. Whelan).

Although I have many concerns about a number of amendments, in general I feel that they will afford the corporation more flexibility and a greater opportunity to assist agriculture. There have been problems with the Farm Credit Corporation in the past, but those problems are mainly through interpretation of the act and because of a lack of funding for the corporation itself. I hope they can be clarified with these amendments.

One cannot find fault with the individuals in the field. The staff of the corporation is very thorough and helpful, but it is tremendously hindered by not having the necessary funds to do the job. One only has to talk to Farm Credit Corporation staff throughout the country to see that it has a feeling of concern for agriculture. But it just does not have the funds to do something about its concerns. Hopefully we in this chamber can overcome this.

● (1720)

I notice that the amendments are going to increase the board of directors from a complement of five to a complement of seven members. I have mixed feelings about that. I suppose I cannot see anything really wrong with increasing the board of directors to seven because it affords us more heads to think things out. But I hope, Mr. Speaker, that the increase from five members to seven is not used to offer more jobs to political patronage persons within the Liberal Party. I am sure the minister will assure us that this will not take place. I have that faith in the minister and in his concern for agriculture.

I have some concerns about other things like patronage, but I also have a concern about creating corporations that are top heavy. I would sooner see the funds that may be placed in expanding the board of directors put out into the field and provided to the farmers instead of to develop a larger Crown corporation. Something of this nature is one issue that we can thrash out in committee.

Competition is stiffening in the agriculture community, both here in Canada and abroad. It is essential and necessary that farmers receive assistance, be it financial to make major investments in new technology and new machinery, or to assist them in selling their produce not only domestically but on the export market. That is one of the reasons we are also debating the Canagrex legislation this week here in the chamber.

In order to keep abreast of this technology, farmers are going to have to maintain high production. They are going to have to expand to a scale that is going to be able to afford them the opportunity to take advantage of modern agricultural methods. These modern methods, of course, are extremely costly and, therefore, funds must be made available to the agricultural sector.

The Canadian Federation of Agriculture stated recently that the Farm Credit Corporation is disgracefully inadequate to the quest of farmers for real help. The $50 million provided in the budget, of which $45 million will be allowed to be loaned to farmers, will in fact provide approximately $100,000 per farm. The average appears to be somewhere between $90,000 to $100,000 in loans. But is $100,000 enough? We see now that we are raising the ceiling to $200,000. I am in agreement with that amendment. A farmer needs at least $200,000 to start a farm operation these days. Consequently that loan will only assist 225 farmers. We had hoped when we were in the government, for that all too short a period, that farm credit would be increased over a period of years by some $500 million. That is a more realistic figure and one we should consider in our deliberations in committee.

We are looking at situations now where some farms are worth in excess of $1 million. How does a young fellow today buy a million dollar farm? We do not have too many young people in Canada with a million dollars floating around in their pockets. Certainly there are some who have possibly worked with their fathers, built up little nest eggs of about $50,000, maybe even a little more. Say a young farmer puts his $50,000 down on his dream and then approaches the Farm Credit Corporation, and hopefully he can obtain the maximum loan of $200,000. That provides him with $250,000 toward that million dollar farm. But there is still that other $750,000 to make up. This young fellow, I suppose, if he has sufficient backing from his parents, could go to another lending institution and borrow that money. Or possibly the person from whom he is buying the farm can take back a second mortgage of some $750,000.

That is an awfully large step for a young fellow to take these days, especially when one considers the interest rates required for second mortgages. But it is also a very large step for the person who is selling that farm. What is that farmer who is selling the farm going to do when he gets $250,000 cash for his farm, then takes back a $750,000 mortgage? If we read the budget of November 12 brought before this House by the Minister of Finance (Mr. MacEachen), we see the answers.

That is just one of the reasons why we have to take a long look at farm credit and farm financing in Canada. As we witness more and more farmers leaving agriculture, either by choice or by bankruptcy, it is evident that there is currently little attraction for new would-be farmers. Even if the funding is available, the rate of interest is phenomenal. My hon. friend who preceded me mentioned that the current interest rate is 16.75 per cent if one qualifies. This rate of interest is not only disheartening to a young farmer wanting to get into agriculture, but also to the successful farmer who may want to expand his operation.

We do not have to look very far to see what the problems are in agriculture or to see what problems there are within the

industry. We have a very good barometer on the agricultural industry, namely, the farm implement dealers and the farm equipment manufacturers of this country. If we look at the farm equipment manufacturers and the farm implement dealers of Canada, we can see from that barometer that there is a tremendous problem in the agricultural industry. It is one that this government must address, and address immediately if we are to see agriculture survive and thus prevent more bankruptcies in the agricultural community.

When the Minister of Agriculture tabled the legislation in this House last week, he pointed out that the Farm Credit Corporation will be allowed to obtain additional funds from sources other than the Government of Canada. I feel this is a tremendous move, a move that will add more flexibility to the corporation and a move that has tremendous potential for funding, if addressed in the proper manner. These proposed changes to the act will provide authority to borrow some of the funds from private sources, although this tends to be opposite apparently from what the minister was reported to have said only two years ago, when he indicated that he would not allow farm credit to borrow from private enterprise because he feared the privatization of the Farm Credit Corporation. Nevertheless, I applaud the minister's change of mind. I applaud him for his forward thinking that agriculture should not only be in the public market but also in the private market when it comes to funding of this nature. By utilizing the two, and by having the corporation keep control of the interest rates, I feel that tremendous assistance can be afforded to those looking for financing.

Let us hope that we can look closely at this privatization, and look closely at the bonds and the debenture markets the corporation is going to enter. Possibly we could afford some opportunity in this plan similar to that offered banks in the Small Business Development Bond situation. Possibly we could entice farmers who are selling their farms to invest their money in the Farm Credit Corporation as a retirement fund.

The budget does allow some investment of $10,000 into Crown corporations by farmers with a tax deduction. Possibly we could afford them the opportunity of investment and allow them to write off all, or at least most, of the interest from all investments by agriculture in agriculture. Possibly we could also afford the same opportunity to major corporations or organizations that wish to invest in the Farm Credit Corporation. This could afford our corporation a tremendous influx of funds, Mr. Speaker, which could allow us to lend money in return to the farmers at a much lower interest rate.

It is also interesting to note, Mr. Speaker, that as the seasons change so do the promises of the Liberal government. This government during the election campaign said that it, too, would offer a once-in-a-lifetime exemption of capital gains for farmers, and that it would advance "V" day to 1974. What happened instead is history now, Mr. Speaker. Instead of allowing the capital gains exemption for retiring farmers and advancing V-Day to 1974 as promised, the Liberals, with the assistance of the finance minister, brought in a budget which will tax the farmer's retirement stake and give him nothing but a slap in the face for a lifetime of work on the farm. The people of rural Canada need changes, such as the capital gains exemption, Mr. Speaker, if they are going to retire with dignity and pass along their farmland. Surely a farmer who wants to sell his farm on the basis of part payment over a number of years should be allowed to do so. It is sensible; surely it should be permitted.

● (1730)

So often a farmer hands down a working farm to his son or daughter to carry on the family business. We urge the minister to reconsider this once-in-a-lifetime capital gains exemption on the sale of farmland. I am sure this tax has been a major factor in the decline in the number of Canadian farms and farmers because it has increased land prices, Mr. Speaker. They have to add the cost of the tax to the selling price and thus push it out of reach of a lot of people who have the dream of entering farming. It also encourages the centralization of farms into the hands of the wealthy or corporate buyer since they are the ones with the cash available.

This type of action, Mr. Speaker, brings out a whole new concept and concern that I have. The recent budget has made it extremely difficult for a farmer to sell his farm and for a purchaser to buy it. Cash money is required, and the capital gains tax is detrimental. If we think back and consider that this government would not allow the right to property in the bill of rights of our Constitution, and then think of the Canagrex bill which will allow that corporation the right to purchase and hold land, we can only hope we are not seeing a trend toward government-owned farms, Mr. Speaker. We do not need a federal land bank. I hope those in default to the FCC—some 7 per cent at present I understand—will not have their farms picked up by Canagrex and run as government farms. I hope and I trust the Minister of Agriculture will ensure that this government does not move this country toward government-owned and run agricultural enterprises.

Some hon. Members: Hear, hear!

Mr. Bradley: Changes made in this budget regarding income-averaging annuity contracts have, in effect, frozen land sales for this generation. By eliminating the IAACs and the capital gains reserve, this government has forcefully and tragically penalized the Canadian farmer's retirement income. Until there is some change in the capital gains tax, until there is some change in the ability of individuals to use the capital from their farms in a way which will protect them from the exorbitant taxation at the time of sale, this generation will have to maintain control of the land. As a result, agriculture will not prosper as it would if people were allowed to retire from their farms and let the younger people carry on in their place. Why should a farmer be taxed on his farm all his life, Mr. Speaker, and then be dealt a heavier blow when he tries to sell it?

High start-up costs discourage many from entering farming. Therefore, I believe the government should focus attention on

incentives to encourage people to start in farming and have the land remain in farming if at all possible. These incentives could be introduced through the Farm Credit Corporation. That corporation brings a strong national influence in the field of credit. In areas that do not have provincial programs, Mr. Speaker, the FCC is almost the only source of funds for young people who wish to get into farming. However, it falls short of providing sufficient help.

No industry is more important than agriculture in Canada, Mr. Speaker. It produces our food, and the family farm has been the major factor in that production. If we do not make sure that production continues, then we can expect to run into even more severe difficulties in future than we are facing today in agriculture.

Credit is important, Mr. Speaker, but net income is more important. We have a situation today where farmers are restricted in the amount they can charge for their produce, and yet there is no restriction on their overhead. There is no restriction on the increased costs of machinery, equipment, labour, energy, fertilizer or seed, Mr. Speaker. All of these have escalated so sharply that a constant depletion of farmers' income has occurred. For the past ten years, farm income has remained relatively the same, but the overhead has moved upward at a tremendous rate. The farmer's cash flow has suffered drastically.

Most certainly we should be looking at the availability of credit to the farmer, but we should be looking further. We should be looking at the squeeze on the farmer because of the tremendous changes in the cost-price situation in agriculture today. Canadian farmers are only looking for a decent return on their investment. Unlike many other business sectors of Canada, agriculture exists almost entirely as small family farm businesses. All the bank lending to agriculture may appear to be long term in the sense that it is done on the security of a mortgage with a long amortization. However, the mortgage is, typically, called for adjustment of interest rates at intervals as frequent as a year, or possibly there may be a floating rate. A farmer cannot plan five years ahead on his cost of production if he has to be continually concerned about interest rates.

However, I do not wish to dwell on this subject, Mr. Speaker. It is well known, I am sure, to all of us here. Hopefully, Mr. Speaker, we will be able to look at this bill as having the potential to do other things. We need clarification not only of the FCC, but also of the Small Business Development Bond. There is a tremendous conflict between the two. We have the FCC being forced to tell farmers that they cannot qualify for a loan until they have been turned down by another lending institution. So they tell them to check with the bank about qualifying for a Small Business Development Bond. The farmer goes to the bank and is told they do not yet have the regulations on the bond, or else he is told he must be turned down by another lending institution before qualifying for the bond. It is a vicious circle, Mr. Speaker. It is time consuming, confusing and, in too many cases, futile. We should put our heads together and make sure the FCC, the Small Business Development Bond program and the banks are in step as to what assistance is to be afforded to the agricultural community in an orderly manner.

I feel, Mr. Speaker, that Bill C-88 and the amendments have come three years too late. There is no short-term relief; funds have run out. Two hundred and sixty-one Canadian farms have been forced into bankruptcy, not to mention the hundreds more forced out through foreclosure and forced sale. Not only is further funding necessary, Mr. Speaker, but an over-all strategy to encourage and support our farmers is required. Bill C-88 is ineffective without proper funding. It cannot solve the immediate problems of underfunding as it stands. Further government action is desperately needed. The bill could be an important and worth-while measure if the government gave a firm commitment that its direct funding to the FCC will not be cut back. The promised $50 million is insufficient; we must ensure immediately that that figure is increased.

I am not opposed to these amendments as presented Mr. Speaker. I am happy to see the age limit of 35 being lifted under which borrowers can phase into farming over a five-year period. I am happy to see the $50 million increase even if I do feel it is a small amount compared to what is required. I am pleased to see the increased flexibility being worked into the corporation. I am very pleased that we are allowing private funding of the corporation, hoping, as I pointed out, the interest paid will not be taxable. I am pleased to see the borrowing ceiling brought up to $200,000, Mr. Speaker. Farms are now in the area of $900,000 to $1 million or more, and the ceiling must be raised.

• (1740)

As I pointed out, I also have suggestions pertaining to the Farm Credit Corporation and agriculture in general. I would suggest that we sit down and clarify the Farm Credit Corporation versus the Small Business Development Bond program and the bank loan issue. I hope that in committee we will investigate the possibility of allowing the private sector to invest in the Farm Credit Corporation and write off the interest, and thus allow the Farm Credit Corporation interest rate to be brought down to a reasonable, low level which would be stimulative to the industry.

I hope we can look at the possibility of increasing the funds given to the Farm Credit Corporation, not by $50 million as proposed but, hopefully, by some $500 million, even if it must be phased in over two or three years. I suggest that we look at an increase in the amounts available for lending when we start looking at farms which are worth $1 million or more. We must keep abreast of inflation in the industry.

I hope the minister will give serious consideration to giving the capital gains exemption, at least once in a lifetime, to a bona fide farmer, which would allow him some dignity in retirement and would help keep the farm costs down.

I hope we can address the energy rebate program and give agriculture some assistance with the energy used in food production. Hopefully, we can look at the interest deductibility

possibilities in agriculture and, above all, I suggest we do everything we can to lower interest rates in agriculture.

As I pointed out earlier, farmers are unique. They cannot increase the price of their goods as the price of the production increases because governments and all other institutions do everything in their power to keep the cost of food low to the consumers in this country in order to keep the cost of living and inflation down. However, the farmers are being faced with tremendous increases in cost in order to produce these goods. They do not want a handout. They do not want to become partners with the government, but they do need assistance.

I feel that it is time that we in this House sat down with those farmers or their representatives to figure out the best methods. I feel that it is time the Government of Canada gave farmers a fair shake.

Some hon. Members: Hear, hear!

Mr. Doug Neil (Moose Jaw): Mr. Speaker, I welcome the opportunity to participate in the debate this afternoon on the changes to the Farm Credit Corporation. I support the bill, generally, but I am looking forward to the time it is referred to committee so that we in the official opposition can make some constructive recommendations to the bill. I would like to make a few comments on some of the sections contained in the bill.

Clause 3 provides for an increase in the number of members on the board of the Farm Credit Corporation from five to seven. I would certainly like to hear an explanation from the minister as to the reason he finds that increase necessary, other than to give some Liberal in the backwoods an opportunity to sit on the board and feed at the public trough.

Over the years, the Farm Credit Corporation has done an excellent job for the farmer. For this reason, I hope that increasing the board will not result in any real changes in its operation. However, we are certainly entitled to an explanation by the minister.

My party and I support the increase in the capitalization from $150 million to $225 million. This increase in funding is certainly necessary because during the last year or two it has become more and more difficult for borrowers to go to the Farm Credit Corporation and find available funds. In many instances, when an application is made, the people who are administering the fund say to the borrower, "We would like to help you but, unfortunately, we simply do not have the money." If a young farmer, or any farmer for that matter, has a deal pending with respect to the purchase of farmland, he is certainly in need of the money within a reasonable time. If he is told by the Farm Credit Corporation that it will take six weeks, two months, three months or four months before he can get the money, he will not be able to proceed with the deal.

I think one of the real problems today is with respect to the interest rates. One should consider the present interest rate of 16.75 per cent, which is presently charged by the Farm Credit Corporation, along with the current price of land. It is not unusual, in my region at least, for a farm to sell at a minimum of $1,000 an acre. If one relates an interest rate of 16.75 per cent to $1,000 per acre of land, that means that the interest payable annually is approximately $167.50.

As it happens in most instances, farmers nowadays, because of climatic conditions and other factors, farm on a two-year rotation basis. They summer-fallow one year and they crop in the alternate year. Therefore, one has a situation where half of one's land is in crop each year. In other words, one acre of land must support the interest on two acres. If one relates 16.75 per cent interest to two acres of land at $1,000 an acre, one finds that this amounts to some $335 per acre. At $6 per bushel of wheat, it will require a crop of something more than 50 bushels to the acre simply to pay the interest alone, and that is without paying anything on the capital or paying one's taxes or input costs. The input costs have been rising year by year. The prices of fertilizer, sprays and farm machinery go up, but this is really something over which we have no control.

However, I would suggest to Your Honour and to hon. members of the House that interest rates are something we in the House can do something about. I would like to put forward a proposal which I think is important. The Minister of Agriculture (Mr. Whelan) has spoken about bringing interest rates down, but he has never brought forward any proposals. It was rather interesting to read an article in *The Toronto Sun* of January 31, 1982, entitled "Taxpayers Underwrite 10 per cent Loan to Soviets". If one reads that, one finds that the taxpayer of Canada will be subsidizing the Soviet government on a loan that EDC is making to that country. I will read one paragraph which states:

> The Trudeau government has been working on a deal in which the benefits of a $198.5 million—

Mr. Cousineau: Order!

Mr. Deputy Speaker: Order, please. The hon. member for Gatineau (Mr. Cousineau) rises on a point of order.

Mr. Cousineau: I wonder if the hon. member who is now speaking could respect the customs of the House by not referring to the Prime Minister (Mr. Trudeau) by his family name but by his title, please.

Mr. Epp: Mr. Speaker, he is quoting!

Mr. Neil: Mr. Speaker, I was quoting from an article.

Mr. Cousineau: Order!

Mr. Deputy Speaker: Order, please. The hon. member for Moose Jaw (Mr. Neil) has the floor.

Mr. Epp: He was quoting.

Mr. Cousineau: Doesn't make any difference, Jake.

Mr. Neil: The article states:

> The Trudeau government has been working on a deal in which the benefits of a $198.5 million Canadian taxpayers' 'subsidy' would go to the Soviet Union.
>
> The *Sun* has learned that the federal government's Export Development Corporation has been planning to borrow money for a Soviet project at 16 per cent interest. They would then loan it at only 10 per cent interest to finance Canadian companies who are negotiating to build a $750 million portion of a

new natural gas project in the Soviet Union's Astrakhan area, on the delta of the Volga River near the Caspian sea.

The article goes on to state:

The Soviet government would be the main financial benefactor in the EDC loan because the low interest rate would be passed on to it in the form of much lower contract bids by the Canadian companies.

Mr. Speaker, we can lend money to the Soviet Union at 10 per cent, yet we charge our farmers 16.75 per cent.

However, I would say to Your Honour that there is something we can do about interest rates without subsidizing, and it is fairly simple. I note that Clause 8 of the bill with which we are dealing today widens the area in which the Farm Credit Corporation can obtain funds. It reads as follows:

● (1750)

The corporation may, with the approval of the Minister of Finance, borrow money by any means, including issuing and selling bonds, debentures, notes and other evidences of indebtedness of the corporation.

That gives pretty wide powers to the Farm Credit Corporation when it comes to raising funds. In the November 22 budget, certain changes were made by the Minister of Finance (Mr. MacEachen) which make it almost an impossibility for a farmer when selling out to pass the land on to his son or daughter unless he can get cash for the sale. He is faced with the payment of capital gains upfront for the simple reason that the income-averaging certificates have been eliminated. He is faced with a tax on the sale of his inventory and his farm machinery.

Before the November 22 budget, the farmer was in a position where he could buy income-averaging certificates, sell on time and use the reserve system. These benefits enabled him to sell, pass on his land, and yet have sufficient money to enable him to retire. With the November 22 budget, this has been taken away. The retiring farmer is now faced with an almost impossible tax burden.

I suggest there is a way to deal with this act which would enable the Farm Credit Corporation to borrow money at reasonable rates. At the same time it would give relief to those farmers selling their farmland, inventory, machinery and retiring. It can be called an agri-bond, debenture, or farmer's retirement investment fund. I suggest that the Minister of Agriculture bring in an amendment to this bill. If it is not legal for him to do that, he can recommend to the Minister of Finance that he bring in changes to the Income Tax Act which would allow a retiring farmer to take that portion of the sale price which is a capital gain and lend it to the Farm Credit Corporation, either by way of debenture, agri-bond or a retirement fund.

The Farm Credit Corporation would pay to that retiring farmer an interest rate of, for example, 8 per cent. If the retiring farmer allowed those funds to remain in the hands of the corporation for, example, for five years, he would have no capital gains tax to pay. I am sure retiring farmers would welcome such a scheme. I submit it would not cost the Government of Canada any money. The corporation would get money at 8 per cent, which would be taxable in the hands of the farmer. It could lend it at 9 per cent by way of mortgage under the Farm Credit Corporation Act. That 1 per cent should cover administrative costs. The farmer would have 8 per cent investment income which he could use for his retirement.

The same could apply to the sale of inventory for farm machinery. The farmer could invest it in the Farm Credit Corporation in the same manner. The tax would be waived, the Farm Credit Corporation would have money at a low interest rate and so would the farmer. What better system could there be? The farmers would be building a fund to help farmers. It would not cost the taxpayer any money and would enable the family farm to be passed on from generation to generation.

As the situation now stands with the present budget provisions, it will be virtually impossible for a farmer to pass on the family farm to his son or daughter. It will be impossible because of the tax burden on a farmer wishing to sell his land, even for cash, and to retire comfortably. In most cases, the only retirement fund that a farmer has is what he can realize from the sale of his farm, inventory and farm machinery when he reaches retirement age.

I put this proposition to the Prime Minister (Mr. Trudeau) several months ago. In response he said that it was an interesting proposition and that he would pass it on to the Minister of Agriculture. I have not heard a thing from the Minister of Agriculture.

There is nothing in the bill or in the speeches of the minister to indicate that he was listening or that he is concerned about the retiring farmer. The procedure I have proposed is a method by which cheap money will be available to the Farm Credit Corporation and to the borrower. I hope when this bill is being considered in committee the Minister of Agriculture will discuss an amendment of this nature. We on this side of the House have been discussing it for some time and will be bringing in a joint amendment of some kind to put forward this proposal.

My time is almost up. In closing I should like to say that, generally speaking, I am supportive of this bill. I hope that when the bill goes to committee the minister will listen and that we can make some constructive amendments in a manner that will be beneficial not only to the farm population but to the Government of Canada in the form of reduced interest rates. If the minister's interests are with the farmers, he will listen to us and give consideration to our recommendations.

Mr. Schellenberger: Mr. Speaker, I see there are only a couple of minutes left. I leave it to your discretion as to whether we should call it six o'clock before I get into the meat of my speech.

● (1800)

[*Translation*]

Mr. Deputy Speaker: Order, please! It being six o'clock, I do now leave the chair until 8 p.m.

At 6 p.m. the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

[*English*]

The Acting Speaker (Mr. Blaker): Order, please. When the House rose at six o'clock, the hon. member for Wetaskiwin (Mr. Schellenberger) had the floor.

Mr. Stan Schellenberger (Wetaskiwin): Mr. Speaker, in rising to speak on Bill C-88, I would like to make a few remarks regarding farm credit and some of the problems that I see with capital and credit requirements of farmers today.

During the Christmas recess I had an opportunity, as did most hon. members, to speak with people in our constituencies about the problems that they would like us to deal with in this session. I must say that there is a very pessimistic attitude among farmers in central Alberta. The balance sheet will simply not balance as they sit down to make their calculations for the 1982 crop year. This is particularly true for those involved in the cereal grain, oilseed and red meat industries.

Today, many farmers are borrowing against their assests, their land and machinery, to keep the farm going. They are taking a line of credit, a working capital loan, in order to put the crop in. With these very high interest rates, the amount of money they take in at the end of the year is simply not sufficient to meet the interest and principal payments they have to make. For many farmers today, if they have one crop failure they are bankrupt.

This was not the case when my father was farming. I can recall being on my family farm in 1955 and 1956 when we were hailed out. We did not even have crop insurance at that time. In 1957 we had a crop and then in 1958 we were hailed out again. But the farm did not go under. In those days farmers had sufficient capital on hand, built up in the bank, to meet a crop failure. Of course, there were not the high interest rates and input costs. We did not have to fertilize our crops or spray herbicides. If we did, it was only for spot requirements.

As a result of the advice given to the agriculture industry and the almost mandatory requirement today of enlarging your farm in order to stay in business, the interest rates and huge input costs which must be spent to put in a crop, if there is one crop failure, all that investment and work is for nothing because the farmer cannot obtain another line of credit for working capital for his next crop year to meet the problems of nature which may result in crop failure.

As I travelled through my constituency during the Christmas recess I noticed that the farmers who face serious difficulty fell into two categories. One is the farmer who has recently taken over the family farm or who has started a farming operation and has faced these extraordinarily high interest rates in the last couple of years. The second group—which was surprising to me although maybe it should not have been—was the farmers with very large farming operations. They have very large working capital loans and are now finding the interest rates of 20 per cent are causing them great difficulty if the yields are not what they should be or if they have trouble marketing their crop. These are the two groups of farmers having the most difficulty balancing their budgets today.

• (2010)

Some years ago the advice from the Department of Agriculture and our agriculture representatives to many farmers—and there were many more then than there are today—was that they should get larger operations. This was the coming thing. This was the way to continue in the agri-business, farming. They did that, many because they had no choice. They could not manage any more on 100 acres, 200 acres or 300 acres. In order to continue, they had to have larger operations. They became more efficient, obtained larger equipment and produced more volume.

When that was becoming a problem, the advice then was that they would have to become even more efficient and that the way to become even more efficient was to obtain larger equipment and to make more use of farm research. Researchers in our agriculture stations have great talent and are providing farmers with some excellent opportunities to become more efficient, but we can reach limits in that respect. Farmers were told to use more herbicides and more fertilizers and to use their tractors less. Such things as zero tilling have come into application. This was the way farmers could stay in business. That worked and is still working for some farmers, but with the economic situation as it is now the government has put out a paper to the agricultural community entitled "How to Survive Hard Times". Many farmers would say they have experienced hard times many times in their years of farming, but now there is a paper out on the prairies called "How to Survive Hard Times". I wish I had brought it with me. It contains about seven or eight recommendations which are really something to read. As I remember it, one was to sell some unproductive land. Another was to raise hogs in unused buildings. Another was to work at part-time jobs. The paper went on and on listing these types of things.

Mr. Neil: Get rid of the Liberal government.

Mr. Schellenberger: Yes. As my colleague says, one recommendation might be to get rid of the Liberal government. That might have helped farmers through hard times. Many farmers in my constituency have been forced to get part-time jobs to keep their farms operating. Then the tax man comes along and says they can write off only $2,500 of capital they accrue in off-farm income. They can then write off half of the next $5,000, and that is it. The benefit realized from working hard on an off-farm job to use the capital obtained to keep a farm operating ends at $5,000, and that is simply not enough for many facing high interest costs.

As I see it, at the present time we are facing two very desperate problems which must be dealt with immediately. One problem is high interest rates, and the other—and we have been facing it for some time and perhaps not using our intelligence enough or using the ideas which are coming forward—is how to deal with inadequate prices and markets for the produce we are producing most efficiently. The farm

index is rising far, far faster than the consumer price index. This is also true in the United States and, if we were to look at the statistics we have, I am sure we would find that it is true also in Argentina, Australia and all those countries competing with us in the markets for grain sales.

Interest rates were not dealt with in the budget recently presented. They are not being dealt with in this farm credit bill. They are not being dealt with in the Canagrex bill. The first ministers are presently having a conference and, to their credit, they are attempting to bring forward ideas on how we can deal with this economic dilemma.

Every day in the House hon. members rise seeking solutions to this very desperate problem which faces not just the agricultural industry but many other industries. Many members who have spoken in the House about this bill have presented ideas and possible solutions to the credit and interest rate problems we are facing today in agriculture and other industries. It is time the government widened its viewpoint, opened its arms and its glass houses of intelligence and used some of the ideas which are being presented in this House and by many farm organizations across this land. We must seek advice and use it.

Hon. members speak in this House not just to criticize. Of course, sometimes an essential function of members of this House is to criticize legislation, but many times hon. members bring forward not only their own ideas but also the ideas they are able to gather as they travel in their constituencies. Many of us represent hundreds of thousands of people, and there are ideas out there which we bring to the House and into committees. As we face these kinds of dilemmas, it is time the minister and the government opened their arms to these suggestions, looked at them honestly and dealt with them. They should not be thrown aside just because they do not come from the department or the glass houses across the street, from where all intelligent material emanates!

I have been reading *Hansard* and listening to some of the speeches. The hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) brought forward an excellent idea yesterday, and it deserves some study. That idea has to do with the use of the Small Business Development Bond whereby individuals could lend to the Farm Credit Corporation and not pay tax on the interest money accruing from such loans. That idea is worth some study.

The hon. member for Moose Jaw (Mr. Neil) made an excellent suggestion just a few hours ago. He suggested that farmers could receive money at rates of about 8 per cent. He referred to a farmers' retirement investment fund which would allow farmers to invest their capital gains in farm credit at 8 per cent for five years; I think that is what he said. They would not pay any capital gains tax if they left their money there for five years, and the government could lend it out at a very reasonable rate. If the government is going to the money market to borrow money for farm credit, I am sure the government will pay prime and perhaps prime plus for the money. Under my colleague's proposal, we would have a pool of capital which could be put to work at a rate much lower than that.

I heard the hon. member for Haldimand-Norfolk (Mr. Bradley) make some excellent proposals. I made some suggestions back in 1975. I looked them up to see if they still make any sense. I put forward a private member's motion at that time on behalf of young, starting farmers who were having difficulty. I proposed that there be partial non-repayment of loans, where young farmers meet some performance standards, and a maximum 5 per cent interest rate. Things have changed substantially since then, but we all remember the days when interest rates were set, and they could not go above a certain level. Oh, we long for those days again! I proposed that there be deferred interest during an initial period because when a farmer is starting up with a very high loan rate on land and equipment, his greatest difficulties generally are in his first years, and he spends all his money just paying interest and does not get to the principal for some time. I proposed open-ended loans so that if a farmer intends to increase his operation, he need not pay the costs time and time again to set up loans.

Sure, things have changed since 1975, but many ideas are enunciated in this House and in committee every day this House is in session, and very, very few of them are put into legislation. Often a minister brings a bill into the House and says it is at the final stage. He says it is in its final form. Oh, yes, he tells us we will have an opportunity to debate but that he is not looking for any ideas. He just wants to get his legislation through and, as long as he has the support of his party's members, away he goes.

Hon. members have said they will support this bill. It makes some changes that will be beneficial to the agricultural community. But is it good enough? Can we pack our tents and go home saying that with this bill on farm credit and with the bill on Canagrex, we have solved the farming problem? I believe that is not good enough. I say to the minister that the bill provides the opportunity for him to deal with some of the excellent suggestions put forward by the House and by farm organizations.

● (2020)

Clause 8 of the bill which refers to Section 13.(1) of the act reads as follows:

> The Corporation may, with the approval of the Minister of Finance, borrow money by any means—

I suppose the government does not trust the Minister of Agriculture (Mr. Whelan) and that is why provision is made for the Minister of Finance (Mr. MacEachen) to approve. He is to make sure that the thumb is put on the Minister of Agriculture. I am sure that members from other agricultural areas, as well as this minister, can convince the Minister of Finance that improvements are needed in the area of capital requirements for farmers. This gives him latitude to accept such ideas.

In committee, amendments to clarify this clause in the bill will be put forward and the excellent suggestion offered by farm organizations will be considered and perhaps drafted into amendments. We ought to give such suggestions close study,

and in this area we hope to receive the co-operation of the minister.

Clause 3 of the bill deals with the increase in the number of board members. Many hon. members are suspicious of this provision, and I suspect there is some depth to that criticism. If the number of members is to be increased, perhaps the government will seek out individuals who can deal with the dilemma of capital requirements in this country and make suggestions to the minister. As many hon. members have pointed out, the board members do not really operate the day to day affairs of the corporation but are there to advise it. We will wait to see how this provision is used.

Another provision is for an increase in the capital requirement. Anyone who has dealt with the Farm Credit Corporation knows that it generally runs out of funds half way into the fiscal year and that many important loans that should be dealt with are put aside simply because there is not enough money.

Clause 10 of the bill sets the maximum repayment period at 30 years. As many of us who have gone to a bank to take out a line of credit have found, there is not much difference in the payment on a 20-year loan, a 25-year loan or a 30-year loan. It often amounts to only a few hundred dollars. Sometimes, with a borderline operation, there may be the need for an extra five years in the repayment period.

Clause 11 allows the Farm Credit Corporation an advance of up to 30 per cent of the principal amount of the loan immediately. Many farmers find that, even when a loan is approved, it takes weeks to get the cash and, as a result, many pending deals are jeopardized. I think the suggestion is a good one.

Clause 13 provides that money lent to Indian bands be set by regulation. I agree with that.

Obviously, Mr. Speaker, we are going to support this bill, but I would like to consider some suggestions put forward by people outside the House and outside the farm organizations. Perhaps we should consider what other countries are doing.

In the brief time that I had to prepare this speech, I examined the U.S. credit system and found some very interesting things that I think should be considered in committee.

The United States has a number of systems, one of which is the Federal Land Bank Association. This is farm-owned and its purpose is to provide farmers with long-term credit for land at interest rates of 10.5 per cent to 13 per cent. The interest rate floats with outstanding bonds in the bond market, and the repayment period is 40 years. A similar type of organization would be very attractive in Canada.

In the United States there is an organization called the Production Credit Association. Today it has floating rates of 15 per cent to 17 per cent, with a maximum repayment period of ten years. As well, 5 per cent to 10 per cent of the loan can be withheld to purchase what is called class B stock, with no dividends. If the stock is held for two years with no further borrowing, it becomes class A stock and pays dividends. This can be used for any farm-related expense. I think it is an excellent idea.

There is also something called the Farmer's Home Administration which was established in 1946 for farm and rural housing development. It provides short-term loans of up to $100,000 for seven years, long-term loans of up to $200,000 for 40 years and provides for an emergency loan of $500,000 for from seven to 40 years, in the event of natural disasters. The interest rate on that loan is set at five per cent. I am sure that many hon. members can point to natural disasters in their constituencies where the insurance held by farmers was not adequate to put them back into operation. So this last idea seems like an excellent one and I think we should consider it.

The Americans also have the Commodity Credit Corporation. This is not a major source of funds but it is available for the use of farmers.

I have shown that there are good ideas in other countries, Mr. Speaker, and I think if we examined the situation in still more countries such as Australia, we would find excellent systems that we could study to see if they would help with the very serious economic problems that face the farm industry.

I do not intend to put all the statistics regarding high input costs on the record again, Mr. Speaker, nor do I intend to speak about the low prices that farmers receive for livestock, cereal and oilseed. All these statistics have been placed on the record and are common knowledge.

Farmers need leadership; indeed, they are desperate for leadership that will adopt ideas to assist them in the coming decade. Many agricultural experts feel that there is a bright future for farmers and, indeed, we are optimistic. Each year there are some 80 million more people in the world so there is a need to provide food for them. We are one of the very few countries with the capacity to do that. We must get on with the job, however.

We already have the Western Development Fund. Although the amount of the fund was set at $4 billion in the beginning, it has decreased in the last few months. However, in the next five years the federal government will receive as much as $50 billion from western oil. Surely some of that money could be reinvested to provide transportation systems, proper credit and some of the ingredients that are essential in order to buoy up the very important agricultural sector of this country which brings in many billions of dollars in foreign currency.

If we do not deal with the dilemma of transportation, then within a few years we will find that quotas are imposed on the rail lines to western ports. With the Crow rate in place, it is easy to see which commodity would be at the end of the line! It would be grain. We have to deal with that problem and it is essential that we begin now. Markets which pay the proper price for our agricultural products must be found. This matter was debated when the House dealt with Canagrex. Canada has failed miserably in this area over the last number of years. In my opinion there must be some co-ordination among the various sellers of grain in the world. Canada, United States, Australia and Argentina are competing with one another. We compete so well that we sell our products below the cost of production to farmers. I assume we are not doing farmers any favours. Why can we not get together? Some of us have taken

the initiative to meet our colleagues in the parliaments of those nations to talk about this matter, because our ministries and public servants have failed in the past. Farmers want us to get together and not sell products below the cost of production to subsidize our Soviet friends as they build up billions of dollars of arms or to subsidize our Japanese friends who purchase our wheat for $6 and sell it to their people for $12 so that they do not compete with their own farmers. There are countries that require food and can afford to pay. The countries with the capacity to produce should be seeking more of those funds. I am not suggesting that those funds should go strictly to farmers. If there is some surplus or a reasonable profit over the cost of production, we may be able to establish a food bank to assist countries which do not have the capital to pay; perhaps they could buy some of our surpluses.

● (2030)

I do not have time to present my many ideas, but I will have that opportunity in committee. The Farm Credit Corporation has served our farmers admirably over a number of years. It ought to be assisted now so that it can continue to serve them. This bill will begin that process. Hopefully other ideas will be placed in the bill in committee and before third reading debate so that we can better serve Canadian farmers.

Some hon. Members: Hear, hear!

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, Bill C-88 respecting loans to farmers has been needed for a considerable amount of time. We will discuss it in a fairly detailed manner in committee. We will be discussing matters which are important to farmers, such as basic rates and the availability of funds.

I was most interested in hearing the Minister of Agriculture (Mr. Whelan) talk about the banks when he introduced the bill on January 28. He was most critical of the banks in his remarks. Also I was most grateful that the hon. member for Humboldt-Lake Centre (Mr. Althouse) corrected the minister's remarks by quoting the minister's words of four years earlier. In 1977 the minister was more than willing to do business with banks. On October 25, 1977, he said:

> I take my hat off to banks and other interested financial organizations who are starting to get involved in long-term agricultural lending programs because I welcome progress. And this is progress.

On January 28, 1982, the minister said:

> As I have said outside this House, I am extremely disappointed in the way in which most of the banks, but not all of them, have handled the demand for farm credit.

The minister went from boom to bust with the private sector in less than five years. We should let that be a warning to the messiahs in the House who always find salvation in the private sector.

Some of us have longer memories and are not as trusting. Some of us will always wonder why the minister was so trusting back in 1977. The record of banks respecting long-term financing for agriculture in the 1930s was not one of glory. The experiences of foreclosures and abandonment of farms across the prairies led to a permanent divorce between farmers on the prairies and their banks. Farmers would not go to banks for credit back in the 1930s because they had continuously lost their land as a result of very small loans. One result of the divorce was the growth of credit unions, particularly in my home province of Saskatchewan. Another was the departure of banks from long-term farm financing until 1977.

As I have indicated before, the Minister of Agriculture was quick to welcome back the banks in 1977. Now he must tell the House that because banks were not really providing long-term financing, they have not really returned at all. This matter is worth pursuing in some detail. Most of us are aware of the greatly increased dollar amounts required for farm credit. According to the 1981 annual report of the Farm Credit Corporation, the amount of long-term credit granted in 1979 was $1.75 billion, up from $1.1 billion in 1978. These are the latest figures, but the amount for last year was probably considerably higher. Of that amount of long-term credit in 1979, the banks granted $371.6 million or 21 per cent of the total. This is a substantial amount when it is considered that in years prior to 1977 banks were not in that field at all.

According to the minister, these preliminary figures may require substantial revision. I wonder why. The minister told us that the banks were not in the long-term credit field. Long-term credit is defined as financing for more than a ten-year term. Also, most of us presume that long-term credit means credit at a fixed interest rate, but "not so", the minister told us. Banks have now turned their so-called long-term financing into demand notes. Farmers are faced with a choice of floating rates of financing or no financing at all. It is kind of a Hobson's choice of which most farmers and I want no part. But it is a situation which farmers must confront because, as the Minister of Agriculture admitted in the House, the actions of the banks are perfectly legal under the Bank Act. Instead of having long-term credit at a rate for which they can plan, farmers have been facing extremely variable and high interest rates up to 24 per cent. It is of little value for the minister to rail against the banks publicly when other remedies are at hand.

● (2040)

The government of Saskatchewan made its intentions clear to the banks when it introduced its home owners protection act. That bill was so clear-cut that in the Saskatchewan legislature members of the party to my right reversed their position and supported the bill when it came to a vote. The banks did not like it, but just about everybody else did.

In 1944 the government of Saskatchewan passed the farm protection act, which has stood ever since. I mention that legislation as a reminder to the minister that legislative action is an alternative, and I suggest that he look at it and use it. Failing a legislative alternative, we must look again at the sources of long-term credit. This field has been overwhelmingly dominated by the federal government in the absence of other lending institutions.

In 1978, the federal Farm Credit Corporation accounted for 68.3 per cent of all long-term credit outstanding in Canada. Provincial governments were a distant second at 15.1 per cent and the banks were third at 6.6 per cent. The banks are getting out of this area once again.

As the minister noted in his speech, the growth in demand for credit is increasing at a rate of 20 per cent annually. The minister also said that the Farm Credit Corporation has been held back by federal restraint despite the extremely good repayment record of the farming community.

The minister held out in his speech the possibility of retiring farmers being able to invest in a fund with the Farm Credit Corporation with proceeds from the sale of their farms. He suggested further that tax concessions could be attached to bonds being sold by the Farm Credit Corporation in the future. These are possibilities which the minister raises. But there is nothing in the bill to indicate they will be implemented. Indeed, I would like a suitably unvarnished opinion from the Department of Finance and the Treasury Board on the likelihood that Canada should get into the tax-free bond market.

I would suggest the minister try another area. I think he should ask for provincial investment in the Farm Credit Corporation. Agriculture is a shared jurisdiction. Farmers routinely borrow from federal and provincial sources. Yet the Farm Credit Corporation dominates the long-term credit field. The Farm Credit Corporation has offices and counsellors across Canada. They have an appreciation of long-term capital needs and markets. Provincial investment could avoid duplication in this area.

In this bill we have been asked to address a shortage of capital for the Farm Credit Corporation. There is little indication in this bill that the funds being provided will prove to be adequate for anything but the short term. If the government has already reached $143 million of its $150 million ceiling, then I do not believe it will take long to reach this new ceiling of $225 million.

The minister's own paper on agri-food strategy mentioned long-term financing as a major constraint against the development of food production in Canada. Given the present economic policies being followed by this government, I can see no great hope of stimulating the kind of production which the minister hopes can be sold on world markets.

If the minister seriously believes that the banks which have caused him so much personal grief among his farming constituents in recent months can be counted on as a major participant in the expansion of Canadian agriculture, he should think again.

Bill C-88 is meant to provide long term financing to agriculture. There is a great need for relief of the crisis in agriculture that is upon us. Indeed, one of the provisions of this bill is to include retroactively the $50 million in emergency farm financing which was granted in the budget. All of us know that the $50 million was too little and too late. The amount will help perhaps 300 young and beginning farmers who are in difficulty with the high interest rates. The minister's own figures show an average loan of $124,000. In other words, we can say that $50 million will go to 363 farmers.

That is a start, and we can commend the Farm Credit Corporation staff for moving quickly to help those farmers who are in distress. But other farmers who do not fit the criteria, also in distress, are supposed to use small business bonds as financing. That in itself is a very big issue. We have heard a great deal from people who have been waiting for action on the Small Business Development Bond program since it was introduced in the November budget speech and made a vehicle for farmer relief.

The banks have been waiting for eligibility clarification. The farmers and the fishermen have just been waiting. Now that the eligibility problems have been resolved, there is fear that the rules applied by the banks will be so rigorous that few loans will be made.

While in my constituency last weekend, I was told that not one farmer has received a small business loan since November 12. The fear that the banks will apply such rigorous rules that few loans will be made is also the fear of the Canadian Federation of Agriculture.

Other fears are being expressed as well. Some people in the financial community believe that once a person convinces a bank that his financial situation is dire enough to qualify for the bond, the bank will immediately conclude that the applicant is a poor risk and will refuse to help. I am told that is exactly what is happening. Bankers do not generally believe high interest rates are the root of financial difficulties in Canada. They prefer instead to point to inadequate capital management problems and the present poor economic conditions.

● (2050)

Late last fall I surveyed my constituents concerning the effect of high interest rates. I heard a good deal about the difficulties people are facing in the renewal of mortgages. The average increase was about $280 a month. I also heard from farmers, one of whom told me that his interest payments have increased 100 per cent in the last year. Another one told me his monthly payments have increased $5,000 a month in the last three years. I asked him what he could cut back to keep his farm in operation, and he told me the only thing he could cut was his throat. That is my definition of dire straits, when there is nothing else you can do, and that is why I wonder how the bankers can say with a straight face that high interest rates are not the principal difficulty facing Canadian agriculture at this moment.

With this in mind I would like to dwell for a moment on the income problems facing Canadian farmers. If their expenses continue to rise dramatically, then all of us must give particular attention to raising farm incomes. If I might be allowed to use a current example which was used in a different context by the hon. member for Wetaskiwin (Mr. Schellenberger), it does little good to calculate the abolition of the Crowsnest freight rate, as economist Carl Snavely has done, on the basis of a 50

per cent return on investment to Canadian Pacific. This rate compares most favourably to the 7 per cent return on investment to farmers.

Similarly, we find that a movement of the compensatory rate would absolutely wipe out Manitoba's net farm income. In 1980 Manitoba's farm income would have declined 156 per cent to a net of minus $30 million by the use of compensatory freight rates. That would be the consequences of the policy put forward by this government, a government which is actively encouraging farmers to grow more grain to meet the export targets it has set. No wonder my colleague, the hon. member for Regina West (Mr. Benjamin), called this a plan which could be topped only by one other government, namely, the military government of Poland.

I mention these examples to underline the income problems of farmers. I see little future for farming in Canada, given the lack of direction and concern of this government, if net farm incomes continue to decline. Taking inflation into consideration, a decline from $3.5 billion in 1974 to $3.3 billion in 1980 is a very large one. That is a decline in both relative and absolute terms, one that is fuelled by the monetarist policies of this government. The projected 20 per cent decline in 1982 is a further indication of a deepening crisis in Canadian agriculture. All the borrowing in the world will not be a sufficient answer to those farmers with incomes inadequate to meet their greatly increased obligations. If you cannot show a profit, it does not make sense to continue borrowing to cover your losses.

I say this, Mr. Speaker, in order to underline to the minister that we on this side of the House do not see the amendments to the Farm Credit Act as any kind of solution to the problems in agriculture. Rather, we believe that proper application of economic principles which will support farmers is the only way we can keep them in the business of providing food to the world, which is what they want to do. It is up to us to assist them in every possible way. This bill is a bandaid which will not stop the bleeding. The minister had better come up with more and better plans if he hopes to save the industry for the farmers.

Mr. W. C. Scott (Victoria-Haliburton): Mr. Speaker, I want to join my colleagues in welcoming this bill. We all know the agricultural community needs something, we do not think this is enough, but we will probably have to accept it for what it is worth in the hope we can get more and better understanding of the farming community in the future.

Now, the government went out and bought money last fall at 19½ per cent. It dried up all the working capital for the business community in Canada. It bribed the people into lending their money, which the banks turned around and loaned out. It was the people's money, that is right, and now we are left with a double dilemma: mismanagement and no money.

There are few things which indicate more clearly that this government has a rather peculiar method of establishing priorities. The federal government's advertising budget last fall got a whopping $225 million, while it can only add a measly $50 million to the woefully inadequate Farm Credit Corporation budget. All of us here from rural ridings know the FCC always runs out of money several months before the end of the year. If the government must advertise, it would have made much more sense to allot the $50 million for that, and the $225 million to the FCC.

Last fall's budget lowered the interest rate of FCC loans to 11¾ per cent, but only for farmers on the verge of bankruptcy. This would allow most if not all marginal farmers across the country to become financially viable, and help them stave off bankruptcy two or three years down the road.

Farmers are by tradition a proud and self-sufficient breed of people. What we have here is a situation where the FCC has money in one pocket for certain farmers and money in another pocket for others. The FCC offers farm loans at 16¾ per cent, and if that proves too great a burden to a farmer, then all he has to do is to go to his FCC office cap in hand and plead for a loan at the lower rate in order to avoid bankruptcy, as I mentioned a moment ago. It is a pretty weird economic policy, and it is cruel and insensitive. We have a similar situation with regard to small business and the Small Business Development Bond. Today it is known as the small business bond. With great fanfare, it was announced last fall that the Small Business Development Bond plan would be extended for another year. However, it was stated in the next paragraph that this would apply only to businesses and farmers in dire straits facing bankruptcy. It is high interest rates which are forcing most bankruptcies in the first place.

• (2100)

We have a Minister of State for Small Businesses and Tourism (Mr. Lapointe), we have a Minister of Agriculture (Mr. Whelan), and we have a Minister of State for International Trade (Mr. Lumley). Do these ministers have so little clout in cabinet that they cannot convince their cabinet colleagues that farmers and small business people should have access to favourable rates of interest as a matter of right and not as a matter of second choice? Why should farmers and business people be burdened with higher interest rates and be given access to lower rates only if they can prove they are facing imminent bankruptcy? At the same time the Bank of Canada interest rate was coming down, the rate for a Farm Credit Corporation loan was raised from 14 per cent to 16.75 per cent in the budget last fall. If the new interest rates threatened to break the backs of the farmers, the Farm Credit Corporation will grant them loans of 5 per cent. It is no wonder that farmers across the country scratch their heads and wonder what strange and idiotic government policies will emerge tomorrow. The same might be said for thousands of business people across the country.

I think we are all aware that within recent months there was a price war on food commodities which was generated by large chain stores competing with gimmicks for the customers' dollar. According to an article printed in the *Farm and Country* magazine on January 19, 1982, a recent survey

conducted by the Ontario Federation of Agriculture suggests that farmers have borne about 25 per cent of the over-all cost reductions consumers have enjoyed during the recent Ontario supermarket price war. The Ontario Federation of Agriculture food basket survey found that by November 11, three weeks into the price war, average supermarket prices for specific products dropped $2.61 or 6.1 per cent. The farm gate equivalent value for those products in the basket dropped 65 cents. Hence, the results suggest the percentage of savings was taken from farm products, as the Ontario Federation of Agriculture explained in a news release. The largest dip came in the red meat component. Its retail price dropped $1.47 a pound while the farm gate equivalent fell 83 cents.

I also think it should be brought to the attention of the House that in 1979 the cost of fuel to the farmer to work his land, from planting to the elevator, was $7.00 per acre. In 1980, this figure rose to $10 per acre. In 1981, the cost of fuel to the farmer increased to $15.50 per acre.

Diesel fuel in 1979-80 was approximately 40 cents per gallon. Today, it is $1.39 per gallon. Fertilizer costs to the farmer will increase this year from 10 per cent to 12 per cent. Farmers will be forced to cut back on the amount of fertilizer they use. Production will decrease. World food supply increased by only 2 per cent over the past several years, while the world requirements have increased by 3 per cent to 4 per cent. It is interesting to me that in the fall of 1979, the Liberals were worried about high interest rates when they sat in opposition. The present Minister of Regional Industrial Expansion (Mr. Gray) speaking before the Commons Finance Committee on October 30, 1979, had this to say with regard to interest rates at that time:

—your high interest rate policy would slow down the economy: it will mean the loss of thousands of jobs; it will mean increases in the cost of living. It will probably bring the housing and construction industry to a halt, with thousands of jobs being lost in those sectors.

Then he went on to ask the government, "What are you going to do about it?" Then, in the *Toronto Star*, on February 10, 1980, the present Prime Minister (Mr. Trudeau) was quoted as making the following promise during his election campaign. He said that the government would "manage the economy in such a way that interest rates would in fact come down—because the economy would be administered in a sounder way."

On December 13, the Liberals and New Democratic Party joined forces to defeat the Progressive Conservative budget in the House.

An hon. Member: The people of Canada did.

Mr. Hnatyshyn: It is hard for you to remember this, but listen.

Mr. Scott (Victoria-Haliburton): I want to read this for the benefit of the two parties sitting side by side, the Liberals and the NDP. The Liberal budget motion, as amended by the NDP, reads:

—this House condemns the government for its budget which will place an unfair and unnecessary burden of higher gasoline prices, higher fuel oil prices, and higher taxes on middle and lower-income Canadians—

An hon. Member: Look ahead, guys!

Mr. Kempling: Same old gang, all socialists under the skin!

Mr. Evans: Don't get upset. They've come as far into the future as 1979. That's big progress!

Mr. Scott (Victoria-Haliburton): It states further:

—and this House unreservedly condemns the government for its outright betrayal of its election promises to lower interest rates, to cut taxes, and to stimulate the growth of the Canadian economy, without a mandate from the Canadian people for such a reversal.

We came back under a new government, and we had great expectations; but interest rates are higher now than they were at any time then. They have doubled and tripled. I received a letter from one of my farming constituents asking me about this situation. The constituent wrote:

Dear Mr. Scott,

I'm writing to you in desperation, hoping to save our farming business before the bank takes everything we have worked for in the last 20 years. There is no way we can stay in business with the high interest rates and low beef prices, also if we turn to cash crop it's no better. Our only hope for survival is to sell, but there are so many farms for sale it's going to take a while—

It will take a while to sell their farm. He continues:

—while our interest rates keep putting us in debt further. You have probably heard this from many other other beef farmers. I'm hoping you could talk to Mr. Whelan (Agriculture minister). Or what about Lorne Henderson (provincial agriculture)? Even Mr. Trudeau who is responsible for the high bank interest rates—

It is the government which promised us so much. We are all important people, no matter what some would have us believe. The letter goes on to state:

But we are an important part of civilization. Who can live without food? I understand the Quebec farmers are not in dire straits, like the farmers in Ontario (pork and beef). They are subsidized by the Quebec government.

A copy of my constituent's 1980 income tax return was enclosed for my perusal.

An hon. Member: That's a big word, isn't it?

Mr. Scott (Victoria-Haliburton): Yes, it is a big word, that is right. These are some of the things we all faced during our recess from Parliament. We probably should have been here, attending to the nation's business. This is probably why we were not here. People today, not only the farmers, but also all we home owners, are facing conditions which they were never facing before. These conditions have been caused by a government which probably has not faced up to the situations affecting our Canadian people. The Canadian people deserve more than this. The small business community has promised to assist farmers, such as the farmer I just quoted, and I will not divulge the name. He was told to go to his bank manager, which he did. His bank manager in turn took him to the head office in Toronto, but there was no help forthcoming. This man, along with many other people, is supposed to receive help from the Small Business Development Bond. A few moments ago, the hon. member for Prince Albert (Mr. Hovdebo) asked

who has received help from the Small Business Development Bond. Has the farmer received anything? He has not received anything that I know of.

• (2110)

I have been told that the Farm Credit Corporation encourages the farmer to apply at his bank for a Small Business Development Bond even though it really does not exist. The farmers are being given the runaround by the Department of Agriculture in this slack economy. That is why the people are so unhappy with the present government and make no bones about it. We must do better.

I was interested in the remarks made yesterday by the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton). He made many helpful suggestions. The government would do well to pay heed to his advice.

There are other ways to help the farmer which this government is neglecting. The government probably does not want to take advice from anyone. It must forget about that and do something for the farmer and the small-business men who today are facing trials and difficulties which they find impossible to surmount on their own.

I plead with the Minister of Agriculture to get more than $50 million for the farmers across Canada. Our farmers need a long-range program. They need to know where to set their sights. They want to be protected from being taken advantage of by the large chains and corporations which peddle their products in order to bring people into the chain stores. We find that in every segment of agriculture today. I beg the minister to approach his colleagues in order to obtain more assistance for the farmer.

Not long ago we heard of an industry being granted $300 million to create 400 jobs in eastern Canada. I am not jealous of that. However, in the last budget only $50 million was allotted to the Farm Credit Corporation when there are 330,000 people employed in farming. Therefore, it does not make much sense to give $300 million to employ 400.

It has been stated that there are probably more federal civil servants today than there are farmers. The farm community is begging for guidance and assistance. I beg the minister to do something for this depressed industry which we depend on so much. If we lose this industry, we may never regain it. This is why we support this bill. It is not that great, but it is something. We look for more before too long.

Mr. Tousignant: Mr. Speaker, I would ask the hon. member to provide us with the name of the person who wrote the letter he just read. If he cannot give his constituent an intelligent answer, perhaps we can.

Mr. Scott (Victoria-Haliburton): I will not provide the name of my constituent. I have it here, but I do not have his permission to give it.

Mr. Robert Daudlin (Essex-Kent): Mr. Speaker, I am pleased that hon. members opposite have indicated almost to a man that they support Bill C-88 and recognize the significant contribution that the Farm Credit Corporation has made to Canadian agriculture and the Canadian economy during the last 22 years. In total, the Farm Credit Corporation has made some 147,500 loans to farmers, totalling about $5.1 billion. This bill will allow the corporation to assist even more farmers in order to make agriculture a more stable and viable industry.

I know that some members are still concerned with certain aspects of this legislation and the Farm Credit Corporation's operations in general. I will therefore take this opportunity to address some of the concerns that have been expressed throughout this debate.

The hon. member for Kindersley-Lloydminster (Mr. McKnight) mentioned last Thursday that the Farm Credit Corporation's arrears rate is low at 7 per cent. Based on this he suggested that the corporation may not be taking enough risks. Many farmers in my constituency who have had or have sought access to farm credit would take issue with his position. Many who have been turned down, notwithstanding that they are successful farmers who have equity in their land that could be used as well as additional farm credit farms, find that the risks being taken by the corporation are quite high. When you look at the program which gives loans to applicants under 35 years of age, it is difficult to argue that the Farm Credit Corporation is not taking enough risks with these beginning or young farmers.

Statistics show that in 1981 the average total assets of Farm Credit Corporation borrowers after a farm credit loan of about $100,000 were $375,000 compared to a Canadian farm average of $518,700. At the same time, Farm Credit Corporation farm debts averaged $185,000 compared to the national average of $78,000.

Farm Credit Corporation farmers have assets which are 72 per cent of the national average, yet they are carrying about 2.4 times more debt than the national average. Also, farm credit borrowers have a net worth which averaged 50 per cent when compared to a national average of 85 per cent. These statistics undoubtedly indicate that the Farm Credit Corporation is taking risks. In my view and in the view of many of my constituents, the risk factor is already high enough and should not be increased by a substantial amount.

It must also be recognized that the Farm Credit Corporation provides a program of advisory services in addition to credit. Through this program, qualified Farm Credit credit advisers provide financial counselling and assist farmers in monitoring their progress. In this way many problems are detected at early stages of their development and can therefore be more easily resolved. The Farm Credit Corporation must be given credit for keeping its level of arrears at very favourable levels through this program.

The hon. member also suggested that a subsidy for short and intermediate-term credit should be considered as well. I remind the hon. member that when the Farm Improvement Loans Act was last amended, it was indicated that the issues related to intermediate-term credit would be studied by the departmental officials. This study is now in process with

consultation taking place with provincial government officials as well as representatives of other financial institutions.

Once the study is completed, the government will be considering its role in the extension of intermediate-term credit in Canada. In the interim, the facilities of the special farm financial assistance program with an interest rebate, as well as those of the Small Business Bond Program, are intended to consolidate debt, including short and intermediate-term debt. Debt consolidation through these facilities will result in lower credit costs to many farmers and will place their debt commitments within their cash flows.

Many members have expressed opinions to the effect that the 1981 November budget did not provide enough funding for the Farm Credit Corporation to help farmers facing bankruptcy. Once again, I must insist that the $50 million provided in the November 12, 1981, budget be assessed in the context of the total budget package. The $50 million must be considered in conjunction with the expansion of the availability of small business bond financing to unincorporated farmers in financial difficulties. The special farm financial assistance program is designed for farmers in financial distress who are unable to obtain adequate assistance through the Small Business Development Bond. The FCC is co-operating with financial institutions which are making small business bond loans to ensure that as many farmers as possible can be assisted through a small business bond, a special FCC loan, or both. When the $50 million is considered in this context, the budget of November 12, 1981, is assisting many more farmers in financial difficulty than the $50 million would, at first glance, suggest. Furthermore, the proposed legislation is intended to enhance the FCC's funding flexibility so that it can more adequately meet the needs of farmers. In this way, the FCC could help to avoid situations such as those which have occurred during the last two years when farmers have faced unusual financial difficulties.

● (2120)

It was suggested by the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) that the FCC is a lender of last resort. This is not the case at all. The FCC extends credit mainly to those young, beginning and small expanding farmers who are unable to meet the repayment and security requirements of commercial lending institutions. It is these farmers who, with the favourable terms and conditions of FCC loans, are able to establish units to become the commercial farm operators of tomorrow.

At this point I would digress to indicate that when I first came to the House in 1974, I sat with the agricultural committee and had the privilege of chairing that committee when amendments were being brought forward to the farm credit bills at that time. It was heralded with great glee and great approval that we, in fact, would be proceeding with the kind of legislation that concentrated the efforts of the Farm Credit Corporation on the young farmer so that we could be providing the sort of assistance that would put the risk with the young farmers and induce younger people in Canada to go into farming than was then the case. I think it has been borne out that this has taken place and that there has been rather substantial success enjoyed as a result of the principle embodied in that legislation.

Lenders of last resort would charge these farmers an interest rate that is much higher because they consider these farmers as risky investments. The FCC lends to these farmers at favourable interest rates and has a collection policy which recognizes the cyclical nature of farm incomes and an advisory services program to monitor the farmer's performance. This assists in recognizing problems in early stages of their development, making the probability of success of these borrowers very high.

With the proposed legislative changes, the FCC's flexibility would allow the corporation to assist more farmers to become efficient food producers. This will allow the farming community to continue to provide adequate levels of high quality food at reasonable prices for domestic consumption and export. This thrust is certainly compatible with the thrust of the initial legislation in 1959.

The hon. member for Bow River (Mr. Taylor) suggested that the Alberta Heritage Trust Fund could be used as a source of funds for young farmers in Alberta. The proposed amendments enabling the Farm Credit Corporation to borrow on the financial markets does not exclude the Alberta Heritage Trust Fund as a possible source of funding. Indeed, I am advised that FCC officials have had preliminary discussions on this possibility as well as others in the past year.

The hon. member mentioned as well that retiring farmers should be given an incentive to provide financial assistance for beginning farmers. Also, several suggestions were made to establish a system by which retiring farmers could invest the proceeds of their farm sale into FCC.

The possibility of an agri-bond with preferred tax treatment, or a bond similar to the small business bond, was suggested. This is not an idea which comes solely from the hon. member for Bow River. Indeed, I would advise the House that at the most recent meeting in my constituency of our particular party in Ontario, we were successful in having a resolution passed by the party in Ontario suggesting a very similar idea of the agri-bond, affording the opportunity for the diversion of capital gains by means of purchasing an agri-bond which would provide a form of reduced level of income to the person buying the bond. At the same time, it would provide a source of funding for farm credit. I would be most interested if perhaps I myself and the hon. member for Bow River could pursue this issue at the committee stage of this bill to determine whether or not something could be done in that vein.

The proposed legislation would establish the basic authority for the Farm Credit Corporation to do precisely what I have just discussed, and FCC officials are studying possibilities such as farmers' retirement investment plans, income-averaging annuity contracts, agri-bonds, investment certificates, farmers' mortgage guarantees, and others. Other hon. members have requested that the FCC offer loans with interest rates which

are renewable with the amortization period, especially during periods when interest rates are fluctuating.

At present, the FCC provides long-term farm credit fixed interest rates for periods of up to 30 years. This has been an important stabilizing factor for farmers with FCC loans. Although farm input costs and incomes have fluctuated greatly in the past, the farmer always knew what the FCC payment would be and thus could make budget projections on this basis.

However, by obtaining funds from the financial markets, the FCC would likely be able to offer loans both at fixed interest rates and at rates which are renewable within the loan amortization period. Although market conditions will prescribe the period for which interest rates can be fixed, it is the FCC's objective to offer loans, I am told, at favourable interest rates fixed for as long a period as possible. This is an important factor in a sector of our economy which is already faced with many unpredictable variables such as weather, disease and the like.

One question often raised by hon. members of the opposition was, "What will the FCC interest rates be with financial market borrowing?" If the FCC borrows funds from the financial markets, it must be recognized that it would be doing so as an agent of Her Majesty. This would allow the FCC to borrow funds at an interest rate comparable to that of the Government of Canada. This favourable cost of funds, combined with the Corporation's variable administrative expenses and its low level of losses, will result in lending rates to farmers which will be below those offered by the commercial institutions.

Furthermore, if a system is established to encourage retiring farmers to invest in the FCC through an agri-bond or other such instrument, and if preferential tax treatment is given to such investors, it would keep the FCC's lending rate at favourable levels.

It must be recognized that funds are often available at reasonable costs in the international markets. When this is the case, the FCC will undoubtedly pursue borrowing from this market to keep its costs of money at a low level.

Also, the FCC will continue to obtain a major portion of its funding from the Consolidated Revenue Fund. All these factors, when considered, will contribute significantly to minimizing FCC's cost of funds and maintaining its lending rate to farmers at reasonable levels.

Several hon. members wondered why the number of members on the FCC Board has been increased from five to seven. Since 1959, the scope and complexity of the Farm Credit Corporation has increased. Lending money to farmers in the current environment requires the development and implementation of accommodating lending policies. With the expansion of the sources of FCC funding, the operation of the Corporation will become more complex. The Corporation could derive many benefits from diverse expertise on its board. Members from the commercial financial sector, the investment community or other areas of expertise would be most useful in providing additional leadership for the Corporation.

Questions have been raised about the level of funding which would come from the CRF and from the financial markets.

In the next few weeks, I am advised that the cabinet will be reviewing issues associated with the total level of funding required by the FCC. It is then that the government will be able to indicate how much assistance can be provided through the farm credit lending program.

It would be unrealistic to incorporate annual levels of funding into any legislation as this would minimize the flexibility that the proposed legislation is to provide to the FCC.

In summary, I wish to emphasize that through the extension of long-term credit, the Farm Credit Corporation has provided a unique and valuable service to Canadian farmers and has ensured that the tradition of the family farm is and shall be maintained. The amendments to the act will allow the corporation to extend even better service to Canadian farmers by providing it with a larger source of funds through the ability to borrow on the financial markets and by increasing its flexibility to make and administer loans more efficiently and effectively.

I am pleased that the members of the opposition are supporting Bill C-88 and I look forward to discussing this bill in detail at the standing committee meetings. I would urge hon. members to take a look at what has been said to date and to consider factors which yet remain to be said, and to consider as well the possibility of advancing this bill to the committee stage so we can consider together approving, amending and pushing forward this bill to answer the demands and concerns that farmers across this nation are expressing to us.

● (2130)

Mr. Bert Hargrave (Medicine Hat): Mr. Speaker, I am very pleased to make a short contribution to this debate. Loans to farmers have been a long-standing debatable point, and I think in the aftermath of the new budget this subject is all the more real and very, very important to the viability of farmers. Perhaps it is the difference between being able to carry on or not. It is a very important topic.

At this point in the debate our official opposition party's support for this bill is quite apparent, and I will not dwell at length on its principal features. Because of the obvious economic situation which is so apparent in our total agricultural economy—particularly because of continued high interest rates and the continuing lack of adequate long-term lending facilities—let me say very simply that there is a recognized need for the Farm Credit Corporation to be permitted to borrow additional funds from public money markets. I do not think there is too much question about that statement. I think we all agree on that.

In addition, I am very pleased to see the provision for the removal of the 35-year age limit for beginning farmer loans under which borrowers can phase in to farming over a five-year period. That is a provision which I think we could have brought in many years ago, and I am glad to see it brought in at this time.

The only other specific aspect about the bill about which I have some concern is proposed Subsection 3(1). It is very short, and I will just read it as follows:

There shall be a corporation to be called the Farm Credit Corporation consisting of seven members, each of whom shall be appointed by the governor in council to hold office during pleasure for a term not exceeding ten years.

Is such stilted phrasing really necessary? I ask that question very sincerely. "During pleasure" to me sounds as if an appropriate or prospective member might be reluctant to perform under such a job description. I single that out because I really question whether the legal advisers of the framers of this bill used appropriate words there. That is why I have singled it out.

I think it was last night that the Parliamentary Secretary to the Minister of State for Small Businesses and Tourism (Mr. Ferguson) pointed out, in his contribution to this debate, that the Farm Credit Corporation was originally intended only as a lender of last resort and that the legislation was changed, in his own words, as needed to alter this earlier provision.

I have some personal views on this matter of whether the federal government through any agency, but particularly through the Farm Credit Corporation, should indeed become involved in making loans to farmers in open and public competition with other lending agencies. In other words, I am saying there was some merit—and I think very much merit—in using the original concept of a lender of last resort. Too often I have seen evidence in southern Alberta and southwestern Saskatchewan of the Farm Credit Corporation's stressing the term "economic unit" too much in assessing an application for funds from the FCC. Too often the FCC has encouraged, especially young farmers, to borrow excessively. If a young farmer wished to borrow to buy a quarter section, the FCC suggested that to make an economic unit, perhaps the young farmer should finance a half section or even more, against, I am sure, the better judgment of that person's father, if he was born and raised on a farm. I have seen evidence of this many times, especially where a young farmer makes application for an FCC loan and is turned down because, in the opinion of a representative of the FCC, he did not have an economic unit and perhaps should borrow for a bigger quantity of land.

I think this has had negative results over the years. Borrowers got into real trouble, especially over the last few years and most especially in 1981 when interest rates were at 20 per cent or, in many cases, considerably higher. I need not draw pictures of that one. Hon. members know what happens to young farmers making annual payments when interest rates get that high. However, perhaps the most serious end result of this program is that there was a definite tendency, as a result of this program of easy money coming from the federal government, toward overinflated land values. There is no doubt in my mind that in western Canada farmland values increased too rapidly. This is easy to say now when, due to a combination of inflation and the current budget, land values have ceased to increase. In fact, in some areas they are beginning to drop back. That is a clear indication of problems associated not only with an overgenerous supply of lending money but also with the current budget.

I must say too that there is a clear association between the fall-off in farm values and the cancellation of income-averaging annuities. Hon. members all know that it was the traditional method adopted by a farmer selling out to his son or to a third party and establishing his own pension for the balance of his life for him and his wife. I think the cancellation of that practice by the budget contributes to a situation in which now over a huge area in the west there are no farm or ranch sales at all. We are going through a difficult period. People who want to retire, and especially those who decide for other reasons to sell their farms or ranches, are so uncertain about the ambiguity of the new budget that they feel that the proper course is to do nothing and to wait for further clarification of some of these provisions.

The one which bothers most of them is the forward-averaging provision in the budget. This one is exceedingly difficult to understand. In spite of the fact that the policy branch of the Department of Finance has come out with a model attempting to explain how that forward averaging will work, there is still a sense of distrust and bitterness because of the abrupt cancellation of the well accepted and traditional method of setting up income-averaging annuities for the retirement of farmers and ranchers.

This leads me to another comment I would like to make which concerns the concept of establishing an income-averaging trust proposal. Some hon. members will remember this idea. It was proposed two or three years ago, or perhaps even earlier, by the Canadian Cattlemen's Association as a means of allowing individual cattle producers to set up their own stabilization program on an individual basis. It was just a common sense proposal which allowed producers to use the good years in the cattle business to pay for the bad years. When producers had a good year and sold their cattle at above average traditional prices, they could invest their money in personal trusts without paying taxes on them until they had a bad year, and then they would withdraw funds and pay their taxes in the year they used those funds. I call this a good, common sense arrangement.

• (2140)

This proposal has been placed before the policy branch of the Department of Finance, so officials are well aware of it as is the Minister of Agriculture (Mr. Whelan). In view of the problems we are having at present with the forward-averaging concept that was proposed in the budget and the cancellation of the income-averaging annuity, perhaps it is high time that we looked at a concept which would allow the farmer, the rancher, or anyone in any branch of agriculture to set up a private stabilization fund. I propose this in all sincerity, Mr. Speaker, and I think we should look into it.

Another concept that has been suggested is the use of the same funds, from the broad area of agriculture, by the Farm Credit Corporation. There would be distinct advantages in this. For every farmer that has to borrow capital, generally

speaking there are perhaps three or four or even five times as many older, affluent farmers who have gone through the process of building up their operation and who now have some money to invest. They may put it in a term deposit these days when interest rates are so high, but I think they would be very pleased to see their money go into a special Farm Credit Corporation fund knowing that it would help younger farmers to borrow money at more attractive interest rates. I think that suggestion could be adopted with very good results.

I should like to comment on two meetings of cattlemen which occurred recently, Mr. Speaker, one of which I attended last week and one about which I heard a great deal. The Minister of Agriculture knows about both of them. I was not able to attend the meeting held in Hanna where the minister was the guest speaker at night. This meeting commenced at 8.30 in the morning and approximately 500 people, mostly cattlemen, attended. It was well organized by a couple of district agriculturalists and people in the Hanna community. Able spokesmen from different areas of the cattle industry addressed it. One was my old friend, whom the minister knows, from the University of Saskatchewan, Professor Red Williams. The Minister of Agriculture for Alberta, Dallas Schmidt and a number of other highly qualified people, were also on the program.

Even though the minister did not arrive until toward the end of the meeting, I am sure he knows about it. His able representative Jim Lockhart in Alberta was there and I am sure has given him a full report of the meeting and of the atmosphere that prevailed. The feeling that came through was that the cattle industry in Alberta was not ready for the minister's solution, which is to blame all our troubles on the marketing system. That is nonsense, Mr. Speaker. That message came through the meeting over and over again.

The other meeting, the annual meeting of the Western Stock Growers Association, was held in Red Deer and lasted three days. That association has been meeting in annual convention for well over 80 years. The main subject of debate at that meeting, which did not draw such a big crowd, was stabilization of the industry. The day before the convention started, the board of directors put together a resolution which said rather bluntly that cattlemen in Alberta wanted no part of any stabilization program for the industry that included taxpayers' money from any government. That was a very hard line position to take. I contributed my personal comments to the debate and said that in my opinion, partly because of the very critical situation in Ontario, the federal stabilization legislation that is on the books should be used in the crisis in the cattle industry.

The minister has heard me say in the House that three participants should be involved in this—the federal government using its own legislation, the governments of the cattle provinces which essentially are B.C., Alberta, Saskatchewan, Manitoba and Ontario, and there is even some interest from the maritimes, and the cattle producers themselves. I suggested that it is still possible to make a stabilization pay-out for 1981 under that legislation. Within a week or two we should know what the average market price was for last year. The minister has discretionary powers in this respect. If 90 per cent will not do it, then 95 per cent might. That is what the minister said during an opposition day debate in the House. In fact, he has even gone higher with a precedent for it. I followed that suggestion by saying that the participation of cattlemen would take many months to come about. But surely that is the logical solution.

I appreciate that the minister is here tonight and is listening to my remarks. Once again I would ask him to give some consideration to the larger picture, to the long-range solution of the crisis in the cattle industry today. In my opinion, it is the worst in 30 years. Perhaps a worse situation occurred in February, 1952, when foot and mouth disease broke out around Regina. Overnight, the United States government placed a total embargo on cattle going to the United States. Prices for fed cattle, feeder cattle and everything dropped by half.

That is some of the background of the first go-around on the marketing board debate which only occurred in western Canada. It was promoted in Manitoba by Mr. Jake Schultz, in Saskatchewan by Joe Phelps and in Alberta by Roy Marler and a poultryman called Mr. Kappler. At that time there was a great debate going on because of unsatisfactory cattle prices. It is interesting that the governments of the day, federal or provincial, were not involved.

I remind the minister of this bit of history and ask him to look again at the crisis that exists in the cattle industry today. Let us work to find a different solution than bringing in a board with supply-management powers.

Some hon. Members: Hear, hear!

Mr. Jack Murta (Lisgar): Mr. Speaker, I have a little less than ten minutes in which to close this debate. I should like to begin by saying that I am deeply concerned about the state of agriculture in this country. Most hon. members in the House and most people in my constituency know of my interest in agriculture over the years. I come from the agricultural area of southern Manitoba and I have been actively involved in a farm operation. At the present time agriculture is faced with one of the worst crises and most difficult situations in a long time. We see a great deal of balkanization in the country between provinces, in some places between commodity groups and even between sectors within those commodity groups. We have a system of top-loading in which provinces literally compete with each other in terms of attracting particular parts of the agricultural industry. The effect of top-loading is that income in some cases does not come from the marketplace where it should, but comes from provincial governments which, in most cases, are willing and able to finance and support the various agricultural programs within their own provinces. This is very disconcerting for a country with our potential, not only to supply food for ourselves but to make agriculture the number one export earner. Our transportation system is slowly grinding to a halt, literally, and we are not able to ship the amount of grain to our ports that we should be. To top it all off, the

marketing system in a good many cases is controlled. It is very rigid, and too often it does not allow new young farmers with new ideas into the business.

● (2150)

In terms of Canadian agriculture as far as the world is concerned, the main product we export at the present time is grain. We are a net importer of many agricultural commodities. Certainly this demonstrates the difficulty with which agriculture is faced. If it were not for grain and oilseed products, the country would be a net importer of most agricultural products and, in effect, we would end up with a deficit. The danger is that Canadian agriculture will lose its competitive advantage in world markets.

The problem lies in many, many areas, but part of the problem lies with the government and with the Minister of Agriculture (Mr. Whelan) who has been the minister for a long time. There is no imagination in terms of attracting new people to the agricultural industry, of devising a food strategy or of providing direction for agriculture. At the present time the only display of imagination is the Minister of Agriculture trotting around the country, attempting to obtain support for a beef marketing board which the majority of Canadian producers do not want. It is the kind of wasted energy we see, wasted energy looking inward at how to solve our problem or how to quarter up the market within the country, without paying any attention to servicing a large export market. It boils down to lost opportunities for Canadian farmers and for the tremendous number of people who service agriculture. Service is by far the largest component of any economy, that is the service sector surrounding agriculture and the food industry. It boils down to lost opportunities for all these particular areas.

We are not aggressive enough. Any of us who have had the opportunity or the privilege of travelling outside the country and talking to people in other lands have heard that Canadians are not aggressive enough. Most often we take a back seat to the United States. There should be no reason for this. Part of the leadership falls on the shoulders of the Minister of Agriculture, and that leadership is not forthcoming.

We should be looking at a new dynamic vision of agriculture in the west, and we are not doing it. There is absolutely no question in most people's minds that the decade of the seventies was the decade of oil. The decade of the eighties, and probably the decade of the nineties, will be decades of agriculture, food and water, but we are not addressing the problems at the present time. Infrastructure must be in place, but it is not in place at the present time to provide a springboard from which to set the direction and the parameters for what must be a new and dynamic direction as far as agriculture is concerned, especially in western Canada.

I say this because I know western Canadian agriculture, but there should be an infrastructure in place for agriculture in the maritimes, Quebec and Ontario. We must be more forward-looking, but obviously we are not. Because of this, we will suffer as a country. We must ensure the movement of agricultural products for the decade of the eighties and into the decade of the nineties. This is something we are not addressing as an industry. Some commodity groups are attempting to address it but the industry is not, primarily because there is no agricultural strategy which allows such an input and provides a structure for that type of direction.

If we are to have dynamic agriculture over the next number of years, there must be less government involvement. The private sector is really the engine which fuels this great industry. It must be allowed the freedom to operate, but that is not the case at the present time. There must be aggressive marketing by private agricultural firms in Canada. This is not happening at the present time because the federal government seems intent on imposing itself in too many areas of the agricultural sector. The private sector must be the main engine or the main driving force behind a new dynamic agriculture.

The amendments concerning the Farm Credit Corporation which we have been debating are strictly band-aid measures. They are really meant to cover up a very serious problem which we are not addressing, the problem of farm income. Rather than addressing it, we are putting band-aids on the particular problem. Until a clear direction is established, we cannot become what we must be, that is, a great agricultural exporting nation which can provide for its farmers and can provide desperately-needed outside money for its gross national product as well as a healthy sector for secondary manufacturing and agriculture. Until we do this, we will not realize the potential of our country.

Some hon. Members: Hear, hear!

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

Some hon. Members: Question.

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

Some hon. Members: Agreed.

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

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

Adjournment Debate

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS—CALCULATION OF PROVINCIAL REVENUES. (B) REQUEST THAT MINISTER REVIEW FORMULA

Mr. Tom McMillan (Hillsborough): Mr. Speaker, during Oral Question Period on January 29, I put two questions to the Minister of Finance (Mr. MacEachen). In my first question I wanted the minister to confirm or deny a front-page, *Toronto Star* story which reported revised Department of Finance calculations that provincial revenues for health, post-secondary education and other vital services will be slashed on a net basis by $4.5 billion over the next five years. That estimate is twice the size of the reduction projected in the minister's budget of November 12.

In reply to my first question, the minister claimed not to have seen the *Toronto Star* article to which I had referred and declined to comment on the figures contained in it. But he said that the proposals in his budget would significantly improve the fiscal position of provinces during the course of the next five years. These were the words he more or less used. I am appalled that the minister would hold to the position that his budget will not reduce provincial revenues but will actually increase them. The minister is either deceiving himself or is misleading the people of Canada about the true impact of his proposals. My own assessment conforms with that of syndicated columnist Richard Gwyn who wrote the following in *The Ottawa Citizen* just before Christmas:

● (2200)

MacEachen doesn't know what he's doing.

Certainly in the area of fiscal transfers, the minister has already admitted to making a multimillion-dollar error in calculating the impact of his budget on provincial revenues.

On budget night, November 12, 1981, the minister stated that the net cutbacks in federal grants for such services as medicare and post-secondary education would be $1.9 billion. The ink had hardly dried on the budget documents when the minister was compelled to confess on November 23, just 11 days later, that the Department of Finance had underestimated the net cutbacks by $660 million. Accordingly, the relevant projection was revised upwards to $2.6 billion. Now we discover after a colossal mistake has already been made and admitted, that the real loss in provincial revenues will be nearly twice that amount, that is twice the revised figure of $2.6 billion. The provinces will receive $4.5 billion less than they would have received under the current formula.

The government's fiscal plans are as fraught with potential catastrophe as they are the product of sheer incompetence. Not in the last half century have we seen a more shoddy exercise in public policymaking in this country.

What we have here is a government hellbent on starving the provinces of revenue badly needed to provide essential services to their people at a time when we have the worst and the deepest recession since the great depression of the 1930s.

If allowed to go unchecked, those cuts will force many parts of Canada to live with a substantially reduced quality of health care and education. The provinces will be strong-armed into compromising the quality the range and the availability of health services, all the way from elective surgery to hospital beds to highly trained medical and nursing staffs. The universities, for their part, will be forced both to cut or truncate important academic and training programs and to hike tuition fees.

As a maritimer, I am shattered by the implications of what the government is intending to do. The large and wealthy provinces, like Alberta and Ontario, may well be able to absorb the extra costs of medicare and higher education. But the smaller and less advantaged provinces, such as my own, Prince Edward Island, would be crippled under the weight of the added burden. The consequence will be a return to the era when the level of essential services varied widely and wildly from province to province depending on the tax resources of the place in question. Gone will be the practice which we in Canada have come to take for granted of providing a basic level of social services all the way from the Atlantic to the Pacific, regardless of a province's size or its access to tax revenue.

The November 12 budget may well mark the end of the concept that all Canadians, no matter where they live, should have access to a minimum level of social services funded by both levels of government in a spirit of partnership and co-operation. That a fellow maritimer in the person of the Minister of Finance should be the man to herald the new era brings great sorrow to my heart.

● (2205)

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, the Toronto *Star* article to which the hon. member's question refers, indicates a $4.5 billion cutback in transfers to the provinces. It is not my intention to engage in debate over these numbers. However, a net reduction in federal transfers to provinces under EPF of about $4.5 billion over the coming five years would be consistent with the long-standing position taken by the Minister of Finance (Mr. MacEachen).

In his October, 1980, budget the minister indicated that the federal government expected to achieve net savings in the social affairs envelope beginning in 1982-83. The budget noted these savings were expected to include reductions in federal transfers to provinces in areas coming under provincial jurisdiction. In response to a question in the House on February 25, 1981, the minister further indicated that he would like to achieve savings of $500 million in 1982-83, and $1 billion in 1983-84 in respect of transfers to provinces within the social affairs envelope.

In terms of the budget, the $1 billion saving in 1983-84 is to be on a continuing basis and therefore represents about $4.5 billion over five years. This reduction was never hidden or obscured in public statements. Indeed, the minister stated this in his November, 1981 budget paper entitled "Fiscal Arrangements in the Eighties—Proposals of the Government of Canada."

However, in actual fact, the reduction in federal transfers under the proposed fiscal arrangements will be significantly less than $4.5 billion. Over five years the elimination of compensation for the 1972 revenue guarantee represents some $5.3 billion. Taken together with the proposal to make EPF contributions equal per capita, the total adjustment is $5.9 billion. However, the budget tax changes will significantly increase provincial income tax revenues, thereby offsetting some of the reduction in these transfers. Provincial revenues would increase by about $2.7 billion due to these tax rate changes, and the net effect of the fiscal arrangements proposals and the budget tax changes will account for only $3.3 billion, Mr. Speaker.

More generally, however, I would draw the House's attention to the increased revenues provinces will receive as a result of the federal government's fiscal arrangements proposals and budget changes. In 1981-82 they are estimated to be $15.2 billion, while in 1986-87 at the end of the five-year period they will be $26.5 billion, an annual rate of growth of about 12 per cent, which provides a stable and generous source of revenues to the provinces in the years ahead.

I should add that under the old arrangement the province of Prince Edward Island received $600 million over the past five years, whereas in the coming five years the province will receive $1.1 billion, Mr. Speaker.

AGRICULTURE—GOVERNMENT AID TO PRODUCERS. (B) APPLICATION OF LOWER INTEREST RATES. (C) SHORT-TERM CREDIT

Mr. Charles Mayer (Portage-Marquette): Mr. Speaker, I rise this evening to refer to a question I raised with the Prime Minister (Mr. Trudeau) back on June 18. It related to the problems that farmers were and are still having with interest rates. By way of background I think it needs to be said, and said again so that people understand, that farm finance is a very important part of not only farmers' activities, but the total economy, because without a productive agricultural sector the whole system suffers and we end up spending more of our efforts and disposable income on food.

I tried to point out at the time to the Prime Minister that there were some alternate methods available which could in fact lower the cost of short-term financing to farmers, and I sent a note to him after question period asking him if he would like to see a study done by a Calgary group of consultants pointing out the differences in some of the farm financing that Americans have available to them as opposed to what we have here in Canada.

It is not that we want to ape the Americans or anything like that, but the point is that they are our closest neighbours and therefore our closest competitors, and unless our agriculture remains competitive with them we will find ourselves in a very serious situation very quickly. I pointed out the problem I guess some eight months ago and it has not changed very significantly. We find farmers going out of production because of the uncertainties associated with interest rates and the economy. This is not so much uncertainty arising from market or climatic conditions as uncertainty concerning interest rates.

• (2210)

In many cases, to point out the seriousness of the problem, interest rates are the largest single expense of many farmers today. It is a larger expense than seed, repair, or fuel expenses, and it is larger than wages. In my community today, I am aware of many cases where it is the largest single expense of farmers, so it is a very serious matter. I would again urge the government to take a look at some of the areas available to farmers to help in lowering interest costs. Without this, we will lose production. Many people fail to see, as I fail to see, how raising interest rates and chasing people out of business will help the inflation rate. Inevitably, that leads to a rise in the cost of food and, again, causes a rise in inflation.

I think the government has an obligation, not only to the farming community, but also to the total economy, particularly to consumers, to take a look at some of these suggestions. I would very quickly like to suggest three areas in which the government can do something.

First, the government should attempt to establish a fixed rate of financing for farmers for a production period, whether it be a six-month period for feeding livestock or a six-month to nine-month period for producing a crop. I have spoken to enough bankers and producers to know that it would be useful to have a one-year fixed period on mortgages for houses. Admittedly, this would not do anything toward lowering the cost of interest, but it would at least take away uncertainty. Then, if a producer wanted to go on a budget for a certain production period he would know that his interest rates were pegged. There would not be situations, such as we have had in the past, where people would buy cattle at 12 per cent or 13 per cent but would then be paying 20 per cent or 22 per cent before they were finished feeding those cattle. That kind of budgeting causes very serious problems for people because they do not know what the interest rate will be. Therefore, if we could fix the interest rate for the production period it would be of assistance to the farming community. I think the government could show some leadership in that area.

The second point I would like to make this evening is that the small business bond, as it is now called, has been the cheapest way for the government to create jobs. This has been pointed out to me in conversations I have had with several people from different organizations. It has been cheaper than the cost of creating jobs through programs such as DREE or the Canada Community Development Program. The Small Business Development Bond would greatly assist farmers. We have heard the Minister of Finance (Mr. MacEachen) say that the banks should bleed a little, and the Minister of Agriculture (Mr. Whelan) has said that the banks are scandalous and should be sued because of their lending practices.

The criteria for qualification under the Small Business Development Bond should be relaxed, and we welcome the relaxation in the budget which will make it available to unincorporated businesses and small farmers. However, we also regret the provision which puts a financial difficulty constraint so that loans are only given to people in financial difficulty. However, that is another concept which could be

expanded and would be of great usefulness in farm financing in the short run.

The last suggestion I would like to make to the government is something to which I made reference in my letter to the Prime Minister dated July 6. I received a reply on September 1 from the Minister of Finance. I made these four suggestions in that letter: the establishment of production credit associations, banker acceptance financing, the establishment of local or smaller central banks, and the development of federal land banks.

Specifically, I would like to refer very briefly to what is known in the States as production credit associations. As I understand, they were set up early in the century and were initially established through a certain amount of funding by the federal government. One could not borrow unless one had a share, and agreed to leave in a certain amount of money. Once the loan was repaid, one still had to leave in one's equity for a period of two years with no accrued interest. However, if one did not borrow from the production credit association for a period of two years, one's equity was then changed so that one could earn interest on it.

Over a period of years all the equity has been paid back to the federal government in the United States and those associations now operate on their own. At the time when this study was carried out, in the early part of 1981, financing was available to farmers and cattlemen in Colorado at rates of about 16 per cent, while the comparable interest rate in Canada would have been in the 22 per cent to 23 per cent range.

Perhaps this is something which would not immediately help our farmers. It would be one step the government could take to at least give some hope to producers that something is coming down the road to encourage them to stay in business. They would know the government cared enough about them to look at some of these credit instruments that could make farm short-run or short-term credit available to them at fixed rates, or possibly lower rates, as I suggested through expansion of the small business bond.

● (2215)

The government could look at what the United States government is doing, specifically in the production credit association. Canadian farmers could then enjoy the same interest rates as American farmers. This would make them not only more competitive with American farmers but more productive and more competitive on a world scale. Canadian agriculture would be better able to compete. It would not only add to our exports, help our balance of payments and increase the demand on our Canadian dollar, but would also help interest rates at home.

Those are three suggestions I make to the government. I hope the parliamentary secretary will not merely tell us what is being done in the budget. We know that the only direct assistance in the budget, as far as interest rates are concerned, amounts to $15 per farmer. I hope that is not what he says because the Minister of Agriculture (Mr. Whelan) is quickly becoming known as the "$15 minister."

[*Translation*]

Mr. Marcel Ostiguy (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, in answer to the comments just made by the hon. member for Portage-Marquette (Mr. Mayer), it is indeed a coincidence, because when he asked for this last minute or so-called late show debate, he could not have known that the Farm Credit Corporation bill would now have been tabled in the House and considered for more than a week. Obviously, the $50 million is supposed to help farmers who are in a very tight situation and not every farmer who happens to contract a loan. I would rather not discuss the figures just mentioned by the hon. member for Portage-Marquette, but I can inform him that we are talking about much more than just $15 per farmer. Of course, it would average at $15 per farmer throughout the country, but in actual fact, when a farmer contracts a $200,000 loan, he will get $28,000, and not $15, over a two-year period, because instead of paying 18.75 per cent interest, he will be paying 11.75 per cent. It is quite true that the number of farmers experiencing serious financial problems is much greater than the number indicated in the bankruptcy statistics, and it should be recognized that this is a minority. In fact, farmers who sell their produce according to structured supply management or marketing plans are better able to cope with rising interest rates.

The manner in which they are paid often helps in reducing their interest payments. The fact that net farm income is expected to increase by 20 per cent makes it fairly obvious that present interest rates do not lead to total losses for all farmers. I may also point out, Mr. Speaker, that net farm income is calculated after deduction of all interest payments. Another important point is that the farmers who are losing their farms usually have a high debt ratio owing to recent purchase of the farm itself or of farmland, buildings or implements. The financial situation of these farmers is very precarious and can very easily lead to defaults on payments, especially if the market is depressed or interest rates increase or are allowed to float, as they are at the present time. Furthermore, Mr. Speaker, government assistance to farmers includes more than this particular FCC program. People usually fail to realize that the reduced interest rates on small business bonds which is now 5 per cent below the normal rate for people who are in serious difficulty actually constitutes a loss of revenue for the government. Through the Income Tax Act, the government has ordered that a substantial part of the interest collected by banks and similar lending institutions on small business bonds shall not be considered taxable income. Since normally, chartered banks pay about 50 per cent tax on their net income, they can now afford to reduce their normal interest rates by half in so far as their income from interests is not taxable.

• (2220)

[*English*]

THE BUDGET—PROVISIONS AFFECTING PENSIONERS. (B) TAXPAYER STATISTICS. (C) MINISTER'S BUDGETARY STATEMENTS

Mr. Howard Crosby (Halifax West): Thank you, Mr. Speaker. I would like to take this opportunity to expand upon some remarks I made to the Minister of Finance (Mr. MacEachen) when addressing a question to him on January 27, 1982 with respect to the tax measures affecting pensioners.

Briefly stated, Mr. Speaker, the budget tax measures proposed to deprive the pension recipient who invests some of that pension money and some of his or her other income in a registered retirement savings plan of the $1,000 deduction now available in respect of pension income. This same deduction would be lost to a taxpayer who provides payments in respect of registered retirement savings plans for his or her spouse.

This tax measure, Mr. Speaker, should be put in the context of the plight of all Canadian taxpayers. There are approximately 14.6 million taxpayers in Canada, according to 1979 statistics. Of that number, 1.1 million were receiving pension income and 1.5 million were over 65 years of age. The Minister of Finance tells us in his statistical analysis for the 1982 and subsequent taxation years that there will be approximately 16.5 million taxpayers. He says that 12 million of those 16.5 million taxpayers will pay less tax than they did in the previous 1980 and 1981 taxation years, and 3.5 million will pay the same tax. He says that only 800,000 people will pay more tax. But we discount those statistics, Mr. Speaker, and the Right Hon. Leader of the Opposition (Mr. Clark) pointed out in this very House some of the inaccuracies of those statistics.

As I have indicated, we have over a million persons in Canada receiving pension income and they may be affected by this tax measure which I questioned in the House on January 27, 1982. Briefly, Mr. Speaker, what will happen to those taxpayers is that they will be losing the $1,000 deduction that is now available to them because they have contributed to registered retirement savings plans and they will have their incomes increased so that more taxes will result.

What are we talking about with respect to this class of taxpayer, Mr. Speaker? Are we talking about executives who have received tremendous incomes, have now retired and engage in consulting and other work and are receiving large amounts of money in fees and other forms of income? No. For the most part we are talking about approximately one million Canadians who have retired from the Armed Forces, for example, at a very early age on a very modest pension. Perhaps they have retired from the Royal Canadian Mounted Police or from the provincial or federal public service or from a variety of other employment which resulted in very modest pension allowances. What they tried to do in most cases was to utilize that very modest pension and whatever other income they could acquire to provide for themselves in their later years, the years in which they would have no income on which to maintain themselves. Then the minister, in the name of equity, has struck out at these kinds of taxpayers and has eliminated an exemption upon which they rely.

What would cause the Minister of Finance to take such action, Mr. Speaker? He said in his documents accompanying the budget that his aim was to introduce tax measures which would improve the fairness and equity of the tax system. He also said that he wished to enhance the general incentives for individuals to work and to save and to invest. Mr. Speaker, to take away from those people who are in their later years and are trying to save funds to take care of their old age when they will be unable to earn money is hardly bringing equity to taxpayers and it is hardly benefiting the people of Canada.

In 1980, when the Minister of Finance introduced his budget in this House, he said that Canada had one of the best tax systems in the world. He said that Canada's individual and corporate taxes are lower than many other industrialized nations, including the United States.

• (2225)

Approximately one year later, in November of 1981, when he introduced the current budget, he said:

> Many Canadians find our tax system unfair, and I agree with them. They realize that taxes are necessary to pay for important government services, but they feel that rates of tax are too high. They sense that others, the well-advised or the wealthy, very often pay less than their fair share.

Surely the Minister of Finance could not have been including in that group of well-advised and wealthy taxpayers those Canadians who are retired on modest pensions and are trying to build up funds to provide for their old age and are using the $1,000 exemption now provided to do that.

Time and time again throughout our examination of this budget we have found that the Minister of Finance was wrong and misleading the people of Canada with his taxation statistics. He said, as I indicated tonight—and as he has said two or three times in the House—that 12 million Canadians will pay less taxes in the ensuing tax years. There are approximately seven million Canadians whose health benefit plans will be taxed under the current proposals. I refer to the seven million Canadians who are now in receipt of benefits from their employers in respect of health benefit plans. There are 45,000 transportation workers who will be taxed on their passes. There will be 60,000 who will receive less in child tax credits than before. When the minister tries to tell us there are 12 million Canadians who will pay less taxes, we do not believe him. We do not believe he is sincere about his tax measures. We do not believe there is equity in this budget, and we want him to admit he is wrong on these matters.

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, the hon. member for Halifax West (Mr. Crosby) has raised several questions relating to the budget. First, he questions the impact the change in eligibility for the $1,000 pension income deduction will have on retired Canadians. The budget proposed that this $1,000 deduction be denied where the individual is still making contributions to an RRSP. This rule was intended to disallow the deduction in a case where a taxpayer was not

really retired. For example, a fairly common practice was for an individual to retire on a pension, take another job, and transfer all but $1,000 of his pension income tax-free into an RRSP. The $1,000 of pension income that was not transferred to his RRSP would then be available tax-free because it would be fully sheltered by the $1,000 pension income deduction. This was an inappropriate use of the pension income deduction.

Of course, the intention of this measure was not to penalize Canadians who are genuinely retired. Thus, as the minister stated in the House last week in reply to the original question, he "will certainly listen to the hon. member's representations very carefully when we have those matters before the committee of the House."

The hon. member went on to raise a second question as to the number of taxpayers who will gain or lose according to the budget proposals. I do not wish to repeat the original answer of the Minister of Finance (Mr. MacEachen), which was clear and concise. Let me, however, add one further point. It is the case that most individuals are, on balance, better off as a result of the budget, even though specific items may affect them adversely. For example, the ability to claim an extra $200 federal tax cut for one-earner couples will in many cases more than outweigh the impact of, say, $35 tax payable on an extra $100 of taxable income resulting from the taxation of employer contributions to a private health or dental plan. Indeed, it is precisely such over-all calculations that underlie the figures referred to by the minister and tabled as supplementary information to his budget.

The Acting Speaker (Mr. Blaker): The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until two o'clock tomorrow afternoon.

At 10.29 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Wednesday, February 3, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

AUTOMOTIVE INDUSTRY

CANADIAN CONTENT QUOTAS—MOTION UNDER S.O. 43

Mr. Joe Reid (St. Catharines): Madam Speaker, Canada's deficit in auto parts trade with the United States is approaching $4.5 billion, a 16½ per cent increase over 1980, which in itself was a previous record year. Already unemployment in the auto parts industry is running at a staggering 34 per cent, with every indication that this rate will become worse. Time is running out for Canada's auto parts industry. I therefore move, seconded by the hon. member for Haldimand-Norfolk (Mr. Bradley):

That the Minister of Industry, Trade and Commerce do now recognize the serious inequitable imbalance inflicted upon the auto parts industry and that he take immediate action to implement Canadian content quotas on all motor vehicles sold in Canada.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE PRIME MINISTER

MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, I rise on a matter of urgent and pressing necessity under Standing Order 43. The desperate farmers of Canada should quit whatever type of farming they are engaged in and take up poultry farming. The Right Hon. Prime Minister weighs about 160 pounds. Canadians pay him $105,000 per annum. That is $656.25 per pound per year to rent this turkey. Therefore I move, seconded by the hon. member for Peace River (Mr. Cooper):

That this House cancel this rental contract immediately.

Some hon. Members: Oh, oh!

CROWN CORPORATIONS

REPORTED EXPLOITATION OF FEMALE LABOUR—MOTION UNDER S.O. 43

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, I also rise under Standing Order 43. Last night the program "Fifth Estate" revealed that some Crown corporations, including Air Canada, are grossly exploiting hundreds of thousands of women workers who are doing piecework in their homes. In one example, a woman who had to weave a drawstring through a plastic bag was paid $4 for every 1,000 bags. She said she usually could complete only 100 bags a day. This is a decadent labour practice which exploits women who are poor, particularly immigrant women. Therefore I move, seconded by the hon. member for Humboldt-Lake Centre (Mr. Althouse):

That the Minister of Labour ensure that these women and all workers in the home receive the same minimum wage as every other Canadian worker who comes under federal jurisdiction.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

SUPPLY AND SERVICES

DELAY IN REPLACING MISSING PENSION CHEQUES—MOTION UNDER S.O. 43

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, it has been reported to me that all too often complete mail bags of Canada Pension Plan cheques go missing. When this happens, it takes Supply and Services 90 days to replace missing cheques, thus working a real hardship on pensioners. I therefore move, seconded by the hon. member for Erie (Mr. Fretz):

That the Minister of National Health and Welfare meet with the Minister of Supply and Services in order to investigate this serious matter and find a more dependable way of preventing the hardship of those pensioners missing their cheques.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

STATUS OF WOMEN

MINISTER'S SPEECH ON SELF-HELP—MOTION UNDER S.O. 43

Mr. Neil Young (Beaches): Madam Speaker, I rise under the provisions of Standing Order 43. Earlier this week the minister responsible for the status of women commented in a speech that the federal government is not going to help women who won't help themselves. In view of this callous attitude, I move, seconded by the hon. member for Winnipeg-St. James (Mr. Keeper):

That the minister contact the 600,000 elderly women who cannot afford the basic necessities of life due to an inadequate pension system, and personally give them her message.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

CALL FOR LEGISLATION TO GUARANTEE MATERNITY LEAVE—MOTION UNDER S.O. 43

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. In view of the recent comments by the minister responsible for the status of women that fully paid maternity leave "is not expensive" and that maternity leave should not be limited to women with the protection of a negotiated contract, I move, seconded by the hon. member for Churchill (Mr. Murphy):

That this House instruct the government to table legislation that will guarantee to women workers fully paid maternity leave, totally funded under the Unemployment Insurance Act.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1410)

HUMAN RIGHTS

IMPRISONMENT OF VASYL OVSIYENKO BY SOVIET UNION AUTHORITIES—MOTION UNDER S.O. 43

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, the Soviet Union, having failed to live up to its commitments under the Helsinki Accord to respect the rights of all persons, including those of its national minorities, has recently imprisoned without just cause and deprived of his rights, Vasyl Ovsiyenko, who is one of the Ukrainian Helsinki Observer Group. I therefore move, seconded by the hon. member for Prince George-Peace River (Mr. Oberle):

That this House condemn the Soviet Union for failing to live up to the terms of the Helsinki Accord respecting the rights of individuals and national minorities and urge the Soviet Union to cease all proceedings against Mr. Vasyl Ovsiyenko and grant his request for permission to emigrate.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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EMPLOYMENT

ENACTMENT OF AFFIRMATIVE ACTION LEGISLATION—MOTION UNDER S.O. 43

Mr. Rod Murphy (Churchill): Madam Speaker, in view of the fact that the government promised affirmative action legislation in the throne speech given in April of 1980, and given the fact that we have yet to see any concrete action toward affirmative action, I move, seconded by the hon. member for Vancouver East (Mrs. Mitchell):

That the government immediately table legislation calling for affirmative action in both the private and public sectors.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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RAILWAYS

CONDITION PRECEDENT TO CHANGING OF CROWSNEST PASS RATES—MOTION UNDER S.O. 43

Mr. Stan J. Hovdebo (Prince Albert): Madam Speaker, I rise under the provisions of Standing Order 43. Whereas the suggested change in statutory Crow rates opens the door to change in other economic related acts, I move, seconded by the hon. member for Humboldt-Lake Centre (Mr. Althouse):

That along with any proposed legislation attempting to change the Crow rate should also be included a clause which removes the mineral rights bestowed on the CPR in 1881.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

CROWN CORPORATIONS

SECRECY SURROUNDING SALARIES PAID TO SENIOR OFFICERS—MOTION UNDER S.O. 43

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, I move, under the provisions of Standing Order 43, seconded by the hon. member for Yukon (Mr. Nielsen):

That the government forthwith end the fiction of maintaining secrecy about salaries paid to the senior officers of Crown corporations and that the government adopt the philosophy that, if they are paid with public moneys, the public has a right to know.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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VETERANS AFFAIRS

DEPARTMENTAL DELAY IN PROCESSING CLAIMS—MOTION UNDER S.O. 43

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, the delays encountered by the veterans of Canada in having their claims for benefit processed by the Department of Veterans Affairs are intolerable. There can be no justification at all for veterans having to wait years while the bureaucracy, which may well be overworked, attempts to struggle with their heavy load. I therefore move on behalf of my absent colleague, the hon. member for Winnipeg North Centre (Mr. Knowles), seconded by the hon. member for Oshawa (Mr. Broadbent):

That the Minister of Veterans Affairs immediately take whatever steps are necessary to reduce the waiting period for veterans' claims and to review veterans legislation now to ensure that it adequately responds to the needs of today's society in all of its ramifications.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

SOCIAL SCIENCE

FUNDING FOR SOCIAL SCIENCES AND HUMANITIES RESEARCH COUNCIL—MOTION UNDER S.O. 43

Mr. John Bosley (Don Valley West): Madam Speaker, I rise under the provisions of Standing Order 43 to move a motion of urgent and pressing necessity. A free and independent research community is absolutely essential to Canada's growth. I therefore move, seconded by the hon. member for Cambridge (Mr. Speyer):

That the recent announcement of the government's five-year plan for the Social Sciences and Humanities Research Council, which for the first time introduces the concept of government directed strategic themes into the area of funding of research, in other words, under the guise of Canadianization, forces that council to begin to study only those matters which are important to the Liberal Party, that this manipulation of Canadian independent thought be soundly condemned by this House.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

SMALL BUSINESS

SHORTAGE OF SKILLED LABOUR—MOTION UNDER S.O. 43

Mr. Peter Elzinga (Pembina): Madam Speaker, in view of the fact that both the Canadian Chamber of Commerce and the Federal Business Development Bank have stated that a lack of skilled labour is a number one problem facing many members of the small business community, I move, seconded by the hon. member for Kindersley-Lloydminster (Mr. McKnight):

That the federal government encourage more co-operation among business, government, unions and educational institutions by establishing industrial training advisory boards in order to achieve more on-the-job training.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

● (1415)

ORAL QUESTION PERIOD

[*English*]

FINANCE

TAXATION OF MINERS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is directed to the Minister of National Revenue who said in this House the other day, in reference to the province of Newfoundland, that the budget he is defending is "better for Newfoundland than any other part of the country." He went on to say, "By far the majority of the people of Newfoundland will see their incomes improve as a result of the budget."

My question to the Minister of National Revenue is quite precise. I want to ask him whether he includes among those citizens of Newfoundland and Labrador whose position will be

improved the nearly 4,000 miners in his own constituency around Labrador City and Wabush who face tax increases on average of $600 in 1982, more than $2,000 in 1983 and nearly $3,000 in 1984. Does he believe these constituents of his are helped by this budget, which will increase their tax bills by those amounts?

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, the miners in Labrador City and Wabush and other miners north of sixty know exactly what this budget has done for them. The budget continues the remission order which remits taxes on northern benefits. The north is the only part of Canada for which this was done. It was done particularly for the north because this government recognizes the special needs of people who live and work in the north. This is what this budget did for people who live in the north.

Let me put a few other facts on the record for the right hon. member. I told him before that there are about 250,000 people in Newfoundland who will benefit, and that is accurate. There is a total of 19,000 families of four.

Some hon. Members: Order, order.

Mr. Rompkey: Of these families, 12,000 will save—

Some hon. Members: Order, order.

Mr. Rompkey: Hon. members opposite do not want to hear the figures. They do not want to hear the truth. Twelve thousand families will save $2 million, or $164 each. Of those families earning $15,000, 4,600 will not have to pay any tax at all. That is the effect of this budget in Newfoundland.

Some hon. Members: Hear, hear!

PROJECTION OF TAX PAYMENTS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, hidden away behind all that obfuscation is the fact the minister well knows that his colleague, the Minister of Finance, has described the remission order dealing with northern employees, and I quote the budget papers, "hard to justify", and has indicated that he will be ending that remission order by January of next year. I will ask the minister specific questions having to do with figures provided by two major employers employing some 4,000 miners in Labrador City and Wabush in his constituency. Does he accept that the net impact on an average tax-paying miner in Labrador City or Wabush in 1982 with the remission order will be a $603 increase? Does he accept that after the remission order is removed in 1983, there will be a tax increase of $2,043 for each miner there?

Some hon. Members: Order, order.

Mr. Clark: Does he agree and does he accept that it will cost in the neighbourhood of $2,991 per employee in Wabush and in Labrador City after the government carries through its intention to end this remission order and after it brings through its budget? If he does not believe that, perhaps he will speak to the brother of his colleague, the hon. member for Manicouagan, who is the public relations director for one of the companies whose figures we are quoting here, and perhaps he will report to his constituents and then come back to the House of Commons and tell us just how badly his constituents will be hurt by the budget which he is bringing down.

Some hon. Members: Hear, hear!

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, I hope the right hon. member is not getting his figures from another candidate for the leadership of the Conservative Party, because I can tell the right hon. member that that particular man, who is a very major employer in Labrador City, feels very good about this remission order and, indeed, lobbied for it very strongly. The fact is that the remission order is in place. This government has kept faith with people in the north, and that cannot be denied.

As far as obfuscation is concerned, I do not accept the figures cited by the right hon. member today any more than I accepted the way he put forward his figures last week. He told us that there are 200,000 taxpayers in Newfoundland, and that is true. What he neglected to tell the people was the difference between taxpayers and tax filers. The fact is there are more tax filers than there are taxpayers.

• (1420)

Some hon. Members: Hear, hear!

Mr. Nielsen: You are making our point.

Mr. Rompkey: The majority of people will benefit. These are the facts, Madam Speaker, and the obfuscation is on that side.

Some hon. Members: Hear, hear!

REQUEST THAT TAX REMISSION ORDER BE CONTINUED

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, may I thank the Minister of National Revenue.

Mr. Chénier: Oh, oh!

Mr. Clark: I am coming to Timmins next. Because the Liberal member elected for Timmins refuses to speak for the people of Timmins—

Some hon. Members: Hear, hear!

Mr. Chénier: You don't speak for anybody!

Mr. Clark: The minister has confirmed—

Mr. Chénier: Stay with it, Joe.

Mr. Clark: —that the statement made by the Minister of Finance in the House proposing to cut taxes by adding to the number of taxpayers some six million Canadians who do not now pay tax, was a misleading statement.

Let me say to the minister, by the way, that if he has better figures, let him present them to the House.

In relation to the interdepartmental committee that has been established to look at the question of the north and whether this government is going to end the remission order, will the Minister of National Revenue or his colleague, the Minister of State for Mines, tell the House whether the government is—

Mr. Chénier: A good speech, Joe.

Mr. Clark: The hon. member for Timmins interrupts again, Madam Speaker. Perhaps he would like to speak for his constituents instead of blindly defending—

Some hon. Members: Hear, hear!

Madam Speaker: Order. This is going to turn into a shouting match if I do not stop it. I would appreciate it if the hon. Leader of the Opposition would ask his question.

Mr. Clark: Madam Speaker, I have two questions for the Minister of National Revenue. First, will he give us a guarantee now that there will not be an end to the remission order in January 1983 and, second, will he tell us whether the interdepartmental committee looking at impacts in northern Canada is considering substituting the payment of a $500 cheque that will be taxable, to the miners affected, while at the same time they have an increase in their taxes ranging from $2,000 to $3,000 per year? Will the minister tell us whether the government is considering slapping a $3,000 tax increase on miners in his constituency and then compensating for that with a $500 cheque that will itself be taxable?

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, as far as obfuscation of figures is concerned, Madam Speaker, last week the Leader of the Opposition told us that the taxation of health and dental plans would have heavy impact on veterans. That is clearly false; there is no impact on veterans who receive a disability allowance or the war veterans allowance. There is no effect at all.

Mr. Clark: That is not true.

Mr. Rompkey: The figures and positions that the Leader of the Opposition brought forward last week were clearly not credible. I submit that the figures brought forward this week are equally not credible.

The fact of the matter is—and people in the north know it—that this government has kept faith with them. We continued the remission order and they are money in pocket. The average person in my riding picked up between $1,000 and $1,500 extra this year as a result of the remission order. We have said that we will continue to keep faith with people in the north and that we will put a program in place that will see that they get their due. We intend to do that, Madam Speaker.

TAXATION OF NORTHERN RESIDENTS

Mr. Dave Nickerson (Western Arctic): Madam Speaker, I should like to continue with a question directed to the Minister of National Revenue. He knows full well that it is the policy of the Liberal government to discontinue the remission order. That was said by the Minister of Finance—

Mr. Chénier: Joe told us that!

Mr. Nickerson: The people of Labrador City will lose $1,000 to $1,500. I submit that this is frightening and will have a horrendous impact on the taxpayers of northern Canada. Will the Minister of National Revenue guarantee to us today that the remission order will not be taken off at the end of this year or, alternatively, will permanent changes to the Income Tax Act be made to take into consideration the fact that people in the north are paying, in proportion, more taxes than those in the south?

• (1425)

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, the government has nothing to be ashamed of in terms of its approach to people in the north.

Some hon. Members: Oh, oh!

Mr. Rompkey: If they want to take examples from my riding, the first thing that their government did when it assumed power was that it immediately froze capital projects, including two capital projects in Labrador City, denying the people up there jobs. That is the record of that particular government, in Labrador City. I would say to the hon. member that he knows very well my own personal feeling about the remission order and what should be done for people in the north.

Some hon. Members: Oh, oh!

Mr. Rompkey: I simply say to him again that the government has kept faith with the people of the north, and it will continue to do that.

Some hon. Members: Hear, hear!

QUERY RESPECTING GOVERNMENT POLICY

Mr. Dave Nickerson (Western Arctic): Madam Speaker, for the second time the Minister of National Revenue has refused to answer that very simple question put to him. In reviewing the budget I saw that there would be more money put into the pockets of deputy ministers and of chairmen of Crown corporations. These people will be receiving an additional $6,000, $8,000 or $10,000 to spend per year—

Mr. Nielsen: After taxes.

Mr. Nickerson: —but the guy who drives an ore truck in Labrador City, Schefferville, Pine Point or Faro will be paying an extra $2,000 or $3,000 per year—

Madam Speaker: Order, order.

Mr. Nickerson: Is that the policy of the Liberal government?

Madam Speaker: Order, order.

Mr. Nielsen: Answer the question.

Mr. Baker (Nepean-Carleton): Rompkey sits in his seat.

Mr. Nielsen: No answer!

Mr. Epp: No answer!

* * *

AUTOMOTIVE INDUSTRY

DEFICIT INCURRED IN AUTO PARTS TRADE

Mr. Derek Blackburn (Brant): Madam Speaker, my question is directed to the Minister of State for International Trade. In view of the fact that the auto parts industry in Canada is in very bad shape and once again has suffered a $4.35 billion staggering deficit for 1981, which was even higher than the record for 1980, what immediate steps will the minister take to protect the Canadian auto parts industry, not only in Ontario but in Quebec and, indeed, in British Columbia?

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, while recognizing the importance of the question the hon. member posed, I thought he might have given recognition today to the trade figures which were announced for 1981 in which Canada had its second largest trade surplus in history.

Some hon. Members: Hear, hear!

Mr. Lumley: Also I would have thought that the hon. member would have congratulated Canadian manufacturers because one half of that export increase was in end products, which is the labour intensive side of the trade figures.

Some hon. Members: Hear, hear!

Mr. Lumley: With respect to his specific question concerning auto parts, as I said to his leader in reply to a question in the House on Friday, we are very conscious of the fact that the auto parts industry and the automobile industry in general are in serious trouble. We are working together with the United States of America to improve the North American share of the world market.

UNITED STATES EXAMPLE

Mr. Derek Blackburn (Brant): Madam Speaker, I do not know what the minister's answer had to do with the auto parts industry. He did not even refer to it until the last sentence. In view of the fact that there are 50,000 Canadians out of work in the auto industry in general, and that half those lay-offs are permanent, does the minister not anticipate or contemplate doing exactly what the United States is doing, in that it is retrenching its auto parts industry around major auto manufacturers to protect its auto parts industry? When will the minister do the same thing for the Canadian auto parts industry?

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, I think the hon. member is conscious of the fact that the United States auto industry is in the same depressed state as the Canadian industry. As I said to his leader on Friday, one of the major moves we made last year, for example, was to obtain major export markets for the Canadian automobile industry, which includes Canadian parts. We obtained one contract in Iraq for over $100 million for 13,000 cars. The second phase of that order was a 12,000 order option, with the 12,000 cars still sitting on a Halifax dock.

Mr. Blackburn: What does that do for the auto pact?

• (1430)

Mr. Lumley: I hear the hon. member ask what does that have to do with the auto pact. It increases jobs in the auto industry for Canadians and Americans, which the hon. member should know.

Mr. Blackburn: Why the deficit?

Some hon. Members: Oh, oh!

Mr. Lumley: Hon. members are very conscious of the fact that the North American share of the world market is down substantially, and the auto industry obviously has a responsibility to work with the governments to increase our share.

* * *

TRADE

INCREASE IN JAPANESE EXPORTS TO CANADA

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my question, in the absence of the Minister of Regional Industrial Expansion, is for the Minister of State for International Trade. Undoubtedly the minister noted the figures released by Statistics Canada today revealing the Japanese exports to this country are up 72 per cent in 1981 compared to 1980. Would the minister explain to the House why this situation has occurred when his colleague, the Minister of Industry, Trade and Commerce, assured the House there would be no such increase? Was the minister simply duped by the Japanese?

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, I do not recall my colleague, the Minister of Industry, Trade and Commerce, making that statement. I am sure that he did not.

Some hon. Members: Oh, oh!

Mr. Lumley: I think what the hon. member is referring to is my colleague talking about the Japanese exports of automobiles.

Yes, Madam Speaker, we are concerned that our surplus with Japan has fallen from $2.1 billion in 1979 to approximately $400 million in 1981. I think the hon. member knows that we operate a very free market in Canada.

Some hon. Members: Oh, oh!

Mr. Lumley: Exports of consumer products to Canada from Japan have increased substantially. Obviously that creates an opportunity for import substitution for Canadian manufacturers, and we are doing our best to encourage Canadian manufacturers to take advantage of that opportunity.

IMPORTATION OF JAPANESE MANUFACTURED AUTOMOBILES

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my supplementary question is also for the Minister of State for International Trade. I would refer the minister to *Hansard* for November 26, 1981, when his colleague assured this House that the Japanese auto quota was right on target and that there was nothing to fear.

Given the fact that the deficit on automotive products has risen over 70 per cent in the period to which I referred earlier, and given the fact that whatever the arrangement was—it runs out at the end of next month—what can the minister tell us has been done to ensure that there will be a continuing quota, or some more satisfactory arrangement, to halt this spiralling increase of Japanese cars coming into this country?

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, as I said on Friday, we are initiating discussions with the Japanese in Tokyo this week. Our officials will be telling the Japanese that we want to enter into an agreement with them prior to March 31 when our present agreement runs out. We first want to find out what the state of the agreement is between the United States and Japan, as to whether the Japanese will honour the commitments made under the two-year agreement with the Americans. Once we know that position we will be able to negotiate our own.

IMPORTATION OF LIGHT TRUCKS

Mr. Bill Kempling (Burlington): Madam Speaker, I have a question for the Minister of State for International Trade. Our officials will be having negotiations with the Japanese regarding the importation of automobiles and light trucks. The Americans place a duty of 25 per cent on all light trucks that are imported into the United States. Canada levies a duty of 12.8 per cent, an amount that will be reduced to 9.8 per cent. The Americans, however, will retain their rate of duty at 12 per cent. These light trucks were not part of the quota agreement. Can the minister tell us whether these light trucks will be negotiated into a new quota agreement? Can he also tell us what basis will be used? Last year, there was an increase, that is 1980 over 1981, of 122 per cent in light trucks coming into this market.

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, since the negotiations will not be initiated until Thursday of this week in Tokyo, it is very difficult for me to tell the hon. member what the final outcome will be.

The possibility of adding a tariff on the trucks will depend on what other things we can negotiate with the Japanese.

As the hon. member for Brant mentioned, and his leader suggested on Friday, one of the things that we will try to encourage the Japanese to do is to source more parts in Canada for the automobiles which the Japanese will be shipping into Canada. There are many component parts to that negotiation of which the hon. member is aware. It would be presumptuous of me to assume what the final result will be.

REQUEST THAT GOVERNMENT TAKE ACTION

Mr. Bill Kempling (Burlington): Madam Speaker, my supplementary question is for the Minister of State for International Trade. Automotive parts and components that were shipped to Japan are down 20 per cent, according to Statistics Canada figures that were released this morning. The reality is that unless we do something about the light trucks then the new generation of light trucks being manufactured by Ford, Chrysler and General Motors will never get off the ground.

The Big Three are now manufacturing new, light, downsized trucks, and unless we have some firm commitment that there will be light trucks included in the quota and the quota depressed downward, we will never be able to get these light trucks off the ground and out into the marketplace. I am concerned about the guy next door to me working at Ford Motor company who has been laid off indefinitely, and those others working in component parts plants who have been laid off indefinitely. Thirty-eight per cent of them have been laid off. That is what I am concerned about, and I want to hear something more specific from the minister.

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, we have the same concerns as the hon. member. We are interested in the people who work in the whole automobile industry, not only those who work with light trucks, or those on assembly lines, or those who work in parts plants, but those who work on big trucks and other things. Consequently, all those elements will be brought into the discussions with the Japanese.

* * *

MEDICAL CARE

ESTABLISHMENT OF NATIONAL STANDARDS

Mr. Bill Blaikie (Winnipeg-Birds Hill): Madam Speaker, my question is for the Minister of National Health and Welfare for whom I have been patiently waiting. I understand

that she is in the lobby. I told her parliamentary secretary that I wanted to ask a question, but he disappeared.

Some hon. Members: Oh, oh!

Mr. Blaikie: I would like to know just what is going on. Perhaps someone could bring the minister in from the lobby so I could ask my question on the state of medicare.

An hon. Member: Your question isn't very important.

Madam Speaker: Order, please. The hon. member must address his question to a minister. I see the Minister of National Health and Welfare coming into the House now.

Some hon. Members: Hear, hear!

Mr. Blaikie: Madam Speaker, the Minister of National Health and Welfare is looking more and more every day like Emperor Nero who stood passively by and fiddled while Rome burned before his eyes. The minister seems content to blather on intermittently while our national health care system goes to pieces before our very eyes.

It has been one and a half years since the Hall report was tabled, three years since the medicare crisis first began, and six months since the all-party parliamentary task force tabled its report. The minister is up to her ears in recommendations. We have seen no action but we have had plenty of excuses. Will the minister please tell the House what arrangements she has made with her provincial counterparts to sit down and establish some concrete national standards for Canada's medicare system?

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, I could, for example, answer the hon. member by asking him whether he knows where the newly elected minister of health for Manitoba stands on medicare. That answer would be very practical for all of us.

Some hon. Members: Oh, oh!

Miss Bégin: It would tell us how much extra billing he thinks will have to take place to erode the system. Is the minister going to take a stand? He is one of the key players. He is a minister of the same party to which the hon. member belongs. Has the hon. member contacted him? I would be very interested, as would many Canadians, to know if there is a change in group dynamics between health ministers as to policy. We have decided to strengthen medicare. That would be one good step he could take.

REMUNERATION OF DOCTORS—GOVERNMENT POSITION ON EXTRA BILLING

Mr. Bill Blaikie (Winnipeg-Birds Hill): Madam Speaker, the position of the Saskatchewan government and the position of the Manitoba government are well known with regard to extra billing. If the minister would show some leadership, we would have some action right away. I do not know how long she thinks she can go on with this cute stuff about Manitoba and Saskatchewan, because it does not wash with anybody but herself.

Some hon. Members: Hear, hear!

Mr. Blaikie: The minister is on record as favouring a revision of the Medical Care Act to state clearly that extra billing by physicians is against the intention and spirit of medicare. We have doctors extra billing in Alberta. We have doctors asking for a 35 per cent increase in Manitoba. The remuneration of physicians is at the heart of the problem of medicare.

How does the minister plan to address this issue? Never mind what the position is of the minister of health in Manitoba; what is her position? How does she plan to create a national consensus against extra billing and a mechanism to provide adequate compensation for doctors as Dr. Hall recommended? Does the minister have any specific proposals?

Mr. Nielsen: On all four sides of the issue.

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, I think that the position and the stand taken by the other ministers who are key players in the medicare system matter a great deal. There are ten of them. There is one national government speaking on behalf of Canadians and putting up approximately half of the total amount of money involved. It would be nice to have a few allies when I start the federal-provincial conference I am planning with my counterparts, so the question I raised with the hon. member is very relevant, I would like to underline that.

• (1440)

Other than that, the member should know, because I think I stated it a few times in answers to him, that we are planning the first of a series of conferences on renewing medicare, at which time I will put to my provincial colleagues the new rules of the game to strengthen medicare. He knows this is not a simple black and white matter where we can suddenly withhold payment and slow down services. I do not see how that would help people who have health problems.

Mr. Blaikie: You said that; I did not. Get on with your job.

Miss Bégin: It is true that we are manoeuvring around these various roadblocks in order to strengthen medicare, and I believe in the last two years we have strengthened medicare in Canada.

FEDERAL FUNDING

Mr. Bill Blaikie (Winnipeg-Birds Hill): Madam Speaker, the minister knows that at this very moment her colleague, the Minister of Finance, is trying to negotiate massive reductions in federal funding to the provinces which will have an incredible effect on health care, not to mention post-secondary education. I ask the minister does she intend to sit idly by and let the Minister of Finance carelessly gamble with the future

of medicare, or is she trying to persuade him to drop these foolish cutbacks which will be used by provinces like Ontario and Alberta—

Mrs. Mitchell: British Columbia.

Mr. Blaikie: —as an excuse for the further privatization of medicare?

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, the hon. member is wrong in his description. Payments from my department to the provinces for medicare will increase yearly on average in the coming five years by 13.4 per cent.

Mr. Blaikie: Not as much as they would if you left them alone.

Miss Bégin: This is more than the rate of inflation. That is the money calculated according to the three programs which are the elements of the EPF agreements: hospitalization, extended health care, and visits to doctors. This is fully protected. The payments are going to increase annually and the provinces know that. They can decide to punish medicare because they, like us, have to—

Mr. Blaikie: You know that is not true.

Miss Bégin: —reorder their priorities according to the economic situation. I hope they do not put that on the back of medicare, because our payments for medicare are increasing.

Some hon. Members: Hear, hear!

* * *

NATIONAL DEFENCE

COMMITTEE STUDY OF CANADIAN FORCES BASE CHATHAM, N.B.

Mr. Bob Corbett (Fundy-Royal): Madam Speaker, my question is for the Minister of National Defence. Surveillance of Russian Bear aircraft, which have been flying through a portion of the Atlantic coastal Canadian identification zone en route to Cuba in increasing numbers during the past eight months, surely must have vital strategic implications, yet the government has announced the closure of the air base best situated to monitor these instrusions, CFB Chatham in New Brunswick.

Besides the military implications the closure will have, one half of the town's work force will be put out of work. The minister has set up an interdepartmental committee to study alternative uses for the air base—

Some hon. Members: Order!

Madam Speaker: Order. The questions today have all been exceptionally long.

Mr. Nielsen: So have the answers.

Madam Speaker: We are coming to the end of question period. I wish to recognize as many questioners as possible, and I would really appreciate members shortening their questions.

Mr. Corbett: Thank you very much, Madam Speaker. I trust the answers will be short and explicit as well.

The study was to be completed and the report made by the end of January. Will the minister now tell the House what recommendations that committee has made?

An hon. Member: Close the base.

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, the answer is yes. I think security on the east coast is adequate, and all measures have been taken to make sure that it is adequate, and we are protecting the Canadian people very well on the east coast.

An hon. Member: Provided there is no attack, we are okay.

MINISTER'S RECOMMENDATIONS

Mr. Bob Corbett (Fundy-Royal): Madam Speaker, I asked for the committee's recommendations and I did not get them, but in view of the fact that over one half of the town's work force is going to become unemployed, and over $33 million in wages and local purchasing will be lost to the town, will the minister tell the House what recommendations he is going to make to his caucus colleagues about what happens to the town of Chatham and those unemployed? If he cannot be specific, will he assure the people of Chatham that something will be done to ensure that these jobs and revenues will be replaced within a reasonable period of time?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, I thought the hon. member would have read the most recent speech I made in Chatham stating that we care a lot for the people in this area.

Mr. Epp: That is why you are closing the base.

Mr. Lamontagne: Well, maybe because of economic and strategic factors we have to phase out that base and try to compensate in the best way we can for the loss of jobs and to the effect on the local economy. However, it is much better to do this than to do what the former minister of national defence said in Chatham last week when he told them that they should stick to their demands that the F-18 be stationed at Chatham, and close Bagotville. That is very good for Quebecers—his suggestion to close Bagotville instead of Chatham.

Some hon. Members: Shame, shame!

Mr. Lamontagne: Madam Speaker, we have an interdepartmental committee working very hard on the future of Chatham. We have been in communication with the premier of the province, with responsible people in the Miramichi area, and with our Member of Parliament for that area, and everyone is

working together to see that Chatham is not left without any compensation or any alternatives as they are at the moment.

* * *

PUBLIC SERVICE

SUSPENSION OF PUBLIC SERVANT FOR OPPOSING METRIC CONVERSION PROGRAM

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, my question is to the Minister of National Revenue who will perhaps be aware that this week Neil Fraser, an employee of his department in Kingston, was suspended from work for three days because he publicly spoke out against the policy of metric conversion. In fact he was told that if his protests were repeated he would be dismissed.

Some hon. Members: Oh, oh!

Miss MacDonald: The minister will know there is no conflict of interest here because it had nothing to do with the Department of National Revenue. I ask the minister if it is his policy, indeed the policy of the government, that if a civil servant speaks out against any aspect of government policy, he will be dismissed?

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, it is true that an auditor from the Kingston district office was involved in a public demonstration against the metric system. I gather he also wrote to the newspapers about it. He was called in and given a three-day suspension, according to departmental guidelines. He has since appeared on television criticizing the metric system, the Constitution, and bilingualism.

Some hon. Members: Oh, oh!

Mr. Rompkey: In similar cases, Madam Speaker, the right of the employer to discipline the employee for public statements critical of government programs has been upheld by the courts, as I am sure it will be in this case.

Mr. Mazankowski: So much for the charter of rights.

CIVIL RIGHTS OF PUBLIC SERVANTS

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, the issue here is freedom of speech.

Some hon. Members: Hear, hear!

Miss MacDonald: It is a question of the civil rights a public servant should enjoy, and I would like to direct my supplementary to the President of the Treasury Board, the minister responsible for the public service. I would ask him to give us an assurance that those public service employees who dare speak out against any aspect of government policy, who choose to follow that route, will not be subjected to punitive action by the government, particularly when they speak on a matter not in conflict with their responsibilities in their own departments?

Some hon. Members: Hear, hear!

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, I am not aware of the facts in this particular case which the hon. member raised initially with my colleague, the Minister of National Revenue, but in my responsibilities as President of the Treasury Board I will discuss the matter with my officials and my colleague.

* * *

• (1450)

MINES AND MINING

LOAN TO PERU FOR COPPER MINING VENTURE

Mr. Jim Fulton (Skeena): My question is directed to the Minister of State for Mines. Last December the minister was crowing quite proudly about the benefits of a $250 million loan at 11 per cent to the government of Peru for a copper mining venture. Since that time about 1,500 Canadian copper mining workers have been laid off. In Stewart, British Columbia, about one fifth of the workers at Granduc will be laid off, as well. Since the Canadian sector is paying roughly double the foreign Liberal rate for capital, does the minister believe that this kind of loan to foreign competitors is in the best interest of the Canadian copper mining industry?

Hon. Judy Erola (Minister of State (Mines)): Madam Speaker, the loan to which the hon. member refers affects a copper mine which will not come into production until roughly four or five years down the road, by which time we hope the copper situation will have improved and that the prices will have risen considerably. The fact is that that loan produces jobs in Canada immediately, within the next year, and that is what is important, given the current economic situation.

Some hon. Members: Hear, hear!

CREATION OF JOBS IN CANADA

Mr. Jim Fulton (Skeena): Madam Speaker, I find it passing strange that if the mine will not go into operation for four or five years, it will immediately create jobs in Canada. I contacted the minister's office which informed me that it is opposed to this deal. I wonder whether the minister would comment on that.

Since roughly 4,000 jobs have been lost in the copper industry and supply sector since this December announcement, I wonder if the minister will be making any money available at 11 per cent to the Canadian copper industry. Despite repeated inquiries directed to her office, to the EDC, and to the company S & C in Montreal, I have not been able to find evidence of one job which will be created in Canada. I challenge the minister to stand up in this House to tell us just one job which will be created as a result of the loan of $250 million at 11 per cent.

Hon. Judy Erola (Minister of State (Mines)): I will be very happy to provide the hon. member with all of the facts of this contract the minute the tenders are made public. The confidentiality of the situation insists, of course, that this contract not be made public until it is signed. I will be very happy to provide him with the figures when they come. The fact is that hon. members opposite have been criticizing us for the lack of jobs in the automotive industry, and this particular contract will have a very direct effect on the automotive industry, as trucks will be part of the package.

Some hon. Members: Hear, hear!

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SHIPBUILDING

SUPPORT FOR CANADIAN INDUSTRY

Mr. Gus Mitges (Grey-Simcoe): Madam Speaker, my question is directed to the Minister of State for Small Businesses and Tourism. In view of the fact that it is very important to maintain a strong domestic capability in the construction and repairing of ships in Canada and to maintain those 45,000 trucks off the ground and out into the marketplace. I am consideration, besides the 9 per cent subsidy, to offset foreign government subsidies, particularly in the area of financing, which give offshore shipbuilders a considerable advantage in contract bidding over our own industry? As well, could the minister explain why, under the multimillion dollar federal Shipbuilding Industry Assistance Program, very little, if any, of these funds will indeed benefit our shipbuilding industry in the Great Lakes?

[*Translation*]

Hon. Charles Lapointe (Minister of State (Small Businesses and Tourism)): Madam Speaker, I wish to thank the hon. member for his question and for his continuing interest in the shipbuilding industry in Canada. I can inform the hon. member, and this has already been pointed out to him in the House, that eleven or twelve months ago, a comprehensive study of our shipbuilding assistance policy was initiated in consultation with the industry, the provincial governments and the unions involved in this sector. The study is just about finished, and the Minister of Industry, Trade and Commerce is expecting to receive a report within a few days. Once the report has been read and considered by his cabinet colleagues, we shall then be able to either publish the report or announce a new policy in the coming months.

As for the millions of dollars, I can inform the hon. member that $75 million are spent each year on subsidies to the shipbuilding industry at all shipyards throughout Canada, and the hon. member knows perfectly well that the shipyard in his riding has received—and why not—a generous share of this subsidy.

[*English*]

PREFERENTIAL TREATMENT FOR COMMONWEALTH COUNTRIES

Mr. Gus Mitges (Grey-Simcoe): Madam Speaker, I have a short supplementary question for the Minister of Transport. At the present time, as the minister knows, ships built by offshore countries which are plying their services completely in Canadian waters are subject to a 25 per cent duty. However, this duty does not apply to ships built in Commonwealth countries. Will the minister take a serious look at this provision in the act, and take the necessary steps to change the Canada Shipping Act and remove this preferential treatment which has proven to be a hardship to our own industry and has been an anachronism for many years?

Hon. Jean-Luc Pepin (Minister of Transport): Yes, Madam Speaker, such a step will be taken in the fall, in the legislation which we hope to introduce at that time. However, to put matters into context, hon. members should know that at the present time 50 per cent to 60 per cent of the coasting trade in Canadian waters is done by Canadian-built ships.

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CANADIAN BROADCASTING CORPORATION

REQUEST FOR IMPROVED RADIO SERVICE FOR NORTHERN NEW BRUNSWICK

Mr. Maurice Harquail (Restigouche): Madam Speaker, my question is directed to the Parliamentary Secretary to the Minister of Communications, and involves radio broadcasting by the Canadian Broadcasting Corporation, which has been a matter of concern for northern New Brunswickers for some time. We have had improvements in signal for television programs, but I wonder if the parliamentary secretary can indicate the present status and action which will be taken to bring daily radio broadcast service by the CBC to northern New Brunswick.

Mr. Jack Masters (Parliamentary Secretary to Minister of Communications): Madam Speaker, I know the hon. member's interest in this particular problem, as he has discussed it with the minister and myself on a number of occasions, and it has been a long-outstanding item. I can only say that it is the policy of the CBC to expand as quickly as possible. I can be encouraging in the sense that an announcement by the minister should be made in the very near future.

Some hon. Members: Hear, hear!

* * *

CROWN CORPORATIONS

SECRECY SURROUNDING SALARIES PAID TO SENIOR OFFICERS

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, my question is directed to the Acting Prime Minister, and it concerns the secrecy surrounding salaries paid to heads of

Crown corporations. As the minister knows, there have been announcements that some public servants will receive salary increases of some considerable magnitude. Some of these public servants have refused to discuss their salaries publicly and the government has consistently refused to indicate their level of salaries. Would the Acting Prime Minister please indicate to the House the justification in public policy for refusing even to reveal the ranges of salaries for heads of Crown corporations?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I have seen that such a practice exists in Canada, and it is not a practice exclusive to chairmen or presidents of Crown corporations. Such a practice exists in the private sector, also.

Mr. Nielsen: That's not right.

Mr. Pepin: I presume, inasmuch as Crown corporations in Canada are somewhat mid-way between public corporations and private ones, that this is the main reason for the existence of the practice. However, this being a prime ministerial prerogative, I will bring the question to the attention of the Prime Minister, and I am sure that he will want to give a more detailed answer to the question raised, in due course.

QUERY RESPECTING THE RANGES OF SALARIES

Hon. Walter Baker (Nepean-Carleton): When the Acting Prime Minister brings the matter to the head of the government, would he please remind him that the development of this new fiction is of recent vintage and that, in fact, the salary ranges of former heads of Crown corporations were at least announced? At the same time, would the Acting Prime Minister argue the case before the Prime Minister that, since the public is involved, it is inappropriate that at least the ranges of salaries paid to those senior officials have not been made public?

Some hon. Members: Hear, hear!

Hon. Jean-Luc Pepin (Minister of Transport): I will bring that to the attention of the Prime Minister. But, needless to say, most of the salaries of most of these gentlemen are now commonly known.

Some hon. Members: No, no!

Mr. Pepin: The salary of the president of CN is pretty well known.

Some hon. Members: No, no!

Mr. Pepin: The salary of the president of Air Canada is pretty well known.

Some hon. Members: No, no!

Mr. Pepin: We all know that they are higher than the salary of the Prime Minister.

REGIONAL DEVELOPMENT

INCLUSION OF NORTHUMBERLAND COUNTY IN DREE AGREEMENT

Hon. George Hees (Northumberland): Madam Speaker, I would like to address a question to the Minister of State for External Relations and congratulate him on his new appointment. I ask him this question as a member of the cabinet committee on economic and regional development. Would he advise the House whether he soon expects to be able to announce the entry of the county of Northumberland into the Eastern Ontario Subsidiary Agreement, a matter on which he has been working for the past 18 months?

An hon. Member: Come on, somebody!

Mr. Crombie: There he is!

Miss MacDonald: All three together!

Mr. Epp: You're not quite sure, are you, yet?

Hon. Pierre De Bané (Minister of State (External Relations)): Madam Speaker, I think the question should be put to—

Mr. Epp: Somebody else.

Mr. De Bané: —to the minister responsible for DREE, but I am very happy to remind the hon. member that one of my last acts as minister responsible for DREE was to deliver a letter to his office by hand, stating that the draft of that agreement would be ready very soon. I also remind him that at my first meeting with the provincial government of Ontario, with his support, I stated my initiative to do something for the county of Northumberland. I hope that in the very near future that initiative will reach its final conclusion.

Some hon. Members: Hear, hear!

* * *

EXPORT DEVELOPMENT CORPORATION

FINANCING OF ENERGY PROJECT IN SOVIET UNION

Mr. Bill Domm (Peterborough): Madam Speaker, my question is directed to the Minister of State for International Trade. I wonder how the minister can justify a reported $637 million in subsidized financing to Russia which will cost the Canadian taxpayers a reported $198 million. All we will receive in return is $275 million in Canadian equipment and services.

● (1500)

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, first, the negotiations for this contract were initiated in 1977. If Canada is successful in obtaining a contract, it will involve 16,500 man-years of work in Quebec, Ontario and western Canada. The figures which the hon. member read in one of the local papers, unfortunately, are

erroneous. The EDC does not have a financial offer outstanding at the present time. It expired as of December 31. Consequently I cannot verify the figures to which the hon. member alludes.

TIMING OF CONTRACT

Mr. Bill Domm (Peterborough): Madam Speaker, my supplementary question is to the Secretary of State for External Affairs. Does the minister think it appropriate to lend subsidized dollars at a 10 per cent interest rate to Russia at a time when our allies are implementing sanctions against Russia as a result of the Russian atrocities in Poland and Afghanistan?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, there is no question of our lending money to the Soviet Union. I think what the hon. member is mistakenly trying to express is a loan by the EDC to a Canadian corporation which, if successful, would create 16,500 jobs in Ontario Quebec, Alberta and British Columbia. We regard this as being in keeping with the policy of NATO at this time. If the NATO policy changes, our policy will change as well.

Madam Speaker: I see the Leader of the Opposition is rising, but question period is over. I have to recognize the hon. member for Victoria on a question of privilege.

* * *

PRIVILEGE

MR. McKINNON—COMMENTS BY MR. LAMONTAGNE DURING QUESTION PERIOD

Hon. Allan B. McKinnon (Victoria): Madam Speaker, I rise on a question of privilege arising from some of the remarks made by the Minister of National Defence (Mr. Lamontagne) a few minutes ago. He said that I had recommended to the good people of Chatham that the Canadian Forces base at Bagotville should be closed. It is correct that I advised the people of Chatham that they should put all the pressure they possibly can on the government to retain their base, which is absolutely vital to their economy. I suggested that the decision that possibly the minister has made to close Chatham and keep Bagotville open must have been made for reasons other than strategic reasons. I pointed out to the people of Chatham that the Chatham base is much closer to the east coast and the flight of the Russian Bear bombers down to the east coast than is the base at Bagotville. There are really two questions involved in this. The first is whether either base should be closed.

Madam Speaker: Order. It seems the hon. member is entering into debate. I will let him continue for another little while, but I ask him to tell me what his question of privilege is. From his note it seemed that he wanted to correct a statement made by the minister. That might be a point of order rather than a question of privilege.

Point of Order—Mr. Clark

Mr. McKinnon: Madam Speaker, I will not require more than another moment or so. The other question is whether he has decided to close the right base, if indeed they must close one base. For reasons of the mileage that is involved, the minister and the government have to make a decision as to whether the main threat is manned bombers coming over the North Pole or whether they want to do surveillance of the Russian planes flying up and down the east coast.

If it is the first one, which is a rather unlikely scenario, that is uppermost in the minister's mind, he has a reason for closing that base, I suppose. However, if it is the second one, which seems more likely, he has no reason and he has misled the people.

Madam Speaker: Order. The hon. member is debating the question. This is not a question of privilege.

* * *

POINTS OF ORDER

MR. CLARK—CLARIFICATION SOUGHT OF COMMENTS MADE BY MISS BÉGIN

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I believe the Minister of National Health and Welfare (Miss Bégin) is still within range of my voice and will perhaps resume her seat. I rise on a point of order that would allow her to confirm or clarify a remark I believe I heard her make during the question period. I believe I heard the minister indicate that her estimates in the blue book for payments to the provinces will increase next year by 13.5 per cent. If the minister did not say that, I would like to have the record set straight. If she did, I would like to have it confirmed.

Madam Speaker: Order. The right hon. Leader of the Opposition (Mr. Clark) will recognize that that is distinctly a question further to some of the questions asked in the House. If the minister wants to correct a statement she has made, she is perfectly free to do that using the means at her disposal, either by stating it in the House or, if it is not substantial, she can make some corrections to the "blues". If there is an error in the figure, she can make a statement in the House to correct that. It is up to the minister to determine whether she wants to make a correction to her statement.

Mr. Clark: Exactly, Madam Speaker. The only reason I raised the point of order was that the minister was out of the House and may well have not understood what she said when she said it. Indeed, she may have intended that. I wanted to extend to her the opportunity to correct the record.

Madam Speaker: Order. The Right Hon. Leader of the Opposition knows that one member cannot force another member to correct a statement which that member has made in the House. It is up to the member to do that. The right hon. member has made his point. The minister is free to do what she wants.

[*Translation*]

MR. PINARD—TYPE OF QUESTIONS TO BE AVOIDED DURING QUESTION PERIOD

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, I should like to draw your attention to the fact that during Oral Question Period, a question was directed to a minister which did not involve his departmental responsibilities but those he has as a member of a cabinet committee. With due respect, that is against the procedures of this House, and I should not like to see this practice continue in the future. Today we did not interrupt Oral Question Period to raise a point of order, so as to allow the opposition to continue with their questions, but in future, I should appreciate it if members were not allowed to direct questions to a minister in his capacity as a member of a cabinet committee. According to Beauchesne's Parliamentary Rules and Forms, Chapter 359(b), fifth edition, a minister may only be questioned on his responsibilities in his present portfolio.

Madam Speaker: I have taken note of the minister's point of order. I apologize for what happened, but in listening to the question, I thought part of it concerned international trade, and I noticed the minister replied with some hesitation, without realizing why. In any case, the President of the Privy Council is absolutely right.

* * *

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 2,714, 3,020, 3,446, 3,457, 3,492, 3,525, and 3,538.

[*Text*]

INTERCEPTION OF MAIL IN UNITED STATES

Question No. 2,714—**Mr. Beatty:**

Since March 1, 1980, were requests made to American authorities by the government for the interception of mail in the United States and, if so, how many and, in each case (a) what was the reason (b) by whom was it made (c) what was the response?

Hon. Bob Kaplan (Solicitor General): Yes, on one occasion. A request was made by the Drug Enforcement Branch of the Royal Canadian Mounted Police on August 31, 1981. The request arose from a joint investigation with the United States Drug Enforcement Agency concerning the importation of illicit drugs into the United States and Canada. The interception involved a parcel being sent through the mail to the United States which was believed to contain heroin. The American agency has assumed responsibility for that aspect of the investigation and is pursuing the matter under their law. The investigation is still under way.

CARGO TONNAGE OF NEWFOUNDLAND STEAMSHIPS LTD.

Question No. 3,020—**Mr. Crosby:**

1. What was the total amount of cargo tonnage moved by Newfoundland Steamships Ltd. between the port of Montreal and (a) Corner Brook (b) St. John's in (i) 1978 (ii) 1979 (iii) 1980?

2. What was the amount of direct water subsidy applied to the tonnage in part 1 in (a) 1978 (b) 1979 (c) 1980?

3. What commodities, by tonnage and unit value and classified by Statistics Canada SIC codes, were shipped by the company between Montreal and (a) Corner Brook (b) St. John's in (i) 1978 (ii) 1979 (iii) 1980?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): 1. The total amount of general freight moved by Newfoundland Steamships Ltd. between the port of Montreal and Newfoundland was:

(a) 1978—246,535 tons

(b) 1979—257,657 tons

(c) 1980—260,560 tons

Owing to competitive reasons, the amount of cargo shipped by Newfoundland Steamships Ltd. to St. John's and Corner Brook is considered confidential company information.

2. The amount of subsidy payable to Newfoundland Steamships was:

(a) 1978—$3,855,809.12

(b) 1979—$4,029,749.68

(c) 1980—$4,075,163.23

3. Commodities, by tonnage, unit value and classified by SIC numbers is considered confidential company information. In any event, this form of information is unavailable from departmental files.

ASSISTED HOME OWNERSHIP PROGRAM

Question No. 3,446—**Mr. Roy:**

1. Since the Assisted Home Ownership Program (AHOP) was established, how many houses were bought under the program in (a) the city of Laval (b) Quebec (c) Ontario and what was the total cost in each case?

2. For the same period (a) how many houses were taken back by the government (b) how many home owners (i) signed waiver documents (ii) gave up their housing unit to the mortgage holder (iii) abandoned their investment and what was the total value in each case?

Hon. Paul J. Cosgrove (Minister of Public Works): I am advised by Canada Mortgage and Housing Corporation as follows:

1. (a), (b) and (c) See table below.

2. (a) Between 1975 and December 31, 1981, the total number of AHOP units acquired under the Mortgage Insurance Fund in the provinces of Quebec and Ontario was, 1,836 units and 8,581 units, respectively.

(b) (i), (ii) and (iii) See table below.

Number of units sold and total sale price of dwellings under the Assisted Home Ownership Program 1973-1981

Location	No. of Dwelling Units	Total Sale Price
City of Laval		
New housing	1,849	$ 56,379,827
Existing housing	196	3,709,270
Total	2,045	$ 60,089,097
Province of Quebec		
New housing	37,931	$1,107,682,408
Existing housing	1,949	41,022,430
Total	39,880	$1,148,704,838
Province of Ontario		
New housing	38,621	$1,550,458,834
Existing housing	2,891	77,958,527
Total	41,512	$1,628,417,361

Breakdown of actions taken on AHOP units in the city of Laval and in the provinces of Quebec and Ontario

City of Laval	No. of Units	Value of Claims
Type of Action		
Sheriff sale	6	$228,125.31
Voluntary giving in payment	5	195,288.44
Giving in payment action	2	68,901.85
Judgment	24	865,472.31
Province of Quebec		
Type of Action		
Sheriff sale	153	4,440,000
Voluntary giving in payment	114	3,260,000
Giving in payment action	564	15,620,000
Judgment	1,005	29,460,000
Province of Ontario		
Type of Action		
Foreclosure	1,140	41,790,000
Sheriff sale	1	30,000
Power of sale	3,445	135,330,000
Quit claim	3,318	118,250,000
Voluntary transfer	130	3,950,000
Judgment	92	2,750,000
Others	455	15,540,000

SPECIAL BENEFITS FOR OFFICIALS OF CMHC

Question No. 3,457—**Miss Carney:**

1. Does the (a) chairman (b) president of the Canada Mortgage and Housing Corporation receive a special car allowance and/or reduced mortgage allowances?

2. Do (a) the board of directors (b) all vice-presidents at CMHC receive the allowances indicated in part 1?

3. Do the officials receive other special benefits by virtue of their employment with CMHC and, if so, what are the benefits and what is their cost?

Hon. Paul J. Cosgrove (Minister of Public Works): I am informed by Canada Mortgage and Housing Corporation as follows:

1. (a) and (b) No.

2. (a) One member only of the board of directors has a corporation owned automobile at his disposal. (b) The vice-presidents do not receive a special car allowance but those who request it are provided with a corporation leased automobile. This is a benefit taxable to the employee under the terms and conditions of the income tax law and the Revenue Canada regulations. One vice-president received preferred rate second mortgage financing on his home when transferred.

3. The corporation provides life insurance coverage for all the members of its board of directors at an annual cost of less than $400. This policy is only in effect when the members are on corporation business. Vice-presidents, as well as the chairman and president may request to have their business club memberships paid by the corporation. Five officials are in receipt of this benefit for a total cost of $3,300 in 1981. Senior officials who are employees of the corporation can voluntarily participate in a deferred compensation plan. This is more of a service at the disposal of the officials than a benefit per se. The corporation does not contribute to this plan and, except for a minimal amount of bookkeeping, no costs are incurred.

ACCREDITATION OF MATSQUI PRISON

Question No. 3,492—**Mr. Friesen:**

1. Did the Matsqui Prison apply for accreditation with the Commission on Accreditation for Corrections?

2. Did an auditing team visit the prison before a riot took place to determine whether standards, as expressed in the Manual of Standards for Adult Correctional Institutions, were being met by prison authorities and, if not, what was the purpose of the visit and on what date did it take place?

3. Was a report prepared by the auditing team as to whether the standards expressed in a manual distributed by the Commission on Accreditation for Corrections were being met and, if so (a) was it made available to the Correctional Service of Canada (b) is it the policy of the Solicitor General to make it public?

Hon. Bob Kaplan (Solicitor General): 1. Yes.

2. Yes. A three-member consultant auditing team from the Commission on Accreditation for Corrections made a three-day visit to Matsqui Institution from April 6-8, 1981, to determine whether standards, as expressed in the Manual of Standards for Adult Correctional Institutions, were being met by Matsqui Institution.

3. (a) Yes, a draft report was prepared by the consultant auditing team expressing their opinion of the levels of compliance, non-compliance and non-applicability of the Matsqui Institution with the Manual of Standards for Adult Correctional Institutions. The draft report was received by the Correctional Service of Canada on April 29, 1981. Matsqui Institution met compliance levels necessary to achieve accreditation and would probably have appeared before a panel hearing for this purpose in late August, 1981.

At that hearing the draft report would have been reviewed and appeals made by the Correctional Service of Canada in certain cases judged to be in non-compliance by the consultant auditors. Commission panel rulings are final and a final level of compliance/non-compliance/non-applicability is then rendered. Because the riot occurred on June 2, the entire accreditation process has been suspended until the institution is returned to normal operation, at which time the situation will be reassessed.

(b) No. It is neither the practice nor the policy of the Commission on Accreditation for Corrections or its client to

release details of reports as they deal with all procedural aspects including security and crisis response.

MARKETING ACTIVITIES OF ROYAL CANADIAN MINT

Question No. 3,525—**Mr. Cossitt:**

Were the marketing activities of the Royal Canadian Mint and of Mr. Robert Huot, vice-president of the Mint, under any form of investigation and, if so (a) what were all the details (b) was the investigation ordered by the Minister of Supply and Services and, if so, for what purpose?

Hon. J.-J. Blais (Minister of Supply and Services): I am informed by the Royal Canadian Mint as follows: No.

LONG DISTANCE TELEPHONE CHARGES

Question No. 3,538—**Mr. Cossitt:**

With reference to the answer to question No. 3,142 which states in part that the government spent $26,325,000 in 1980-81 in long distance telephone charges for calls made on other than government leased telephone circuits, what is a breakdown of this figure in so far as amounts spent by individual departments, offices, etc?

Mr. Jack Masters (Parliamentary Secretary to Minister of Communications): In so far as the Department of Communications is concerned, the reply to the above question is as follows:

With reference to the answer to question No. 3,142 which stated the total amount billed directly to the departments by the carriers, the individual amounts reported by those departments are as follows:

	1980/81 ($000)
Employment & Immigration	3172
Revenue Canada—Taxation	3157
R.C.M.P.	2954
Transport Canada	2935
Environment Canada	1853
Health & Welfare	1715
National Defence	1453
Indian & Northern Affairs	1359
Post Office	1031
External Affairs	976
Public Works	756
Correctional Services	565
Agriculture Canada	493
Regional Economic Expansion	484
Revenue Canada—Customs & Excise	316
Chief Electoral Officer	273
Supply & Services Canada	229
Industry, Trade & Commerce	224
National Film Board	185
Canadian Transport Commission	171
Department of Communications	132
Public Service Commission	107
National Research Council	81
Secretary of State	68
Comm. for Federal Judicial Affairs	64
Department of Justice	58
Consumer & Corporate Affairs	58
Ministry of State for Economic Development	54
Atomic Energy	52
Canadian International Development Agency	50
Comm. of Official Languages	46
Northern Pipeline Agency	46
Veterans Affairs	34
Supreme Court of Canada	28
National Museums	27
Department of Labour	26
Finance	25
Privy Council	25
Statistics Canada	23
Canadian Human Rights Commission	13
Auditor General	7
Science and Technology	5
National Parole Board	4
Labour Relations Board	3
Treasury Board	3
Canadian Radio-Television & Telecommunications Commission	3
National Energy Board	2
Science Council of Canada	2
Public Service Staff Relations Board	2
Immigration Appeal Board	1
Department of Insurance	1
Status of Women	1
National Library	1
Public Archives	1
Intergovernment Conference Secretariat	—
Economic Council of Canada	—
*Others	971
Total	$26,325

*Includes the Senate, the House of Commons, the Library of Parliament and departments and agencies whose total telecommunications expenditures do not exceed $20,000 per annum.

● (1510)

[*English*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if question No. 3,327 could be made an order for return, this return would be tabled immediately.

Madam Speaker: Is that agreed?

Some hon. Members: Agreed.

[*Text*]

CONTRIBUTIONS TO AMATEUR SPORT

Question No. 3,327—**Mr. Herbert:**

Since the preparation of the answer to question No. 723 of the third session of the Thirtieth Parliament, what amount was contributed by the Ministry of State for Fitness and Amateur Sport to each sport-governing body and sport and recreation association?

Return tabled.

[*English*]

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

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

Mr. Deans: Madam Speaker, I would not want to be hasty about this and I do not want to appear impatient given that I only put the question on the Order Paper recently, however,

question No. 3,698 that I placed on the order paper has some extreme importance attached to it.

It has no political value to me or anyone else, but it is of significant value to the business community of Canada to have the answer to that question.

I think it is a simple question and there should be a ready answer. I wonder if I might stress to the parliamentary secretary the absolute urgency of obtaining the answer to that question now, before the consequences which may well flow from the actions by the government and its representatives begin.

I am extremely concerned that we find out, if we can, what the legal authority is for the actions taken by the government with regard to the imposition of the recently-announced but not yet approved changes to the Income Tax Act and other acts.

Mr. Smith: Madam Speaker, I have taken due note of that representation and I will discuss it with the appropriate minister.

Mr. Paproski: On a point of order, Madam Speaker. I would like to ask the parliamentary secretary exactly what is happening with my question, No. 2,214. Is there any progress on it?

Mr. Smith: I believe so, Madam Speaker, but I will make inquiries.

Mr. Young: Madam Speaker, I would like to ask the parliamentary secretary when we can expect answers to my questions Nos. 3,380 through to 3,438 to be tabled. I recently noticed that some ministers have been circulating answers to those questions to members of the House and have not been answering those questions on the Order Paper, in spite of assurances by the parliamentary secretary that he would try to expedite answers to those significant questions in response to the obstacles report. Could the parliamentary secretary tell me when we can expect to have those answers properly tabled in the House rather than simply having them circulated to members of the House?

Mr. Smith: Madam Speaker, I will be pursuing that matter on behalf of the hon. member.

* * *

MOTIONS FOR PAPERS

Madam Speaker: The hon. member for Skeena.

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, would you be so kind as to call Notice of Motion for the Production of Papers No. 71 in the name of the hon. member for Skeena?

Madam Speaker: The member is not in the House at the present time. I did call him.

Mr. Smith: I would ask all notices of motions for the production of papers be allowed to stand.

Madam Speaker: Shall notices of motions for the production of papers stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

CANAGREX ACT

MEASURE TO ESTABLISH

The House resumed, from Friday, January 29, consideration of the motion of Mr. Whelan that Bill C-85, an act to establish a corporation called Canagrex to promote, facilitate and engage in the export of agricultural and food products from Canada, be read the second time and referred to the Standing Committee on Agriculture.

Mr. Bud Bradley (Haldimand-Norfolk): Mr. Speaker, I appreciate this opportunity to continue my representations on Bill C-85. My previous comments on this bill lead me back to the issue of corporations versus department, and whether this dream of the minister should be realized through a new Crown corporation of the government or whether it should be a wing of the Department of Agriculture.

It also leads me to the question of the utilization of embassies and their staffs and whether the goals can even be achieved with the present number of staff members allotted to the corporation and with the funding that has been promised to that corporation.

I have great respect for the Minister of Agriculture (Mr. Whelan). I honestly believe that he is hard-working, sincere and concerned about agriculture in Canada. However, I am worried about how effective he is with that bunch over on that side of the House. The minister has undoubtedly been trying for a considerable length of time to get cabinet approval of this bill. Earlier in his announcement about Canagrex he stated that he would need a budget of $62.3 million and a staff of approximately 150 people. It is obvious that he had problems with the cabinet and difficulty in convincing them to meet these standards which he established because cabinet did not approve the $62.3 million or the staff of approximately 150. Instead, they approved an amount of $12.3 million and a staff of 12. That starts Canagrex out of the blocks with $50 million less than the minister thought was necessary and some 138 people short of the number he thought should be able to do the job. This puts a tremendous problem in front of Canagrex in terms of effectiveness.

Another concern which deeply disturbs me is why we are not using the embassies and the consulates around the world to enhance sales of our agricultural products. I thought that the

government would have jumped at the ideas put forward by the hon. member for Elgin (Mr. Wise) pertaining to the export sales of agricultural goods. One of his proposals was to make use of the embassies, trade offices or consulates throughout the world for the promotion of sales of agricultural products. There are approximately 115 of these offices throughout the world and we only have agricultural representation on the staff of about 10 per cent of them. Even those are not in the areas where agricultural exports have the greatest potential, in my estimation. I believe that there is only one agricultural representative stationed at one of our embassies or consulates in the Third World where approximately 23 per cent of our agricultural products go.

I would like to repeat my concern about the possible conflict of this new corporation with the Department of Agriculture and national marketing boards, along with other exporting firms. I am concerned that one board, with which I am closely related, the Tobacco Marketing Board, a board which the minister knows could teach his staff a great deal, could come into conflict with Canagrex.

It will take considerable time in committee and considerable debate in the House in order to convince us that a Crown corporation is the best route to take and that its operations are best for agriculture in Canada. Nevertheless, I wish the minister well and I assure him that we on this side of the House will do everything we can to assist him and the government to help agriculture in Canada.

Mr. Jesse P. Flis (Parkdale-High Park): Mr. Speaker, I appreciate the opportunity to take part in the debate on Bill C-85, an act to establish a corporation called Canagrex to promote, facilitate and engage in the export of agricultural and food products from Canada.

I congratulate the minister and the parliamentary secretary, the hon. member for Saint-Hyacinthe-Bagot (Mr. Ostiguy), the hon. member for Lambton-Middlesex (Mr. Ferguson) and all members from all three parties who have lent their support to this bill.

I am pleased I am following the hon. member for Haldimand-Norfolk (Mr. Bradley). I know he speaks with wisdom because he does represent quite a large rural agricultural area there. You may wonder, Mr. Speaker, what interest a member from an urban riding like Parkdale-High Park has in legislation on agriculture. Well, Mr. Speaker, the production of food should interest every member in the House. It should be of interest to every Canadian, to every person in the world, because if we have no food there will be no world. If we have no food, there will be no Canadians. If we have no food, there will be no members in the House. Canada is the breadbasket of the world and I think we have an obligation to feed people in other parts of the world. There are areas on this globe where people are starving, dying of malnutrition. When we have the land mass that we do, the technology that we possess and the educated population that we have, we should be the leaders in food production and should be able to increase our exports in this sector of our economy.

• (1520)

The hon. member for Lethbridge-Foothills (Mr. Thacker) made an irresponsible statement in the House yesterday when he said that the Canagrex bill:

> —deceives Canadians . . . because the implication is left that Canada is an exporter of food. In actual fact . . . Canada is a massive importer of food of all categories.

He went on to say:

> The point is whether Canadians will have enough food to eat.

It is that kind of fixation on one's navel and that kind of inwardness which has caused Canada to lose a fair share of world trade.

My interest in this legislation stems from two sources. My background is farming. I spent 18 years on a family farm in Saskatchewan which produced milk, meat and grain. When I moved to Ontario, I worked on many Ontario farms and still keep in touch with farmers in the west and in the east. Therefore, I believe I have some appreciation of the problems, concerns and aspirations of farmers in Canada.

My second interest stems from my role as chairman of the all-party Special Committee on the National Trading Corporation, the report of which, "Canada's Trade Challenge", was tabled in the House just seven months ago. Through this committee I learned that world competition for exports has indeed become a battle for economic survival.

The committee made a close examination of Canada's export performance over the last ten years. Our findings revealed that while world trading activity has accelerated, Canada has not kept pace. The specific concerns of the committee included, first, Canada's declining share of world trade; second, a continuing dependence on trade with the United States; and third, our underdeveloped presence in the growth areas of the world economy.

The establishment of Canagrex as a Crown corporation could be a milestone in the development of the food and agricultural industry of this nation. Canada's economic future is in trade and now is the time to take the necessary steps, such as the formation of Canagrex, to ensure a rosy future ahead.

Canagrex will not be working on its own. Its working relationships and links with private firms, co-operatives, marketing boards, farmers and small producers and other private agencies in Canada will determine its success.

I would like now to outline for hon. members some of the proposed links which may be expected to exist between Canagrex and other federal and provincial departments and agencies, farm organizations and business and trade associations.

Canagrex will have a close relationship with Agriculture Canada. It will report directly to the Minister of Agriculture (Mr. Whelan), and the department will have senior representatives on the board of directors and the policy advisory committee. Canagrex will rely on Agriculture Canada for assistance in identifying markets, opportunities and constraints for Canadian exporters. Many of the most accessible markets for Canadian agricultural products have been found. Canagrex

will be expected to work closely with our agricultural research and other institutions to identify and develop food and agricultural products which can be used as a catalyst to gain new markets—and I emphasize "new markets".

Those agencies reporting to the Minister of Agriculture which are involved in some way with agricultural exports, such as the Agricultural Products Board and the Canadian Dairy Commission, will work closely with Canagrex. Canagrex will not duplicate the export marketing activities of the Canadian Dairy Commission, but the two could, where feasible, join in joint marketing efforts and share market information.

Other federal departments and agencies are involved closely in international trade and will necessarily have to establish close links with Canagrex. The new Ministry of State for International Trade of the Department of External Affairs will be a close working partner with Canagrex. The details of the cabinet reorganization are being worked out at departmental levels; nevertheless, there will be a close exchange of information and advice.

Canagrex will be able to draw on the services and market intelligence of Canadian trade commissioners to identify trade opportunities for agricultural products and pass these back to Canagrex for support and follow-up work with Canadian producers to meet the demands.

Just as an aside let me say that when our Committee on the National Trading Corporation heard testimony from coast to coast, we heard high praise for our trade commissioners in foreign posts around the world, and I would like to take this opportunity to congratulate them for the excellent work they are doing.

Canagrex could co-operate with the Canadian Wheat Board on market development but will not work in areas already serviced by the board.

The Export Development Corporation has expertise in providing insurance and loans. Canagrex will use the insurance services of the EDC and draw on the EDC's depth of expertise in financial matters.

The Canadian International Development Agency could use Canagrex assistance in evaluating proposals for international agricultural projects.

There is a number of other federal agencies which would benefit from the assistance of Canagrex and the sharing of expertise.

The provincial governments and Canagrex should also develop a close working relationship. It is important for both to encourage sustained domestic agricultural production. Such a relationship will co-ordinate existing and potential national and provincial export market activities. Each province will be represented on the Canagrex policy advisory committee. I think the provinces have been waiting for the federal government to show leadership in forming such a corporation, and the federal government has done just that.

Canagrex will have strong links with the farm sector. This is a vital requirement, as it is necessary for the farm community to support the activities of the new corporation, if it is to be a success. There will be active farmers on the board of directors and the policy advisory committe. When Canagrex is firmly established, producer co-operatives and marketing boards should respond positively to the new market opportunities presented.

Business and trade associations in Canada will also benefit from links with Canagrex. Many Canadian companies are already dealing in agricultural products with other countries. Canagrex will in no way interfere with or hinder existing or future contracts reached by Canadian businesses. This was a concern of some hon. members opposite.

Canadian processors will be able to come to Canagrex to use its grants, loans and joint venture mandate. This will enable them to transform further Canadian agricultural products for foreign markets.

Most Canagrex activities will be in market development and high risk areas rather than in established markets. This will make its activities very compatible with those of trading corporations already operating in foreign markets. Canagrex will be in a position to counsel small firms which wish to enter export markets. These small food processors do not have the human resources or financial resources to do their own market intelligence. Canagrex personnel could do this for them.

Canadian banks and Canagrex should be in a position to assist each other. Canagrex could make loan guarantees to help banks expand their lending activities. The banks would be encouraged to expand their services for Canadian agricultural exports.

These are only the most obvious agencies and organizations which would have close dealings with Canagrex. As I have pointed out, the advantages are innumerable. The effects Canagrex will have on the entire Canadian economy will many times repay the efforts and money needed to establish it.

I was interested in the comment made about this bill by the hon. member for Huron-Bruce (Mr. Cardiff) as recorded in *Hansard* for January 29 at page 14482. He said:

> There cannot be any significant objection in Canada, and certainly not among food producers, to the goal of increasing our agricultural products.

I wish more hon. members on his side of the House had that same kind of vision for the future of Canada. On the next page he is recorded as saying:

> On the face of it I believe there are grounds for hoping that Canagrex can work to the advantage of Canada's trade performance over all and to the benefit of the food-producing sector, which should be the primary beneficiary.

Yet the hon. member for Huron-Bruce, together with the hon. member for Calgary South (Mr. Thomson), sat on the Special Committee on the National Trading Corporation, the mandate of which was to explore how such a corporation could help small and medium-sized businesses enter the export market. Seventy-five per cent of the witnesses representing small and medium-sized businesses stated that a national trading corporation funded by the government and the private sector would help them to get into the export business, and they all gave the same reasons why, this should be so. They

just do not have the human resources and the financial resources to go out and conduct market intelligence in various parts of the world.

• (1530)

The two Conservative members turned down the recommendation to form a Canada trading corporation which would promote general trade, increase employment, reduce the national deficit and thus help fight high inflation. The sad things is that they had no alternatives to present to the committee. Five of the seven members, who were from the NDP and the Liberal side, agreed to major recommendations, but two Conservative members disagreed. That is how interested they are in helping farmers and small business and indeed in helping to build Canada. They would rather listen to the multinationals who say there is no need for this corporation. They will not listen to people who operate small or medium-sized businesses.

How can the Conservatives reconcile the fact that they support Canagrex which will promote the export of agricultural products in which we already have a good track record, and oppose a Canada trading corporation which would promote exports of manufactured products, a sector of trade in which there is a deficit of about $17 billion annually? I wish the Conservatives would get their act together and let Canadians know exactly what they stand for.

Mr. Lewis: As you have on Poland.

Mr. Flis: I should like to share with hon. members the views of some farmers on this bill. I will quote from a letter I received from a Mr. E. W. B. Evans which reads in part as follows:

I am indeed grateful to you to have raised the matter of Canagrex in the House of Commons and I and other members of our agricultural committee and, indeed, the farm organization in Canada, would appreciate it if you could continue to apply pressure in the right quarters to hasten the implementation of Canagrex.

Certainly it is well known that the Canadian farmers, given the necessary incentives, can easily produce enough food to feed 55 million people. The export markets, on a long-term contractual basis, would not only raise the economic level of Canada agriculture, but also the other 30 per cent of the work force that are directly or indirectly tied in to the primary producer.

At a time when financial restraints in the community are affecting especially farmers and small business, and increasing the number of bankruptcies, it seems a shortsighted policy to not have already implemented Canagrex and the benefits that this would entail to our communities, and I believe, in some measure help to eliminate a lot of antagonism that exists between East and West. The problems of agriculture are common across the country and if agriculture prospers, so do the majority of Canadians in direct proportion.

Food producers have been requesting a corporation such as Canagrex for some time. If they believe that such a corporation will help export more of their products and bring greater stability to the food-producing industry, then let us put aside our partisan politics and let us all support this bill with one united voice.

Some hon. Members: Hear, hear!

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, it gives me a great deal of pleasure this afternoon to speak to Bill C-85, an act to establish a corporation called Canagrex to promote, facilitate and engage in the export of agricultural and food products from Canada.

I certainly welcome any opportunity to speak out on behalf of Canada's food producers and to play my part on behalf of the NDP in encouraging the government to take whatever action is necessary to develop a sound agricultural sector in Canada.

Some hon. members may inquire how my background qualifies me to speak on this particular topic. Mr. Speaker, as a youngster I grew up in southern Alberta and spent a great deal of time working on large dairy operations and on some of the largest cattle spreads in western Canada. Members of my extended family farm today in southern and central Saskatchewan and northern Alberta. The constituency that I represent in central British Columbia is the home of the largest cattle operations in Canada and indeed, according to some people, in the Commonwealth. There is a very diversified and important agricultural base with strong and innovative leadership coming from both the federal and provincial departments of agriculture which are represented in the constituency.

Statistics for 1980 indicate that Canada exported approximately $8 billion worth of agricultural products and imported approximately $5 billion worth. In positive terms, this provided us with an agricultural surplus for that year. While that is good news, generally speaking when one considers the commodities involved, it will be seen that by and large they were exports of bulk commodities such as grains and that the imports tended to be the more specialized products that are used for immediate consumption. Therein lies the difficulty and one of the major challenges that face us. Of the $5 billion worth of foodstuffs that were imported, experts say that $3 billion worth could be grown here. Apples and fresh fruits could be produced in at least three areas of the country, as could soybeans, oats and a variety of vegetables if the proper support systems were in place.

If one reads the agricultural history books it will be seen that not many years ago in the constituency of Kamloops-Shuswap large acreages were planted in tomatoes, watermelons, cucumbers, hops, corn, potatoes, asparagus and apples, yet today virtually none of these food crops are under cultivation. A great deal of agricultural potential obviously exists in this country and it should be put to good use.

Many livestock producers in my riding ask why Canada is such a major beef and lamb importer when beef and lamb producers find themselves in difficulty. We have an opportunity now to create jobs not only for Canadian farmers but for Canadian processors.

I recently had an opportunity to co-chair a task force on the economy that toured Canada, Mr. Speaker. Time after time, when food producers appeared before that task force, they said that the productive capacity of their farms was in the range of 40, 50 or 60 per cent and that if new markets were available they could easily expand that by working in new varieties of crops and livestock into their operation.

It is with some hesitancy, Mr. Speaker, that I congratulate the Minister of Agriculture for finally bringing this bill before the House. I note with interest that since our return from the Christmas recess the first two bills presented are agriculturally oriented—the Farm Credit Corporation bill and the Canagrex bill. While I recognize that the minister often works hard on behalf of the agricultural community, I think he lacks the support of his caucus and of his party.

When one looks at the state of agriculture today, one finds an atmosphere in which encouragement and support is wanting, Mr. Speaker. At some hearings on the subject of job creation which were held in Kamloops recently, a young farmer said, "If you plant a seed today where the climatic and soil conditions are right, it will grow naturally with little if any support at all." But he went on to say that in Canada today, in terms of the agriculture and business community, the climate and conditions are not right and that it is very difficult to become an enthusiastic food producer under these conditions. Why did it take the Minister of Agriculture (Mr. Whelan) ten months to bring the bill before us? It was introduced last February. Presumably it took ten months to draft it. Or did it take that long for him finally to talk his cabinet colleagues into letting him bring it forth?

• (1540)

As we have seen with the first ministers' conference on the economy, the government intends to hold tough with the high interest rate policies which it has had in place for a number of months. Surely this is a clear signal to the agricultural community that the members of the Liberal Party of Canada are not particularly interested in the plight they face. Yes, we might say that changes were made to the Farm Credit Corporation, but when we look at the $50 million in the budget of November 12, we realize that it will provide very little, if any, relief to farmers in financial difficulty. When we look at the interest rates the Farm Credit Corporation charges on its loans, again the signal is sent out very clearly to Canadian food producers that they are not a high priority in the government's mind. The government is prepared to lend money at half the rate of the Farm Credit Corporation to firms doing business overseas. This is the type of confusing information the farm community receives.

What is the agricultural strategy for Canada? What is the government trying to do to assist the agricultural community to expand and develop? I suspect, if we asked farmers anywhere in Canada that question, the response would be one of confusion, and certainly it would be varied from area to area because there is no over-all industrial or agricultural strategy for Canada.

As previous speakers have indicated, when we consider the 115 Canadian embassies, trade offices and consulates around the country, only ten have agricultural specialists on staff. What does that tell people who represent Canada overseas? What does it tell people who live in those countries about our commitment to agriculture and food production?

We appreciate the fact that the Minister of Agriculture used his influence to have the Small Business Development Bond open to the farm community. However, his cabinet colleagues pulled the rug out from under him. They changed the terms of reference of the Small Business Development Bond, called it the small business bond and made it available to only those people going bankrupt. This was not the type of encouragement the farm community was seeking in the November 12 budget. We notice that farm bankruptcies are up 18 per cent over last year, an especially high year for farm and business failures. Also we notice that with the energy pricing agreement, the cost of agricultural fuel, fertilizers and sprays will increase dramatically. Is the government offering any relief in these particular areas? Again the answer is no.

When the minister introduced the concept of Canagrex back in February, 1981, he said that it was an opportunity for Canada and for the farm community which had never been witnessed before. He was to set up a staff for Canagrex of between 100 and 175 people, with a budget of $62 million. It looked quite attractive. We in the New Democratic Party thought that finally a major step was being taken in an area where discussion had occurred for years and years. Indeed, it was looking very positive. However, when we saw the fine print in the bill before us, we noticed that the staff would be closer to 12 persons and that the budget would be closer to $4 million annually. Obviously the Minister of Agriculture failed to obtain the support of his cabinet colleagues for the concept of Canagrex.

I read with interest the remarks of the Minister of Agriculture the other day when he spoke in southern Ontario. He said that because of the fact that Canada was a food exporter and, as the previous speaker indicated, because we are one of the world's breadbaskets, Canada will be a world power in the very near future. I agree in part with those comments, but I suspect that it will not make us a particular power in terms of the traditional meaning of the word. When we consider that there are only half a dozen countries in the world with significant food to export, we realize that we will be placed in a very strategic position in terms of to whom we are able to sell our food and which countries we decide will be fed from the Canadian food basket.

I support in theory the concept of Canagrex, but before continuing my remarks I should like to refer to a clause in the bill which outlines what Canagrex is? Clause 14(1) reads in part:

> Canagrex is established for the purposes of promoting, facilitating and engaging in the export of agricultural products and services and food products and services from Canada to other countries by means of the financial and other powers provided in this act, and for such purposes Canagrex may
>
> purchase agricultural products and food products and package, process, store, ship, insure, import, export or sell or otherwise dispose of products purchased by it;
>
> undertake and assist in promotion of the use of Canadian agricultural products and food products, in improvement of the quality and variety thereof and in publication of information in relation to those activities;
>
> enter into contracts with Canadian companies, co-operatives, marketing boards, associations or other Canadian enterprises or with individuals carrying on business in Canada to act as their marketing representative in marketing

agricultural products and food products or to provide managerial technological, marketing or other counselling and consulting services to them;

enter into contracts with foreign governments to provide agricultural products and food products and services related to agriculture and food—

purchase, lease or otherwise acquire and hold real and personal property for actual use by Canagrex in the operation and management of its business—

When we look at the terms of reference provided for the Canagrex Crown corporation in Bill C-85 we see that indeed the possibilities are endless, but they raise some concerns. I think it is important to say from the outset that Canagrex as proposed, and taken alone, will be of little help. When we look at the Canadian agricultural community, it is somewhat like an orchestra. It is comprised of a number of very important components, but the whole is greater than the sum of its parts. To improve only one part of the orchestra will do little for the over-all symphony. While the Minister of Agriculture appears to be taking some major and important steps with the formation of Canagrex, it must be seen within the over-all context of an agricultural strategy.

For example, alongside Canagrex it will be important to identify key sectors of the agricultural economic community. For example, what are the possibilities with fruits and berries, high-grade beef cuts, soya beans, grass seed, seed potatoes, maple syrup, select, frozen, dried or canned vegetables? It is important to target key areas of the agricultural sector of our economy to develop. What about transportation and storage facilities which must complement a sound and productive agricultural sector?

Mrs. Mitchell: What about market gardens and greenhouse operations?

Mr. Riis: Yes, the whole matter of market gardening and greenhouse operations. What about research and development into new strains of crop and new approaches to production? What about providing low interest, long-term capital loans for food producers, rather than leaving them at the mercy of a weekly change in interest rates which they presently face? What about the provision of techniques to provide price stabilization in order that those in the food production industry can make some long-term plans? What about land preservation policies where the federal government, provincial and municipal governments must work in co-operation to ensure that the best agricultural land in Canada remains for agriculture? What about the possibility of improved domestic processing? Surely these are all components of an agricultural strategy that must be brought into place to complement such a corporation as Canagrex?

● (1550)

I have concerns about the 11-member board of directors. Surely when we look at the creation and formation of Crown corporations today we see that some work exceptionally well and some do not work that well at all. As a matter of fact, I do not suppose it would be difficult for many of us to identify a Crown corporation about which we are less than enthusiastic in terms of its productivity and in terms of its service level.

One of the reasons for the best or better Crown corporations is the kind of board of directors assigned to it. I hope that Canagrex does not have a board of political hacks appointed to it primarily from the Liberal Party. I hope too that Canagrex will not be staffed with a group of burnt-out civil servants, people who have lost their enthusiasm, their drive and their commitment to the Crown corporation.

We in the New Democratic Party are also concerned about the level of funding which this new Crown corporation will receive. The amount is $4 million. But by the time you set up your main office, pay your directors and set up the chief executive officers, there will not be much of a budget left to make a significant dint into providing the valuable service that is promised.

I support what the hon. member for Yorkton-Melville (Mr. Nystrom) said a few days ago when speaking about the board of directors of Canagrex. He suggested we ought to amend Clause 3 in order to guarantee that people on the board of directors are people with practical experience in the field of agriculture, that they are people with expertise, with commitment and creative energy that will ensure the success of this Crown corporation.

One of the elements that will be required if Canagrex is to be successful is that it must promote a co-operative model between a variety of groups and levels of governments. That type of thing has not been witnessed for many years. It is imperative that Canagrex encourage co-operation between private firms, provincial governments, local governments and indeed, the federal government.

If we look at the track record of this particular government when it comes to co-operation, we are reminded of the lack of co-operation that existed when the Constitution was being discussed for months and months on end; and the element of confrontation that existed between levels of government. We are reminded of the way the VIA Rail cutbacks were introduced, how the community service financing was financed, and now the federal-provincial fiscal agreements discussions that are going on, and we see anything but an element of co-operation in those relationships. But when you consider what Canagrex will have to do to succeed and the incredible job it will have pulling together so many individual groups in a harmonious way, you realize it will be nothing short of amazing. It will require a change of mood and heart from those opposite. For example, here are a number of groups who will have to be active participants alongside Canagrex: the Canadian Wheat Board, the Canadian Dairy Commission; CIDA; the Federal Business Development Bank; the Farm Credit Corporation; EDC; External Affairs; Agriculture Canada; the chartered banks; other financial institutions; credit unions; co-operatives; the various trade offices; commercial advisers and embassies; and various government marketing agencies and private marketing agencies. The list could go on and on.

We hear from the B.C. Tree Fruit Marketing Board that it has a concern that Canagrex will not serve it well. The B.C. Tree Fruit Marketing Board has successfully developed export markets around the world. That board wonders what Cana-

grex will do for it. As a matter of fact, when you talk to individual farmers or food producers generally, they ask "What will Canagrex do for me?" I think the assumption we are making is that it will do a great deal for the individual food producer. The challenge the government will have will be to indicate clearly how Canagrex will benefit the individual food producers of Canada. What is in it for them? What is in it for the average farmer? The advantage must be made very clear if we are to get their support and encouragement with this particular project.

The Crown corporation of Canagrex must be made accountable. Too often we see Crown corporations designed to serve the people of Canada yet become parasitic monsters within themselves. In my own province, I think the best example is a Crown corporation called B.C. Hydro. It has lost touch with reality. It has lost touch with the people of British Columbia. It has become a corporate monster. While we can also identify Crown corporations that are indeed sensitive to serving Canadians, we must ensure that Canagrex, because of its requirement to serve hundreds of thousands of Canadians and because essentially it will be indirectly linked with millions of Canadians, be accountable. Therefore, I suggest, along with others who have spoken before me, that some consideration be given to making Canagrex accountable to the Standing Committee on Agriculture, or perhaps to the Standing Committee on Public Accounts, but certainly in some way better than the existing procedure which at best I think is rather weak. During discussions in various committees, particularly during time spent on estimates, when the head of a particular Crown corporation appears for an hour or two, that is hardly the accountability that Canagrex will require.

I like the concept and the idea of Canagrex. I think it is a good example of an investment which the government can make in the future of Canada. If not, what some would like to term government spending therefore must be curtailed and must not be supported. We in this particular corner of the House feel that this is an example of good government investment. With proper investment, the returns will flow back to the people of Canada, both the food producers and Canadians generally. What is lacking, however, is detail at this point. While we enthusiastically support the corporation on the one hand, we have a number of concerns on the other that must be dealt with in committee.

I have a word of caution, Mr. Speaker. As Canagrex looks for new opportunities, perhaps in the Pacific Rim areas the eastern bloc countries of Europe or the Arab nations, we must be particularly sensitive to our operations in the developing countries. With 23 per cent of our exports going into Third World countries, we must be particularly sensitive because we have made some disastrous errors in the past. I recall two incidents. The first happened when we sent powdered milk into New Guinea. We were dropping powdered milk from aircraft into the jungles of New Guinea only to have the people there think it was some new kind of whitewash to be used for painting their homes, fences and courtyards. The second was when we attempted to introduce skim milk and milk powder into some of the Third World countries whose populations were not milk drinkers. After being weaned, in childhood, the people never drank milk. Their stomach enzymes, therefore, were unable to digest that type of food.

● (1600)

It is imperative, Mr. Speaker, that our policies complement the food-producing activities of the Third World, that they be developed in co-operation and harmony with their needs and abilities. While we sometimes look at Canadian agriculture as being extremely efficient, indeed in one respect it is, I suppose, where we are able to produce food better and better each year, but we must recognize that the production methods in developing countries are much more energy efficient than our own. Their return in calories of food versus calories of energy is much better than ours. As energy prices here increase, the cost of foodstuffs will increase and our ability to market them will become more problematical. Therefore, I think our enthusiasm for introducing our methods into the Third World must be developed with that point in mind.

Canada certainly has a role to play, Mr. Speaker, in feeding the people of the world, particularly those experiencing shortfalls. We also must be concerned with the fact that the family farm is being threatened. Many, many times in our task force hearings we heard family farm operators saying it was getting more difficult for them all the time, more difficult for their sons and daughters to take over the operation.

When you looked at it, the average age of farmers on the prairies was going up and up, and the corporate farm was becoming more and more of a reality. When you look at the size of farming operations in Canada over the last 30 years you will notice the size of farms has increased and the number of farms has been halved. Again, we are looking at a new kind of farming and food production.

I would caution the Minister of Agriculture that we have now heard from the agriculture marketing officials from eight provinces who say that they oppose Canagrex, they have some concerns. I look forward to hearing these various representatives in committee voice their concerns.

Also, Mr. Speaker, I think it is important to recognize that one third of our food processing is done by foreigners. The fact that one third of that very strategic industry is controlled by foreigners is something that we as Canadians ought to be sensitive to. The cost of food will inevitably skyrocket and the serious loss of agricultural land is something we must not overlook.

I read with interest the point made by a previous speaker that 36 acres of good agricultural land is disappearing every day in Ontario. I am not certain of the accuracy of that figure, but it certainly indicates a trend that all of us are very concerned about.

The minister wants speedy passage of this legislation. While I agree that we ought to move with as much speed as possible, we must also take our time because this is too important to rush through the House. It certainly needs fine tuning. There are many questions to be raised and answered before we

enthusiastically support this bill. I am looking forward to its getting to committee where we can call on special witnesses to clarify some of the questions raised over the last number of days during this debate.

I feel, Mr. Speaker, we are poised at a very opportune time. We can set the stage for Canadian agriculture to take off and to move into a period of sustained growth. This might be just the kind of catalyst that Canadians and Canadian food producers have been waiting for for some time. Mr. Speaker, this could be Canada's finest hour when it comes to food production.

Some hon. Members: Hear, hear!

Mr. Gus Mitges (Grey-Simcoe): Mr. Speaker, it goes without saying that I am very glad to enter this debate today because Bill C-85 is of particular importance to the farming industry, given the severe economic problems which exist in some sections of the economy. I know our farmers and producers will be looking closely at this, and for that reason we should look very carefully at the bill and its provisions for relief in a depressed industry. Coming from a riding which predominantly raises beef and hogs, two very depressed industries, Mr. Speaker, anything that would help them would be very welcome indeed.

I am sure all members of the House support the general principle of this bill which establishes a corporation called Canagrex to promote and develop export markets for our agricultural products. It is a long overdue proposal because anything that helps the production and marketing of the industry's products is more than welcome. However, Mr. Speaker, although there are several positive aspects of Bill C-85, and I will go into those in a moment, I believe, as many of my colleagues have said before me, that this bill should be more closely examined in committee. This is necessary because there are a few points which need clarification and there are others which, quite simply, could be changed to better serve our farming industry and its needs.

First of all, Mr. Speaker, one area which needs further scrutiny is the limited size of the budget and staff of the corporation. To put it quite simply, with funds and manpower down to roughly one tenth of the original projections, we have to ask ourselves how or if the corporation will be able to perform the tasks as set out in the bill. The budget was originally set at $62.3 million, with a staff of anywhere from 125 to 175. Now, after the final stamp of cabinet approval, we are faced with a mere skeleton of the original corporation: A budget of $4.1 million with a staff of 12. We have to ask ourselves just how effective this drastically scaled down corporation will be, given the tasks it is expected to undertake.

A brief look at what Canagrex is expected to do will illustrate my point, because it says in the bill that Canagrex can:

(*a*) purchase agricultural products and food products and package, process, store, ship, insure, import, export or sell or otherwise dispose of products purchased by it;

(*b*) undertake and assist in promotion of the use of Canadian agricultural products and food products, in improvement of the quality and variety thereof and in publication of information in relation to those activities;

(*c*) enter into contracts with Canadian companies, co-operatives, marketing boards, associations or other Canadian enterprises or with individuals carrying on business in Canada to act as their marketing representative in marketing agricultural products and food products or to provide managerial, technological, marketing or other counselling and consulting services to them;

(*d*) enter into contracts with foreign governments to provide agricultural products and food products and services related to agriculture and food and into subcontracts with Canadian enterprises or individuals referred to in paragraph (*c*) for the provision to foreign governments of any of the products and services that Canagrex has itself contracted to provide;

(*e*) enter into joint ventures with governments, individuals, corporations or enterprises other than corporations;

(*f*) make, on the recommendation of the minister and subject to conditions of general application, grants and contributions for the purposes for which it is established;

(*g*) purchase, lease or otherwise acquire and hold real and personal property—

Now, Mr. Speaker, I think members will agree these are very wide-ranging powers and we have to wonder how a corporation, like the one proposed, could realistically perform all these activities on an annual budget of $4 million while being administered by only a dozen people. How could a company so small be reasonably expected to compete for international markets?

At a time of so-called economic restraint, we should not be paying lip service to such an important proposal as the one before us today. By slicing the budget and personnel of the proposed corporation, all in the name of austerity, we may not be doing a valued service to the agricultural industry. In its proposed form, Canagrex may simply be too weak and ineffective to stand on its own. By possibly integrating the agency into the Department of Agriculture, perhaps the idea of promoting our exports will be better served. I think it is fair to say that this aspect of the bill needs further attention in committee.

● (1610)

Another question concerning Bill C-85 which needs to be answered is whether this proposed Crown corporation will aid and assist existing Canadian agricultural exporting corporations, or whether it will compete directly with them for foreign markets. How Canagrex fits into the market in this respect is not clear from its terms of reference.

Further problems pop up when we look at how negotiated contracts are supposedly filled by Canadian suppliers. How will it be decided what farmer or group of farmers will supply the needed agricultural products? In times of surplus, will Canagrex buy the excess and then arrange for its export? Can all of this be done with only a $4 million budget?

There are other questions to be answered concerning how Canagrex fits into the new rearrangement of the Department of External Affairs, the Department of Industry, Trade and Commerce and the Department of Regional Economic Expansion. The reporting relationship with these departments, along with Agriculture Canada, is not clear and could cause problems of inefficiency and overlapping authority.

There were also questions raised earlier as to whether there should be a separate Crown corporation at all to oversee and handle exports of our agricultural products, or whether this agency may do a better job if, as I just mentioned, it were a division of the Department of Agriculture. I believe this approach has merit, given the fact that Canagrex will be a much smaller body than was first anticipated. By being an agency of Agriculture Canada, Canagrex could have direct access to the resources, expertise and personnel of the department. A Crown corporation may not be necessary or be the best way to export our agricultural products.

Regardless of the form Canagrex takes, there is no question in my mind—and I know the minister is well aware of the fact—that we have some top men with the Department of Agriculture who have the drive and ability to give guidance and leadership to this new agency. If they are given the opportunity by the minister, I personally would have no difficulty in stating that this new body would have no real problems in overcoming those first difficult hurdles.

Other areas of concern centre around how this new proposed corporation, Canagrex, will be kept responsible to Parliament. This is an important concern. We know that a report will be submitted to Parliament each year through the Minister of Agriculture; and this is fine, but is this link strong enough to ensure adequate accountability? Perhaps it is, but if we create another Crown corporation, we must ensure it does not run away on us.

Perhaps one way to keep strict tabs on Canagrex would be to submit its yearly report to committee. We might also provide a sunset clause, which would mean that after five years its mandate would have to be renewed and its progress justified. To have its books open to the Auditor General each year would be another way of keeping control over the corporation.

As I have said before, the concept or principle of Bill C-85 is acceptable to most members. There is no problem with this aspect. Beyond accepting the general principle of promoting our exports, there are a number of provisions within the bill that deserve a passing note. As I said before, any bill that intends to help our agriculture industry and our farmers is always welcome. I believe it is time we entered the international market in a systematic and aggressive way. Recognizing that many of our small farms and farm industries lack any real expertise, knowledge and the financial resources to become effective exporters, the creation of Canagrex is a positive step in the right direction. Canagrex supposedly would enter into joint ventures with agricultural exporters by providing guarantees and loans. Co-ordination of the agriculture industry's exports is highly desirable and long overdue.

This umbrella corporation would also offer another service to our farmers. It would seek out and secure export contracts, long-term contracts, which hopefully would bring about stability of prices, increased production, and a ready-made and expanded market, all of which would hopefully do wonders to bring the industry out of its severe economic recession.

This aspect would be especially helpful to beef producers, given the fact that the prices in this industry are way down, as is the demand for beef itself. Hopefully, with access to new international markets, beef prices would rise to better reflect the cost of production, yet remain competitive internationally. This aspect of C-85 is welcome, as long as the corporation ends up doing efficiently what it is designed to do.

Also, whether we care to admit it or not, the idea of state-to-state negotiated contracts is becoming the fashion these days. More and more countries prefer to handle trade through central agencies because of growing suspicion toward private organizations. Therefore, if we want to be competitive and aggressive in the marketing of our agricultural products abroad, then we must recognize the importance of this new form of marketing.

The idea of going for long-term contracts also warrants support, especially because of the clear benefits of stability of price for our producers as well as a secure market for our products. Also, it is clear that prospective customers are looking for long-term contracts as well so that their problem of supply will be minimized. Thus, a recognition of this aspect of exporting is important and positive.

I have briefly outlined some of the strengths and weaknesses of Bill C-85. I can only say that clause by clause examination in committee will hopefully make a good bill in principle and a better bill in detail.

In this respect, there is no question but that I find myself in agreement with the remarks of my hon. friend and colleague, the hon. member from Moose Jaw (Mr. Neil) when he said earlier in this debate that the top priority of Canagrex should be, above everything else, concerned with the promotion and sale of our agricultural products to foreign countries and to fill a gap to make those sales which otherwise would not be made.

The committee stage and the clause by clause study will be most important to the passage of this bill, given some of the very worth-while proposals that have been mentioned during the course of this debate. During the committee hearings, it is very important that we have input, not only from Members of Parliament, but also input from industry, provincial representatives, people from other facets of agriculture, agriculture-related businesses, and other individuals or interested groups. I believe that this kind of input is most important and indeed imperative to make this a truly good bill. It would only remain then for the minister to be prepared to accept constructive changes and amendments, completely setting aside partisan politics. Political biases and decisions made for the sake of politics, and politics alone, would do a great disservice to our farmers who have enough on their minds trying to break even and stay solvent without having to put up with the added frustrations of self-serving politicians. Hopefully, this indeed will be the case during the committee meetings on this important bill, and I look forward to being in attendance at these meetings.

As I have said before, on many occasions, and I will say again, as one who made his living for many years serving the farmers and producers in my profession as a rural veterinarian, and knowing their problems first hand, if we want farmers to keep producing food for us we must ensure they make a buck.

They have to have a profit to survive. Increased export sales of their products would be one way of accomplishing this.

Some hon. Members: Hear, hear!

[*Translation*]

Hon. J.-J. Blais (Minister of Supply and Services): Mr. Speaker, first I wish to congratulate the member for Grey-Simcoe (Mr. Mitges) on his speech. Indeed, the main objective of this legislation is to promote exports of our agricultural products. It is therefore clear that we are not going to discuss other priorities until we have dealt with the main purpose of the bill. Second, the hon. member referred to the matter of the Crown corporation. I agree that a study is essential. I do not see why he is against the principle of Crown corporations, because in the agricultural sector, the most effective tool we have at the present time is the Canadian Wheat Board.

[*English*]

The Canadian Wheat Board, as the hon. gentleman knows, is one of the most efficient operations in the international marketplace in terms of marketing grain. I commend to the hon. gentleman a book which was published last year entitled, if I recall correctly, "The Merchants of Grain", which does a pretty good job of describing the international grain market. The only institution not in the private sector which is mentioned as being an efficacious one and a very profitable one is the Canadian Wheat Board. In effect, Canagrex is coming in with a good Canadian history of the use of Crown corporations in terms of marketing effort.

Mr. Thacker: Do you believe that? If you do, you believe in Santa Claus.

● (1620)

Mr. Blais: I believe in that. I have the proof. We can look at Canadian history in terms of the profitable use of Crown corporations in order to fill huge gaps that the private sector has ignored. If there is one gap it has ignored, it is the marketing of agricultural products for exports.

The hon. member for Kamloops-Shuswap (Mr. Riis) identified this bill as being one of the major pieces of legislation to be introduced. I fully agree with him. For that I commend the Minister of Agriculture (Mr. Whelan). When we were dealing with the initial stages of this bill last week, one member of the opposition had the temerity to state that this Minister of Agriculture had not been very active. I asked for a review of the highlights of this minister's career. I identified 50 major policy issues and initiatives taken by this minister. This measure is one of the most important he has brought forward. It is not only important for today but will be crowned with satisfaction and glory because of the benefits it will provide to Canadian farmers.

I commend and congratulate the hon. member for Parkdale-High Park (Mr. Flis) on his participation in this debate. I can understand his interest. He was chairman of the Special Committee on the National Trading Corporation. That committee recommended the establishment of a national trading corporation. It does not yet exist. However, Canagrex is directly in accordance with the recommendations of that task force. I am pleased that Canagrex is now going to assume an aggressive role in the international marketplace in order to market Canadian products.

There is a tendency is some commercial circles to feel that because we are Canadian, somehow those who need our products will come here to place their orders because we have these wonderful products to sell. Nothing could be further from the truth. The major trading nations today are the most aggressive, most profitable and have the most viable economies.

Japan is always given as an example. The reason for its economic state today is that the Japanese go into the international marketplace and peddle very efficiently. Before introducing a product, they conduct a market analysis to see what requirement there is for the product being contemplated. Once a demand for the product is identified, they encourage its production.

Taiwan is another example. I spoke with a member of the opposition who had made a recent trip to Taiwan. The hon. member for Peace River (Mr. Cooper) indicated quite candidly that he was impressed with the marketing efforts of the Taiwanese. I, too, made a trip to the Middle East and southeast Asia. In Hong Kong, Taiwan and Malaysia the major activity was marketing. Without marketing, you do not liquidate your inventory. If you do not liquidate your inventory, you do not manufacture. Without manufacturing, there is no employment. Without employment there is unemployment.

This sector of the economy is essential. Canada has been an agricultural country since its very beginning. When my ancestors came here in the late seventeenth century, they did not trade furs. They began farming on Isle d'Orleans. Subsequent generations also engaged in farming. The family of the Minister of Energy, Mines and Resources (Mr. Lalonde) have occupied the same farm for nine generations. Therefore, we have been an agricultural-based country since our inception, and it shows. As the hon. member for Kamloops-Shuswap said, we are a net exporter. In 1980 we had a $4.3 billion surplus in agricultural products. As he indicated, without grain there would be a net deficit of close to $300 million in agricultural products. We have a surplus in that area of agricultural production in our international trade stimulated by a very strong Crown agency, the Canadian Wheat Board.

We have a deficit in the other sector because we are not marketing our agricultural products in the way we should. Most international dealings with regard to agricultural products are government to government and are handled through the export supply centre acting on behalf of the Canadian Commercial Corporation. Last year I signed a contract on behalf of the CCC with Algeria for the sale of $66 million worth of canola oil. That was a marketing effort made by Industry, Trade and Commerce. They identified the market and filled the requirement.

Our record in terms of marketing agricultural products has been very aggressive. Canola oil is a typically Canadian product. It is a research and development effort of the Department

of Agriculture. Rapeseed, as hon. members know, has a very high acid content. As a result, its marketability was not superior in terms of cereals. The Canadian research and development effort was led by the Department of Agriculture. It reduced the acid content from approximately 40 per cent to about 2 per cent, making that product immensely attractive to the international community. I am advised that to date, in terms of our investment in canola oil research, we have a $100 return for every one dollar invested. In 1961 we received $12 million from canola. In 1981 we received $600 million gross farm cash receipts from canola. In 1943 we only had a few hundred hectares of canola. In 1980, we have over two million hectares of land under canola cultivation.

• (1630)

I am interested in this because I recognize that because of the pride we have in canola, we go out and peddle it. We ought to be doing that and will now do that in other areas. There will be substantial advancement toward the development of new, marketable products in Canada.

I had the good fortune of being in Lethbridge, Alberta last week.

Mr. Thacker: It is a great place.

Mr. Blais: It is a lovely place. It is very similar to North Bay. It has approximately the same population, the same racial mix—not as many French-Canadians, but we might work on that. That particular community is farm-oriented, as you know, because it is in southwestern Alberta, an area most affected by the chinook winds, making it relatively dry and very prone to the growth of winter wheat.

During my visit to Lethbridge I was briefed by the director-general of the western region, Dr. Andrews, about the research and development effort being carried on in Lethbridge. I was subsequently taken through the station by the scientists responsible for various sections. Can you believe, Mr. Speaker, that it is only one of 15 research and development stations? There is $50 million spent in western Canada on research and development every year. I do not know how much the building cost, but I would wager that if you had to replace the research and development station in Lethbridge, it would cost $50 million or $60 million.

At that station they are doing research on basic soil conditions. Of course, their efforts are concentrated on the particular soils found in southwestern Alberta and the conditions affecting that soil. They are studying the adaptability of that soil to new products with regard to the atmospheric conditions in that area.

Of course, they are doing basic research on cereals and the blights, spores and various weaknesses that affect those particular cereals in order to develop resistant varieties. They are doing this with specific application to southwestern Alberta.

They are also involved in a science which I had not heard of before, although I have been bugged by them a lot. The science is called parasitology, which is the study of parasites which affect cattle. I was very interested in this with relation to northern Ontario, because the blackfly is one of the parasites which is undergoing study, especially at Lake Talon, which is infested with blackfly during the summer. It may be possible to control them. I say that lightly because the hon. member for Perth (Mr. Jarvis) has a cottage on Lake Talon. It is only infested when he is there and it clears up when he leaves.

Mr. Jarvis: Somebody has to speak for the blackflies.

Mr. Blais: The fact is, the blackfly is now being studied to see how we can effectively control it as a pest to the milk-producing cow and other cattle.

In Lethbridge they are also conducting a very serious study in genetic engineering and have had tremendous success in that particular area. Another endeavour which is already providing some profit is the study on raising bees which can pollenate alfalfa.

It was an amazing experience and I invite every member of the House to visit a research station if there is one in their vicinity, to see the kind of Canadian superiority there is in agricultural research and development. As I said, that was only one station out of 15. That one was in western Canada. Sometimes there is a tendency to neglect the federal presence in western Canada—

Mr. Munro (Esquimalt-Saanich): No way; we cannot get over it.

Mr. Blais: I can say that there is immense progress being made in research and development.

Mr. Thacker: On a point of order, Mr. Speaker, I presume the Minister of Supply and Services (Mr. Blais) will support the Minister of Agriculture (Mr. Whelan) when his estimates come up and he asks for more money for research and development.

Mr. Blais: Mr. Speaker, I can tell you quite candidly that the Minister of Agriculture can count on me as an ally on most issues. I can tell the hon. member that I also sit on the Treasury Board and I am very sensitive to agricultural issues. I can also tell him that I am very impressed by the government's preparation of the agricultural estimates and, of course, the ability of the Minister of Agriculture to defend his departmental estimates.

I should emphasize my own interest in this because there are many farmers in my riding who are all very productive and progressive and wish to be even more successful than they are. Since you also come from northwestern Quebec, Mr. Speaker, you will know that I have ministerial responsibility over an area which combines with your area constituting 24 million acres of arable agricultural land. That massive clay belt which covers northwestern Quebec and northeastern Ontario will provide us with foodstuffs, not only for our domestic market but for the international market, for some time to come.

I am not only interested in the international market for agricultural products, but I am concerned about all our marketing. Canada is a major trading nation but it is not exploiting what it should be exploiting with respect to international trade. The reason for this is that we have not been sufficiently aggressive or had the required interest to seek out those international markets. I say this with all sincerity and honesty.

If one looks at our competitors and the instruments made available to them, one would see how weak and ineffective we are in creating our own instruments. I decry the absence of a national trading corporation which would have the aggressive stance that Canagrex will have. As the hon. member for Kamloops-Shuswap (Mr. Riis) candidly indicated, this will be a corporation which will be actively engaged in the marketing, promotion and sale of our products as a corporation or through joint ventures or through whatever marketing arrangements it deems fit to make. But it will be in the field of promoting agriculture. Without a stable market the producer will not be encouraged to make the enormous investments now required in agriculture.

In my view, the Minister of Agriculture is one of the best we have ever had in Canada and I know at least one other man who would believe that. I say to the minister that this is a bill which is essential, not only in terms of agriculture but one which is following in the tradition of the Canadian Wheat Board, and will undoubtedly be emulated by the creation of similar instruments to enable Canada to market all of its vast variety of products, goods and services that the Canadian brain has been able to develop.

Some hon. Members: Hear, hear!

Mr. Gustafson: Mr. Speaker, would the minister permit a question?

Mr. Blais: Of course.

Mr. Gustafson: Mr. Speaker, the minister said that he was interested, as a member of cabinet, in the problems that exist for farmers. Has the minister looked into the very serious situation which exists for the farmer in relation to the continuation of the family farm within the budget provisions relating to annuities and so on?

Mr. Blais: Yes, Mr. Speaker.

Mr. Oberle: Mr. Speaker, would the minister entertain a further question?

Mr. Blais: Of course, if it is as easy as the last one.

Mr. Oberle: I do not know if it is as easy as the last one, but the minister spoke very eloquently about the Canadian Wheat Board. He said that it is a very effective agency and an exemplary one which other nations should copy. If this agency is so effective, can the minister tell us why it is selling wheat to the European Economic Community, coarse grain, for less than half the price it is resold at, and why it is selling wheat and other coarse grains to Japan, for instance, for less than the price of production in our own country?

• (1640)

Mr. Blais: Mr. Speaker, I would be pleased if the hon. member would provide me with the figures he has. One of the abilities of the Canadian Wheat Board is that it has knowledge of the marketplace in which it is operating, and it is able to liquidate its stock at the best possible price by being very, very secretive about the prices it obtains for its commodities from various sources. I would not want the hon. gentleman thinking that even if I had information—which I do not—concerning how much was obtained in which market by the Canadian Wheat Board for the Canadian farmer, I would let him know, because what I look at is the bottom line—how much the farmer who produces the wheat gets at the end of the year for the wheat he has entrusted to the Canadian Wheat Board.

Mr. Oberle: It is below the cost of production.

Mr. Blais: It is not lower than the cost of production.

Mr. Oberle: Try farming some day.

The Acting Speaker (Mr. Tousignant): Order, please. This is not the question period, and I am afraid we cannot entertain any more questions.

Mr. Blais: Go ahead. I am never asked any in the question period.

The Acting Speaker (Mr. Tousignant): I think the hon. member for Esquimalt-Saanich (Mr. Munro) should now be given the floor.

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, it is useful to remind ourselves every once in a while of the purpose of second reading debate. A number of speakers have addressed themselves to that without defining the purpose of second reading debate but, as I say, it is useful to remind ourselves of just what we are doing here at this time.

To my way of thinking we are highlighting and underlining some of the peculiarities of the bill before us, some special features it might contain, and drawing them to the attention of those upon whom this bill will have an impact so that they will know what that impact will be.

The consequence of this underlining and highlighting will render the treatment of the bill, when it reaches committee, much more effective, because at that time, because of our underlining and highlighting these features, those upon whom the bill will have an impact will be able to come to the committee and present their particular cases.

One of the first peculiarities which comes to my attention when I examine this bill is in Clause 2, which provides definitions. I will come back to the acronym "Canagrex" in a minute, but according to the definition contained in Clause 2—Canagrex is to be concerned with agricultural products—agricultural products are defined in the following manner:

—"agricultural product" includes animals and every other natural or processed product or byproduct of agriculture, but does not include any product or byproduct that is wholly or mainly a fish or forestry product or byproduct;

By my reading of that, an agricultural product could very well be wheat or flour. Therefore, the question which immediately arises in my mind is why we are to have an instrument of government to do what is already being done by the Canadian Wheat Board. I find that rather peculiar. Or is this to be an instrument by which the Minister of Agriculture (Mr. Whelan) can achieve the purpose he has long been known to hold, of capturing from the person presently responsible in Parliament for the Canadian Wheat Board, Senator Argue, responsibility for the Canadian Wheat Board and including it within Canagrex?

If that is not the case, I am still obliged to ask myself why we should have another agricultural export sales organization. We already have the Canadian Wheat Board. People have been extolling its virtues. Those virtues speak for themselves. They are extollable, and I am glad they are being extolled. But why, if we have the Canadian Wheat Board in place and doing a good job, are we superimposing another organization? Perhaps, as I suggest, the Minister of Agriculture is anxious to get under his umbrella through this legislation something he has wanted to have within his control for a long time, namely, the Canadian Wheat Board. That is the first matter related to this legislation which I think is worthy of being brought to the attention of those who will be affected by Canagrex. I do not think there is any question but that with the majority here, either in its present form or in an amended form this bill will in due course become law.

I note that this bill was brought forward on December 8. That is noted on the front page. This bill was read the first time on December 8, 1981. On January 12, 1982, the Prime Minister (Mr. Trudeau) went to the theatre in the press building and announced a complete reorganization of the Department of External Affairs and the Department of Industry, Trade and Commerce. He created within the Department of External Affairs a branch to be under the general direction of a minister of state for international trade, who previously was in another ministry as a minister of state for international trade under the Minister of Industry, Trade and Commerce (Mr. Gray).

Two questions come to my mind as the result of this. On December 8 this bill was brought before us. On January 12 there was a reorganization respecting international trade. Why is the minister responsible for international trade not to be responsible for the Canagrex operation? It relates to international trade. The "ex" in "Canagrex" presumably means export. It might mean exploitation; I am not sure. It might mean exploitation, or does it have some other significance? Could it be exchange? Perhaps it is exchange. There is talk of the possibility of our returning to the barter business.

There is one other niggling matter at the back of my mind. In view of the great concern of the Canadian people about the budget, inflation, unemployment and so forth, why, soon after our return from the Christmas break, are we not dealing with those matters instead of this? Are we just treading water while the government tries to come to grips with the problems of inflation, high interest rates and so forth and until the government brings legislation to the House? I suppose when that is done this matter will be shifted, perhaps, to the Minister of State for International Trade (Mr. Lumley). Perhaps it will be shifted to the Canadian Wheat Board, because it is a matter of selling abroad, and we will have been debating here to no purpose. I wonder if there was consultation. There must have been. I am at a loss to understand how the minister can sit there and smile when there is the threat of someone else taking responsibility for agricultural products being sold outside the country, namely, the Minister of State for International Trade. I believe those two features deserve underlining right away.

There has been an extraordinary reorganization of the Department of External Affairs. The Minister of State for International Trade has moved to another organization and presumably will take over responsibility in Canada missions abroad for agricultural attachés. Admittedly, there are not enough of them. However, I assure the minister that there are a good many foreign service officers who, being generalists, are able to turn their hands to anything along that line.

● (1650)

I have personal experience having been an agent, if you like, for the sale of live beef in Central America. I had to go out to the plane on a Sunday morning in order to make sure that the cattle were offloaded. We managed to get them up to a fair in Liberia in northern Costa Rica. This is a commission that all well-trained foreign service officers are capable of carrying out if anyone were to give them the direction to do it. This was a private enterprise, if I remember correctly, and was sponsored to some extent by the province of Ontario. Ontario beef cattle were sent to Central America for breeding purposes and they were fine animals. I was proud to be able to go to the cattle fair in Costa Rica and tell the farmers that they were from Canada.

I do not believe this government has really tried to make use of the facilities that are available abroad. I hope the minister who is now in charge of international trade will do so. Perhaps he could borrow some of the specialists from the Department of Agriculture. This was one of the aspects of this great melting pot process which took place on January 12 when so much was incorporated into the Department of External Affairs.

If this organization is not going to be incorporated into the Canadian Wheat Board or absorbed by the Canadian Wheat Board, then I think the minister has to explain, either here when he winds up debate, or in committee, the relationship in his own mind between it and the reorganization of the Department of External Affairs. I think that is only fair, because when there are two separate entities bent on accomplishing the same purpose there is bound to be conflict. I do not think we need conflict in this matter and I hope the minister will be able to explain this particular aspect of the bill. Will Canagrex operate on its own abroad or through the missions abroad? Is

there an element of jealousy or a feeling that the Department of External Affairs or the trade commissioner service has not been doing its job properly? I think we deserve an explanation from the minister.

There is one other feature of this bill which deserves to be underlined and indeed I have underlined it very clearly in my copy of the bill. We must remember that Canagrex presumably means "Canadian agricultural exports".

The other suggestion I made was somewhat facetious. Export is its main purpose. That being so, I wonder why we should have the following provision in Clause 14(1)(g):

purchase, lease or otherwise acquire and hold real and personal property for actual use by Canagrex in the operation and management of its business and

Clause 14(1)(i) reads:

as additional security for any loan made or guarantee given under this act, take, hold and sell mortgages on real and personal property and any other security;

Is Canagrex going to take on the mortgages of farmers? Is it going to deal with real estate mortgages in the urban centres? Is it going to assume some of the mortgage lending needs of our supermarket areas? Why is it dealing in mortgages in this country when its purpose is to promote the export of agricultural products?

Clause 14(1)(j) reads:

acquire, by foreclosure or other proceedings or in any other manner, and hold any real and personal property mortgaged to Canagrex . . .

What is Canagrex getting involved in, Mr. Speaker? Is it the export of agricultural products or the demolition of some of Canada's farms? I think we are entitled to ask that question about these outrageous powers. I am entitled to ask but I am not sure I am going to get an answer. I hope the minister will get around to it.

Mr. Whelan: You will get a satisfactory answer if you give me time.

Mr. Munro (Esquimalt-Saanich): That is one reason why I am underlining these particular features of the bill. I think they require some clarification so that those who may be affected or feel that they could be affected will present their objections or support at committee stage.

More than one speaker on this side of the House has mentioned the depressed state of our agricultural industry. I come from a rural and urban riding, Mr. Speaker. I should like to remind you that the name Saanich is an Indian name meaning rich soil. It could be related to the riding in the province of Quebec called Terrebonne or Terreriche. Saanich means rich soil, and when it was originally in the hands of the Indians it was a food-producing area. A lot of it is being black-topped now and some of it is being taken out of production, as the minister knows. From the smile on his face I think he was expecting this part of my speech.

The minister and his officials say that it has to be taken out of production because of the presence in some soil of a parasite known as the golden nematode.

Mr. Whelan: Out of production for certain products only.

Mr. Munro (Esquimalt-Saanich): That is correct. Potatoes are a host crop and I believe tomatoes are also a host crop. The minister and his officials know a great deal more about the golden nematode than anyone else in Canada, I suppose. If it is as dangerous as the minister claims, perhaps he should organize a meeting of those people in the riding of Esquimalt-Saanich who are affected and explain the danger that he foresees. He could do that in a variety of ways. He could get in the jet and go out there. It is a great place to be at this time of year, particularly in view of the weather outside here tonight.

If he cannot go out there I suggest that he could use the conference call technique. This is a sample procedure and requires just a little bit of organization. There is an experimental station very near the area of the riding where the adulterated soil is. This station is very highly lauded by the Minister of Supply and Services (Mr. Blais).

● (1700)

The minister should organize in the experimental stations in Saanich a meeting during which he could talk with farmers. This would enable farmers to raise their questions, and he could explain exactly why this particular soil was removed from potato production. Also he could explain to them that he is attempting to organize some form of compensation, not for removing that soil from production for all time, but possible compensation for some of the machinery farmers have purchased for potato production, or assistance, if they require it, to purchase machinery for other products such as the crops which are being suggested by his officials. He could also explain the dangers which he and his officials foresee.

First, how dangerous is golden nematode? Is it as dangerous as some people maintain? Farmers in that riding say that there is no place in the world where it has been exterminated and that there are a number of places in the world where potatoes are still being grown in nematode-infected soil for export. If these stories are not correct, the minister has an obligation to explain it to them. If it is as dangerous as he insists, could he explain some of the consequences of golden nematode spreading in the immediate area or to the mainland? These are some of the matters which the minister should take up with farmers in that area by means of a conference call.

I have heard it said that if the soil reached the mainland, the agricultural area of the Lower Fraser Valley—and heaven forbid—there would be a danger that all motor traffic through the area to the American border would be stopped at the border and would either be disinfected or sterilized by some kind of steam treatment. This would be very harmful to the tourist industry of British Columbia and to the free movement of people back and forth across the border. Will the minister give an undertaking to explain these dangers, if they exist, to the farmers of the area by one means or another? He could explain them fully on a face-to-face basis or on a telephone-to-telephone basis; he could use some of the available modern techniques to do it. What about the movement of people from the two ferry terminals within the riding, the one to Anacortese from Sidney and the one from Swartz Bay to Tsawwass-

en? Would those two terminals suffer from such treatment if golden nematode got out of hand?

All farmers—and the ones in my area are no exception—are reasonable people. If they are convinced that what they are doing or what they might do will be harmful to other people, they would see the reasoning behind the restrictions placed upon their planting. There is an element of urgency which I think is worth drawing to the attention of the minister. About the first of March is when the potato crop is planted. If farmers are not convinced by that time of the various dangers that have been alleged, about which they hear and should learn in a convincing manner or by the means I have suggested, the risk is that they will again be planting crops which might have harmful effects. I would not like to see harmful effects spread into other areas, if indeed they are as harmful as the minister and his officials suggest.

There is potential within that riding, by the very nature of its soil richness, for Saanich to be an exporter of small vegetables and fruits as it used to be. Not only because of the tarmacking and the blacktopping but because of the quarantine imposed in the area, it is no longer able to expand as it should. I would like to see it expand as it should. I am sure the minister would manage, with officials at his elbow, by some telephonic means of consultation and back and forth discussion, to persuade farmers, if these dangers exist. This area could become as important an exporter of small fruit and vegetables as it once was.

That area has the good fortune of a mild climate. It is not mild all through the winter, but it is mild to the extent that gas-heated greenhouses, for example, could increase the amount of vegetables in the area for export. Why should there not be some encouragement of that particular form of industry? The greenhouse industry used to be very important. One sees all over the peninsula greenhouses with just frames and broken glass because the government has not taken the lead which the Minister of Supply and Services suggested is the hallmark of this particular minister—the leader of the agricultural community of Canada. Unfortunately, some areas of Canada have not seen that leadership.

Mr. Whelan: Mr. Speaker, I am sure the hon. member would not want to misinform the House. I have talked with representatives of the agricultural society in Saanich. I have met with this group of farmers in public meetings to discuss the golden nematode problem. I was on the telephone just about an hour ago; that is why I was smiling when the hon. member raised this subject. There is nothing on which we have spent more money. We have spent a minimum of $5 million on this one area. I made a decision last fall—and I am perfectly willing to try to explain it even further—so that farmers could plant different crops for production in that area this year.

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, I hardly think that was a point of order, but I am glad for the clarification. This would be a good time to question the minister. I am delighted the minister assured me that these conversations have taken place.

Mr. Whelan: The conference call has not taken place.

Mr. Munro (Esquimalt-Saanich): Perhaps we are getting somewhere. Maybe I am getting through to the minister and perhaps by this means I am also getting through to farmers. If I could bring together those two elements, chances are the minister would find that Saanich could be restored to the traditional role it played in the south of Vancouver Island as a place of rich agricultural production.

With that message and with particular underlinings of some of the oddities in the bill, I hope I have not offended the minister, particularly by suggesting that he wanted to take the Canadian Wheat Board within his ample embrace through Canagrex or to have Canagrex attached to the Wheat Board. I am still puzzled, given the fact that there is a Wheat Board which deals with the export market of wheat products, why we require a new agricultural export agency in the form described here which will be buying and selling mortgages, dealing with foreclosures and various other things. I do not think that is really the role of an agricultural export agency. I do no think the Wheat Board gets involved in those things. If the Wheat Board is taken into the Canagrex agency, I hope that it does not go into the foreclosure business. The foreclosure business has no business in the export of agricultural products.

• (1710)

Mr. Al MacBain (Niagara Falls): Mr. Speaker, I wish to thank all members who have spoken in support of Canagrex, Bill C-85, and in doing so have raised various questions and issues which I shall try to clarify.

Let me briefly recap. Canagrex will be an organization exclusively devoted to searching out and helping to achieve the realization of new agricultural and food export opportunities. As outlined in Bill C-85, it is to be an operational body providing loan and equity funds, undertaking co-ordination and facilitation functions, providing project acceleration grants, and where necessary undertaking normal trading house operations.

The whole nation benefits to the extent that Canada's balance of trade and employment is improved. Groups of farmers will benefit from its ability to assist in the assembly, transport and sale of products. As assured, food and agricultural export markets can be demonstrated to producers and processors, they will produce on a commercial basis to meet this increased demand.

Canagrex will be a highly flexible tool, rounding out the various instruments and measures which the government has put in place in recent years to achieve security of supply and incomes for farmers.

Canagrex will work with existing firms and institutions to expand exports by promoting commercially viable projects and entering into joint ventures.

As indicated, the purpose of Canagrex is to increase the volume and variety of agricultural and food exports from Canada on a sustained basis. In some instances this may mean guaranteeing a loan; providing a grant or contribution; de-

veloping new facilities; providing a training program; or bringing together existing expertise in Canada. For example, Canagrex will in no way interfere in or interrupt the progress which has been accomplished in the area of pork exports by private industry and the provincial hog marketing boards. The objectives of Canagrex will be to work with the exporters to investigate the potential for Canadian pork in new markets, in developing the infrastructure necessary to enter a new market, and to provide needed follow-up and back-to-back contracts if required. There is often a need to meet increased competition from our competitors, particularly as related to credit. Canagrex could provide a long-term contract together with supporting credit arrangements.

Members have asked how independent Canagrex will be from the government. The responsibility of the board of directors is clearly noted on page 3 of the bill in Clause 6, which provides that the board—

—shall direct and manage the affairs of Canagrex.

Canagrex will, of course, be expected to operate within the framework of Canada's international agreements and policies. It will be responsible to the Minister of Agriculture (Mr. Whelan) and provision is made for directive powers as noted on page 8, Clause 14(3), of Bill C-85. It will be accountable to Parliament and its audit by the Auditor General of Canada will also be included, together with a summary of the capital budget of Canagrex which must be tabled in Parliament as noted in Clause 36(5), on page 16.

Some members have been concerned with the size of the staff of Canagrex. It will not be a big bureaucracy. In addition to the 11-man board of directors, there will be a small full-time staff of whom the president will be the chief executive officer, supported by two vice-presidents and the necessary professional and technical staff.

The annual corporate plan of Canagrex will be a key planning and accounting mechanism. This rolling three-year plan will be updated annually, although it is not foreseen that there should be radical changes from year to year. The annual plan will outline the cost, timing and financing of proposed projects in order to achieve commodity and country objectives of Canagrex.

To assist Canagrex in formulating its corporate plan, the minister will be able to draw upon the expert advice provided through the policy advisory committee, which is an expert committee representing all the provincial governments, the farm and food organizations and the business community.

I should note, Mr. Speaker, that in 1980 Canadian exports of agricultural products other than grains or dairy products to the Third World and countries with centrally planned economics totalled only $650 million. Canagrex, working with individual farms, boards and co-operatives, should be able to expand this trade significantly by negotiating directly with the state trading enterprises in many of these countries.

Some of my colleagues expressed concern that the initial funding of $12.3 million earmarked for Canagrex may be insufficient to allow it to play an effective role. I do not think this is the case. Canagrex will proceed step by step and prove itself as it goes along. Once it has done so, it will be up to Parliament to provide it with the resources required to do the job.

Finally, it can be said that the Canagrex bill is innovative and visionary. It proposes a new direction for Canadian agriculture. The bill invites all sectors of Canadian agriculture into the arena of world trade. In the past, world trade in agriculture was basically in the domain of grain farmers. As a result, Canadian agriculture has not experienced its full potential. This potential is now within its reach.

In my riding of Niagara Falls, the tender fruit belt of Canada, the new bill will be welcome. I am sure that the grape growers' action committee in my area, the grape juice producers and the wine industry will take full advantage of Canagrex to expand their markets worldwide. I hope that the tender fruits and wines of the Niagara peninsula will soon be well known products around the world.

Mr. Blaine A. Thacker (Lethbridge-Foothills): Mr. Speaker, it is a pleasure to rise to speak on second reading debate of Bill C-85. Yesterday I spoke on second reading of Bill C-88 concerning the Farm Credit Corporation. Today's bill concerns Canagrex.

Before I start my major address, I want to respond to the Minister of Supply and Services (Mr. Blais) who praised the Minister of Agriculture (Mr. Whelan) so generously for over 50 major policy areas, many of which we agreed have been beneficial for agriculture and for which he has had the support of this party. But the Minister of Supply and Services left the very clear impression that the agricultural community was strong, buoyant and forging ahead in Canada because of the Minister of Agriculture.

If that is so, is the Minister of Agriculture prepared to take responsibility for the high interest rate policy of the government, for the high deficit in excess of $90 billion and for the rate of inflation? Is the Minister of Agriculture, or perhaps even the Minister of Supply and Services, prepared to take responsibility for the fact that, while inflation is affecting all of the western industrialized countries, Canada's place in the standard of living hierarchy has, since the commencement of this Liberal administration, dropped from second place to thirteenth place?

● (1720)

So while all countries are suffering inflation and high interest rates, Canada has suffered even more. That seems strange, Mr. Speaker, when you realize that we are a small country of some 23 million people sitting on the assets of half a continent, with resources of unlimited scope, while the 114 million people of Japan sit on a rock in the middle of the ocean and beat us on every count. Perhaps, Sir, it has something to do with the policies of this government, and not as the Minister of Supply and Services claimed.

I wonder if the minister would agree that, while the family of the Minister of Energy, Mines and Resources (Mr.

Lalonde) have been on their farm for some nine generations, they will not be there nine generations from now because of Crown corporations and the capital gains tax. I would be prepared to place a bet with the Minister of Supply and Services to put money into a trust account which would be released in as little as three generations. Because I can tell you, Mr. Speaker, that with the capital gains tax that farm will not be in their family three generations from now. The Minister of Supply and Services should give some thought to that, because had there been a capital gains tax throughout the nine generations, it would not be in that family today. It is there because there was no tax on capital or the land.

Canada does not need a tax on capital, Mr. Speaker. We are a young and developing nation and we should still be charging up the hill rather than following the socialist policies of the Liberals and NDP. They have made us old before our time. We are slipping downhill to oblivion as a result of those policies, not climbing up and building so that the young people coming along can genuinely turn this country into a great nation.

Sir, the Minister of Supply and Services spoke very glowingly of the Canadian Wheat Board. That has to be the greatest hogwash I have ever heard. It is again an example of a minister—

Mr. Blais: It is a Tory creation.

Mr. Thacker: —speaking fondly of something they have never experienced.

Why does he not come out and live on a farm for a while? I will take him to a number of farmers who are hurting because the Canadian Wheat Board, stressing the export of wheat, has hurt production of barley, oats, canola—his beloved canola that we have done so well on in our research and development. The very fact of the Wheat Board controlling the railways, the allocation of cars and quotas has hurt farmers who produce other crops. It has led to enourmous inequities between farmers who produce on the dry land where I come from, where we produce 20 bushels per acre every second year as compared to the irrigated farmer who can produce 75 bushels an acre every year. Yet that great Crown corporation, the Canadian Wheat Board, applies the same quota. It might be two bushels an acre, even if you are producing 75 as compared to 20.

That is a fundamental inequity which has hampered the development of agriculture in the west. Yet the minister stands in this House and waxes eloquent. It is a bit like people who have never experienced socialism, Mr. Speaker. I invite members who challenge this to come out to my riding and meet with new Canadians from Hungary, Poland, from nations that have lived under socialism, because I can tell them that people are trying to get out of even that great country the United Kingdom en masse because of the growing influence of the government and socialism.

Mr. Blais: On a point of order, does the hon. gentleman who critizes the Wheat Board recognize that for the five months ending December 31, 1981, it managed to increase exports of grain by one million tons, so that the reading now is 10.83 million tons?

Mr. Taylor: That is not a point of order.

Mr. Thacker: Yes, Mr. Speaker, that is very true, but it could have been even better than that.

Mr. Blais: Oh, come on.

Mr. Thacker: And it would have been better than that had the hon. member for Vegreville (Mr. Mazankowski) still been Minister of Transport.

The only sensible thing the Minister of Supply and Services said, Mr. Speaker, and I certainly want him to have this feather in his cap, is that the government should be spending more money on research and development. That is absolutely correct. The government's record is atrocious, and it is not because of the Minister of Agriculture.

An hon. Member: They spend the money on advertising.

Mr. Thacker: Yes. They should give up spending all this money on advertising, these plucked geese flying across the screen all the time, and put it into research.

Mr. Munro (Esquimalt-Saanich): Remember that.

Mr. Thacker: He gave an example of canola research returning some $100 per dollar invested. In fact, in other areas of agriculture the return on investment is 482 to one. That is the benefit of research on new grains and varieties. So the minister really needs to go back to school.

Well, Sir, we are discussing the principle of Canagrex, and I think when we do that we need to ask: why is this bill needed? By creating another Crown corporation, we create more government in our lives. In fairness and openness let us discuss it. Do we need another Crown corporation and more government in our lives?

Mr. Munro (Esquimalt-Saanich): Altogether—no!

Mr. Thacker: It is clear from this bill that the Liberals believe we do. It is also absolutely clear as a matter of ideology that the NDP believes we need more government in our lives. I suppose it is a question of balance. Where do we draw the line between the way most of our western nations were 100 years ago when there was no government control? They were all private corporations. If that is the capitalism of the seventeenth century, none of us wants to go back to that. We are not talking about that. However, on the other side, we need to realize that in places like the United Kingdom, France increasingly so, Poland and Russia, they are all, in effect, Crown corporations; there is no private enterprise. None of us would want to live in either of those extremes. So it is a question of balance.

I must say that I thought the Liberals, up to about ten or 15 years ago, were always able to strike a reasonable balance. Now, clearly, they have made a quantum leap to the left where they genuinely believe a centrally planned government can

handle everything concerned with our way of life. With that we disagree. We need to ask the question, Mr. Speaker, is Canada really better for having over 400 Crown corporations? Before we had those 400 Crown corporations, the vast bulk of which have come into existence in the last 15 years, Canada was clearly on a rising curve. We were a growing nation, one that achieved the second highest standard of living in the entire world under that system. However, in the last 15 years we notice chinks in the armour and Canada's relative position is dropping when we compare ourselves with the other western industrialized nations. Is that because of Crown corporations? Maybe it is. I think it is a factor.

Mr. Anguish: Suncor, TWA.

Mr. Thacker: Is it because of other policies? We know that at least 25 per cent of new private enterprise will fail within the first year. That is a natural thinning out process caused by inefficiency or bad management. We have 400 Crown corporations, and under that rule you would think that perhaps 100 would have failed. But they never fail when they are involved with government. No matter how inefficient, they go on and on and we pour in more taxpayers' dollars. Look at the figures, Mr. Speaker. This House wrote off over $600 million in order to balance the books of Atomic Energy of Canada, Limited, and the same amount for the St. Lawrence Seaway. Over $800 million every few years for the CNR has to be written off. That is taxpayers' money, Mr. Speaker. That is money taken from the hides of Canadians, from the miners who have black lung disease and have to give over 50 per cent of their income to others who decide how it is spent—that is, we here in Parliament. To my way of thinking, that is a very heavy onus. I dislike the fact that we are taking other people's money. They are shortening their lives to pay us tax dollars, and we are deciding how to spend it. I believe that the Liberal government does not apply proper judgment or exercise control and self-restraint in the expenditure of this money.

• (1730)

Another reason Crown corporations are so dangerous is that they really erode the tax base so that there is not a fair sharing of the tax load in this country. We have over 400 Crown corporations, the vast bulk of which have very special tax rules and do not pay any income tax. That throws an extra burden on those truly productive people in our society, such as the miners who are digging up new coal for export to bring money into the country, the grain farmers, and the grape growers in the Niagara peninsula. Those are people who are genuinely producing something new which we sell to other countries. We take their money and, as a result, we have a higher standard of living. These Crown corporations erode that tax base and we should be very concerned about that. Unfortunately, the government is aided and abetted in that lack of concern to a tremendous degree by the NDP.

I want to deal with the situation facing agriculture because the government has led the Canadian people to believe that Canagrex will really solve the farmers' problems and will somehow put more money into their pockets. We know, and I am sure Your Honour realizes as a producer, that the only way to put more money in farmers' pockets is to give them a better price for their products. The reality is that we have been selling our western grain at less than the cost of production. I know that for a fact, as a past producer. I am sure it is true with grapes and other agricultural products.

For example, the fertility of the western great plains has dropped by 50 per cent over the last 75 years. In short, when we first turned over that sod, it had much grass in it, as the grass had been fallowing for a long period of time it was very fertile soil. We have been producing grain from that soil and exporting that grain at a price; but the export price has never given us enough money to put enough return back into the land by way of proper rotation of green crops which would keep that fertility up. As a result, our western plains are now 50 per cent less fertile than they were 75 years ago. In another 15, 20 or maybe 50 years, our plains will clearly become a great, huge dustbowl. It must be stopped, and the only way it can be stopped is by increasing export prices. The government should be stressing that idea rather than the idea of an export corporation, because to produce more grain for export will simply mean a faster depletion of our soil.

We need more money, and that is where the government should be directing its attention, but it will not do so. It will not even officially talk to the United States, to Argentina and to Australia, the other major exporters of grain, concerning the situation. It has been left to hon. members on our side, such as the hon. member for Wetaskiwin (Mr. Schellenberger). He singlehandedly raised the concept with these grain exporting nations which at least agreed to charge a sufficient price to ensure that the land is returned to its former level of fertility. I would rather see our Minister of Agriculture directing his attention to that.

I would also like to see him directing his attention to providing more money for research and development. We would all be prepared to help him in any way possible. The Minister of Supply and Services has noted that we have a great research facility in my riding of Lethbridge which has made a tremendous contribution to Canada. Governments of all stripes and all parliamentarians should be proud that they have allocated money for that purpose. However, there is no doubt but that the plant is becoming more obsolete, the equipment is becoming more obsolete, and we simply need more money. We have an animal disease research centre where scientists are working under conditions which are rapidly becoming intolerable. The Minister of Agriculture wants to have a new building there, I certainly do, and so do all of the scientists.

Mr. Whelan: J. J. is going to help us.

Mr. Thacker: I suspect that "J. J.", as the Minister of Agriculture says, will help us. I will certainly write a letter to solicit his help. However, we need to allocate more money, and I am not sure that an allocation for an export corporation is a good idea at this time when I compare it to the needs of

research and development in our country. We cannot get around this fact.

Mr. Whelan: I rise on a point of order. I am sure, Mr. Speaker, again, that this hon. member would not want to misinform the House. However, we are very much aware that agricultural extension is a provincial responsibility, although we do get involved federally sometimes. However, if we were to use all the scientific knowledge we have right now concerning soil conservation, proper cultivation and seeds, as well as all our available technology, we could increase grain production on the presently cultivated land in western Canada by 30 per cent in two years. Some farmers are using all of that technology, but it is not getting through to every farmer. Therefore, when we speak about research, there is a tremendous potential for increasing productivity which is not being developed to its fullest because the technology and scientific knowledge is not being used by all.

Mr. Thacker: Yes, that is true. This is the type of exchange of information we should have more frequently between government and opposition members. However, what the minister has not said, although I know he knows it to be true, is that while that technology is not being used, the main handicap in western Canada for the export of the grain is the transportation system. For years and years we have not been able to get an allocation of public moneys federally, or provincially for that matter, to expand the railway system. During past election campaigns the Prime Minister (Mr. Trudeau) has promised doubletracking, but it has never led to a doubletrack.

Mr. Huntington: What are we going to do about the Crow rate?

Mr. Thacker: The real question I wanted to address concerns the setting up of this export corporation. I am not at all convinced in my mind that it is necessary, because Canada is really an importer of foods. I am not saying this for any ulterior motive; Western grain brings in foreign exchange, but considering all the other agricultural products, Canada is not an exporter of food at all, it is an importer. There are many other things we could be doing in the nation to make ourselves self-sufficient before we even begin to discuss exporting.

For example, there are many natural gas lines going out of Alberta and within Alberta, and every few miles there is a compressor station which has as a byproduct the enormous release of energy and heat. Presently that byproduct is simply vented into the air; but at every one of those stations across this whole country, and now reaching into the Atlantic region, we could have three or four acres of tomatoes or cucumbers. That would be something the government and the department could do to recapture energy to produce food.

Mr. Whelan: Flowers.

Mr. Thacker: Every tomato that we produce here rather than importing them from California or Mexico would generate money to circulate in Canada. The multiplier effect is four or five times, and we could generally get going back up the hill again rather than down the other side, which is where we are now.

Again, rather than putting this money into an export corporation, why could we not allocate our resources to making the farm more efficient? Why have farmers abandoned the tradition of turning their land over to the next generation? I keep repeating this again and again; I am sure the Minister of Agriculture is as tired of hearing it as I am tired of having to say it. However, by doing away with income-averaging annuities and the capital gains reserve, government has genuinely interfered with a very traditional way for farmers to take the land from one generation and give it to the next.

A farmer always cherishes his land. He may be sitting on half a million to $1 million worth of land, but he does not see himself as being a millionaire. He genuinely sees himself as being a steward of that land. Farmers have this peculiar attitude, which is not generally held, that they want their land to go to the next generation. They get a genuine feeling for the land. I guess that feeling comes from having spent so many years on the land, having dust blown into their eyes. Oftentimes their fathers and grandfathers are lying out in the back corner of the rear forty. The Minister of Energy, Mines and Resources probably has nine generations buried on the land. That gives the farmer a special feeling for the land. By first of all imposing capital gains tax, and then by doing away with these traditional ways of transferring land, we are interfering with that feeling. I believe we will be worse off as a nation when we get down the road and there is nothing left but corporations. Many will probably be Crown corporations. We will not have the same feeling of productivity.

● (1740)

The other day when I said we should not think that we will always be a food exporter, I was very serious. The hon. member for Parkdale-High Park (Mr. Flis) thought I was being facetious and extreme. I was not at all. He should know that his homeland, Poland, was once an enormous exporter of food. It had private ownership of land and the infrastructure for providing farm input, fuel and the grain delivery system.

Poland exported food until the state came in with centrally planned policies. They do not have the land. Over 90 per cent of the land in Poland is still privately owned. However, once the produce leaves the land, it gets into a centrally planned bureaucracy. Poland is now a massive food importer. I am naive enough to believe the reason for that is because of the centrally planned aspect. The bureaucrats are undoubtedly well-intentioned and intelligent. They tend to make decisions about climatic factors and problems. There are so many variables it really makes that impossible. If that were left to a million farmers, they would individually make decisions within the context of their own farms which would lead to a wiser result than the decision made by the central bureaucracy.

We see this every year in Russia. The people there are hard working. On the 2 per cent or 3 per cent of the land they are entitled to, one-acre plots, they produce more than the massive state communal farms. This is because the farms are theirs.

They can make decisions when to plant and when to harvest. The bureaucracy in Moscow decides when the state farms will do that. They decide that there will be so many million hectares of wheat and so many of barley. It does not matter if there is too much rain for wheat and the farmers cannot get it seeded until July. They do not have the capacity to switch from wheat to barley. The individual farmers can do that. That is why the state systems fail.

This is why we have such a great need in Canada. We have to defend to the last person in this House when we see governments intruding in that field. I am sure that hon. members opposite do not want to see our agricultural heritage hurt.

When I look at the situation as a relatively new member, I see too many Crown corporations and too many decisions being taken by central bureaucracies. It does not matter whether a government is Liberal, NDP or Conservative. In some provinces with Conservative governments, there is too much government interference with the efficient production of food and its distribution.

When this bill gets to committee, I will want to ask questions about that. Do we really need an export corporation in view of the fact the world population is going to increase so massively? Other countries are becoming more and more centrally planned and are losing their food production capacity.

We will not need to go into the world markets in order to export. They will be beating down our doors. We should be spending our efforts planning and organizing within our nation to become self-sufficient and to produce exports. We will not have to hit the streets to sell. Other countries will bang our doors down; there is no doubt about it.

How will this corporation operate? Will it buy outright for cash? If so, what type of mark-up will it have? Will the corporation pay tax or will another Crown corporation be established which will knock out one, two or six private corporations which presently export food? If it knocks them out, we will lose the tax revenue from those export corporations and their employees.

Will this new replacement corporation pay income tax? If so, how will it be calculated? If it does not pay tax, that will create an unfair burden on the private export corporations which pay tax as well as individual Canadians. We will all have to kick in extra money to keep the corporation going.

The remuneration for new officers will be set by the governor in council. Many on this side, and I am sure many government members, believe that publicly-paid salaries should be public information. Possibly the minister could include that in this bill. We should try that. I am sure that no one from the agricultural community working in this Crown corporation would object to their salary being disclosed, just as the salaries of members of Parliament are. Let us put that in as an amendment.

The powers under Clause 14 are wide enough to permit Canagrex to take over processing and wholesaling plants and industries. That will take it beyond being an export corporation. That clause should be looked at very carefully. Perhaps the Minister of Agriculture can tell us whether it is the intention of the government to have Canagrex expand into the producing and processing plants.

Will Canagrex go one step further, become vertically integrated, buy land and produce food? Clause 14 gives it that type of scope if future directors and future governments of whatever stripe want it to go that way. If we do not want that to happen, let us cut back on that clause so that Canagrex will be a genuine export corporation. We will leave it to future generations and future governments to debate in this House whether they want to take over the production of food.

There are many other matters I could speak about. I would like the minister to refer to an article in the January 27 *Globe and Mail* headlined "Public misled on Export Plan, Agriculture officials tell Ottawa." We will follow up on that in order to find out the response of the minister. In many ways it is a genuine criticism.

Maybe we should have a sunset law for this corporation so that after four or five years Parliament could take a genuine look at this corporation, rather than the existing situation where the 400 and some corporations can just go and on and on. Why not break with tradition? The agriculture committee has a special relationship that often supersedes politics. Let us be innovative in this area and see how it works. Let those who do not understand agriculture follow us. The minister nods his head yes. I hope he will follow up on that. That is all I will say at this time.

Mr. Albert Cooper (Peace River): Mr. Speaker, it is always a pleasure to speak in Parliament on a bill related to agriculture. Agriculture is probably the backbone and mainstay of the economy in my constituency. I take particular pleasure in having the opportunity to talk on Bill C-85 which creates Canagrex. The purpose of the bill is to promote the export of agricultural production.

Many people would say this is a concept that is long overdue. We can agree that we are in a position and time frame where we need a more aggressive world marketing system. We need to be aggressively marketing our Canadian agriculture products. We hope this will help the ailing commodity prices Canadian farmers receive. We know that low farm produce prices do not help our farmers, they help the consumers. How long can subsidization by the farmers last?

In the past little while the beef farmers have been severely hurt. Of course, there are a number of factors. One has been the increased demand for beef in our country. This will probably continue. We have now realized that we cannot depend solely on domestic markets, but must get involved in an aggressive world farm marketing program.

• (1750)

Last summer I had the opportunity to visit Taiwan. It was quite an experience. This country actually comprises fewer square miles than my entire riding. In that small country they

have a population of over 65 million people, but what intrigued me was that with a population of that size, I am sure they would have great requirements for a lot of the products we produce in Canada. Yet I found, when talking to Taiwanese trade officials, that in the last decade there has not been a Canadian trade official in that country. What was equally astounding was that the Americans had just been there and had completed setting up a trade office, one that was becoming increasingly busy and promoting American agricultural products, thus creating an opportunity for American farmers to make sales. At the same time as I was there, the Australians were there. What were they doing? They were working on setting up an Australian trade office in Taiwan.

Where were the Canadians? They are not even in the picture yet. Taiwan is a country of 65 million people, a country which I am sure could generate a great demand for our products, yet we Canadians are not even there. Mr. Speaker, I think this bill does emphasize the importance of circumstances such as that and just how important it is for us to get out there and aggressively start marketing our grain products, which in turn will assist farmers in this country. That has not been happening in the past, I suggest, as much as it should have. It is my hope that this kind of legislation will spur that sort of activity, which will in turn benefit all of our farmers.

One of my concerns is that I remain unconvinced that our agricultural problems in Canada have been given the kind of priority that they need. We know that this particular aspect of the problem in agriculture has been promised for at least two elections. It was given cabinet approval, I believe, last February. That is almost a year ago. So we can see that the action on it has not come very quickly.

I have a few concerns about the bill which I would like to address. I see that the time for adjournment is running quite close, so I will get into this area quite quickly. One of my concerns relates to increasing government intervention in agriculture. My colleague from Lethbridge-Foothills (Mr. Thacker) discussed this and talked about some of the problems and concerns he has in this connection. I, too, share such areas of concern.

For example, I wonder why Canagrex is being set up as a Crown corporation. Something that has become apparent to me, as a new member of this House, is that a Crown corporation is not subject to the same scrutiny, to the same questioning, that a Member of Parliament can exercise with respect to a regular government department. Once you have a Crown corporation involved, you cannot ask the same kinds of questions and you cannot get the same type of information.

Another matter of concern to me is that instruments which regulate our farmers are becoming more and more pervasive in our country. What we have to recognize is that the regulations that are placed upon our farmers, or any other sector of our economy, as they become outdated are seldom revoked or replaced. They are left in place and more and more are added to them, until we end up with such a broad base of regulations governing our various agencies and farmers that the massive bureaucracy people are forced to constantly confront constitutes an intrusion into their farming methods and farm planning.

Some regulations, of course, do help the farmers and provide them with a few things, such as greater bargaining power, some income security and so on. But what becomes primary and very focal, and is something we often tend to forget, is that our farmers must remain the focal point of our legislation. In other words, all of our agricultural legislation should be designed to meet the needs of the farmers rather than assist the government and the bureaucracy which are behind those regulations. Too often we have seen that happening, where the bureaucracy grows and begins to function for its own benefit and streamlines its own systems at the expense of the very people it was first designed to help.

It is my hope, of course, that Canagrex will be of benefit to our farmers, and I think that is something all of us will want to consider very closely as we go into committee stage and examine the legislation in much more detail.

My colleague from Lethbridge-Foothills also touched on a very significant area, the exporting of our agricultural products. In western Canada the fundamental concern we have to address before we can even talk about exports beyond our borders is getting our products from our farms to the port. The grain transportation system in western Canada has long been inadequate. It has long been less than satisfactory. Recently we have heard talk of $3 billion being set aside for western transportation, but as yet we have seen no evidence of it. So far we have not seen any of that money being spent to improve the western grain transportation system.

My riding is a prime example of some of the difficulties people are having in the area of grain transportation. In my constituency we have three communities in which farmers are facing hauls, to take their wheat or barley from the farm to the elevator, involving a distance of 120 kilometres. Of course, that is all done at their expense. And it is not only expense which comes with the cost of fuel, truck depreciation costs, maintenance and so on, but also expense in terms of his time. Often the farmer is in a position where he has to ship his grain at a time when he is very busy on his farm. So you see a farmer having to travel 120 kilometres and leave his farm idle while he does so. The average distance from farm to terminal in Canada is only 20 kilometres, so we can see that the transportation aspect becomes very serious to these people who are trying to get their grain out to the ports before Canagrex can even begin to consider exporting it.

There have been many studies done about this very problem. There was the Hall commission report which talked about off-line elevators and how they might be designed to assist our farmers. But again, nothing came of it. So the farmers who have this transportation problem have experienced it now for several years. They still have it and it looks as though they will continue to have it for a long period of time. In the meantime the government is saving millions of dollars by reason of not having to spend money on infrastructure in those areas; the railways are saving a lot of money because they are not required to make any capital expenditures; and the elevator

companies as well are saving money because the farmers are absorbing the full cost of travelling those distances. So the only ones that are paying are the farmers, those people in these times who can least afford it.

Those costs become extremely important, Mr. Speaker. I received a letter recently from someone in my riding which, I think, demonstrates very clearly what I have been saying. One of my constituents wrote to me and talked about the cost of producing his crops. His input costs per acre included fertilizer at around $26, herbicides were about $12, certified seed was around $9, fuel and oil was about $12. Added to that are machinery repairs, utilities, taxes and so on. His total costs came to $102 per acre.

That became very significant lately when there were crop failures in the area because of drought conditions. I wrote to the Minister of Agriculture (Mr. Whelan) and asked for some assistance, but he suggested that they buy crop insurance. Crop insurance, Mr. Speaker, would have come to about $50 an acre less than half the direct expenses those farmers face in producing those crops.

The other thing affecting the farmers badly is, of course, interest rates. As we look at these problems we can see that if we want to consider exporting our products we have to take a very close look at the domestic problems we experience in order to get our crops out.

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

The Acting Speaker (Mr. Blaker): I take it that the hon. member for Peace River (Mr. Cooper) is simply recognizing that it is six o'clock; he is not terminating his remarks?

Mr. Cooper: Yes, Mr. Speaker, that is right.

The Acting Speaker (Mr. Blaker): It being six o'clock, and pursuant to Standing Order 2(1), I do now leave the chair until two o'clock tomorrow afternoon.

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

HOUSE OF COMMONS

Thursday, February 4, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

AGRICULTURE

LOCATION OF PROPOSED VETERINARY COLLEGE IN ATLANTIC PROVINCES—MOTION UNDER S.O. 43

Mr. Gus Mitges (Grey-Simcoe): Madam Speaker, in view of the fact that, because of the limited space available in our three veterinary colleges in Canada, less than 15 per cent of the eligible applicants to the veterinary course can be accepted, resulting in an undesirable shortage of veterinarians in all phases of the profession, including the civil services, and in view of the fact that the Atlantic provinces have been procrastinating for several years now as to where the fourth veterinary college will be located in the maritimes, I move, seconded by the hon. member for Erie (Mr. Fretz):

That the Minister of Agriculture, whose department would be allocating some 50 per cent of the capital cost toward a new college, take the bull by the horns and come up with a suitable location and let us get on with this much-needed facility, or use the money to expand existing facilities and increase enrolment.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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PUBLIC SERVICE

NEGOTIATION OF SALARY INCREASES—MOTION UNDER S.O. 43

Mr. Don Blenkarn (Mississauga South): Madam Speaker, the only sizeable group of people who are assisted by the budget are senior civil servants and senior officials in Crown corporations who received a very significant increase in net pay as a result of the reduction of the over-all tax rate from 63 per cent to 50 per cent. I therefore move, seconded by the hon. member for Brampton-Georgetown (Mr. McDermid):

That the President of the Treasury Board, in negotiating salary increases for senior officials in the government, take into account the enormous benefit they have already received as a result of the change in tax policy and that any indexing be reduced by the effect of the income tax changes on their take-home pay.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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WORLD ALPINE SKI CHAMPIONSHIPS

CONGRATULATIONS TO CANADIAN WOMEN'S DOWNHILL SKI TEAM—MOTION UNDER S.O. 43

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, my motion under Standing Order 43 should have no difficulty in receiving the unanimous consent of the House.

Yesterday Canadians received the great news that Gerry Sorensen of Kimberley, B.C., won the gold medal in the women's downhill race at the World Alpine Ski Championships in Austria—Canada's first gold medal since Nancy Greene won it in 1968.

Fellow Canadians Laurie Graham and Dianne Lehodey finished third and fifth respectively, giving Canada a total of three of the top five placings.

I therefore move, seconded by the hon. member who represents Gerry's home riding, the hon. member for Kootenay East-Revelstoke (Mr. Parker):

That this House congratulate Ms. Sorensen and other members of our national women's downhill ski team for their outstanding performance in this world championship race, and extend our best wishes to our national men's downhill team for equal success in their championship race next Saturday.

Some hon. Members: Hear, hear!

Madam Speaker: Members want to show their appreciation with their applause. Thank you, very much.

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CONSUMER AFFAIRS

ACTION AGAINST OIL COMPANIES FOR ALLEGED PRICE FIXING—MOTION UNDER S.O. 43

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, in view of an announcement at this hour in Montreal that the Automobile Protection Association is launching, on behalf of all motorists in the province of Quebec, a $3 billion class action suit against the major oil companies for alleged price fixing, I move, seconded by the hon. member for Nepean-Carleton (Mr. Baker):

S.O. 43

That this House applauds the initiative taken by the Automobile Protection Association and, further, that the Ministry of Consumer and Corporate Affairs take the oil companies to court to clear the air on behalf of all Canadian consumers with respect to price fixing.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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AGRICULTURE

SUGGESTED AMENDMENT OF FARMERS' CREDITORS ARRANGEMENT ACT—MOTION UNDER S.O. 43

Mr. Vince Dantzer (Okanagan North): Madam Speaker, the government's mismanagement of the economy, causing inflation and high interest rates, has placed the farming community of Canada in a disastrous situation. Many have been forced off their land and many, many more are on the brink of bankruptcy. We face a similar situation to that which we experienced in the dirty thirties. Therefore I move, seconded by the hon. member for Peace River (Mr. Cooper):

That, recognizing it is in the national interest to retain farmers on the land as efficient producers, this government make the necessary amendments to the Farmers' Creditors Arrangement Act to make it an effective instrument to be used by farmers to prevent bankruptcy.

Madam Speaker: Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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FISHERIES

REGULATIONS AND LICENCES—MOTION UNDER S.O. 43

Mr. Fred McCain (Carleton-Charlotte): Madam Speaker, the Minister of Fisheries and Oceans (Mr. LeBlanc) has made many unnecessary and unreasonable changes with respect to the licensing of and the conduct of licensees engaged in the fishing industry. In many instances these regulations have been extremely expensive and have not conserved a species, nor have they improved the health standard of the product. Therefore I move, seconded by the hon. member for Fundy-Royal (Mr. Corbett):

● (1410)

A. That no changes in regulations pertaining to the fishing and fish processing industry be put in force until there is full consultation with the participants in the industry so that the full impact and benefit or penalty of the change may be thoroughly understood by officials of the Department of Fisheries and Oceans, and by the fishermen themselves.

B. That an immediate review of existing regulations and licensing be undertaken to remove some of the obstacles to efficient and viable practices in the industry.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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NORTHERN AFFAIRS

THREAT BY NORTHERN CANADA POWER COMMISSION TO CUT SERVICE—MOTION UNDER S.O. 43

Mr. Sid Parker (Kootenay East-Revelstoke): Madam Speaker, I rise under the provisions of Standing Order 43 to ask for the unanimous consent of the House to deal with a matter of urgent and pressing necessity. In view of the fact that the Northern Canada Power Commission has threatened to cut off the power for residents of Field, British Columbia, because the people have been withholding payments as a protest, in view of the fact that these people are protesting the fact that their power rates are four times higher than in comparable communities in British Columbia, and in view of the fact that the Minister of the Environment (Mr. Roberts) has promised to negotiate a rate reduction for the community of Field, I move, seconded by the hon. member for Kamloops-Shuswap (Mr. Riis):

That this House instruct the Department of the Environment and the Northern Canada Power Commission to negotiate rate cuts for the community of Field and guarantee those residents that their power will not be cut off.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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THE BUDGET

PROVISION AFFECTING RETIREMENT INCOME—MOTION UNDER S.O. 43

Mr. John Bosley (Don Valley West): Madam Speaker, thousands of pensioners of moderate means have chosen to forgo income in the early years of their retirement in order, through RRSPs, either to provide spousal incomes or to protect against future inflation. For this government, itself the chief cause of that inflation, to take away from these self-reliant Canadians the $1,000 pension income deduction is disgusting. I move, seconded by the hon. member for Mississauga South (Mr. Blenkarn):

That this viciously inhumane proposal in the budget be immediately abandoned.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

CALL FOR REJECTION OF TAX CHANGES—MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Madam Speaker, I rise to intercede on behalf of Canada's 12 million taxpayers—16 million, if we have the inflationary tendencies of the Minister of Finance (Mr. MacEachen)—who are completely and utterly confused by the changes, flip-flops, withdrawals, retreats, amendments, grandfather provisions, exclusions, deductions and tax credits. I understand that the tax guides presently in the hands of taxpayers are incorrect but that the tax tables are accurate. I therefore move, seconded by the hon. member for Pembina (Mr. Elzinga):

That the status quo be in effect in every respect for the 1981 tax year and that changes proposed in the ill-fated MacEachen budget be not considered and given the hoist permanently.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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FISHERIES

NECESSITY FOR TWO-WAY FLOW OF INFORMATION—MOTION UNDER S.O. 43

Mr. Bob Corbett (Fundy-Royal): Madam Speaker, whereas I and others on the Progressive Conservative fisheries committee heard repeated complaints from fishermen in New Brunswick last week that department officials are not communicating with fishermen, I move, seconded by the hon. member for Vancouver South (Mr. Fraser):

That the terms of reference of the Kirby task force be broadened to include specific means by which the communication of policy and the effect of regulations can be improved so that fishermen are not excluded from essential information and, also, that procedures be established to hear and implement proposals from fishermen prior to making policy decisions.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Fraser: Roméo said no.

SMALL BUSINESS

SHORTAGE OF SKILLED LABOUR—MOTION UNDER S.O. 43

Mr. Bill McKnight (Kindersley-Lloydminster): Madam Speaker, in view of the fact that both the Canadian Chamber of Commerce and the Federal Business Development Bank have stated that a lack of skilled labour is the number one problem facing many members of the small business community, I move, seconded by the hon. member for Pembina (Mr. Elzinga):

That the federal government encourage more participation by women in apprenticeship programs and industrial training in order to deal with the increased skilled labour shortages which will face this country in the future.

Madam Speaker: Is there unanimous consent fot this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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THE MINISTER OF FINANCE

MOTION UNDER S.O. 43

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, I rise on a matter of urgent and pressing necessity. While all members of the House recently applauded the outstanding performance of our distinguished athletes in their downhill ski races in Europe, we are just appalled at the dismal performance of our Minister of Finance (Mr. MacEachen) as he attempts to snow the Canadian people and take our economy downhill with record high inflation, unemployment, and interest rates. Therefore I move, seconded by the hon. member for The Battlefords-Meadow Lake (Mr. Anguish):

● (1415)

That the Prime Minister disqualify the Minister of Finance and eliminate him from competing in any further races, leadership or otherwise.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

THE ECONOMY

PROJECTED RATES OF UNEMPLOYMENT

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is directed to the Minister of Industry,

Trade and Commerce who will know that a study for his department by Data Resources of Canada estimated 1,030,000 Canadians will be out of work this year. That is an unemployment rate of 8.7 per cent. Also the minister will know that the budget was based on an estimate of an unemployment rate of 7.8 per cent this year. Will the minister tell us which figure is correct—the lower figure on which the budget is based, or the higher figure prepared for his department?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, what my hon. friend is talking about refers to already published material by Data Resources which is available for anyone to check. I like to think that nobody on either side of the House needs to look at studies of that sort to recognize that we are in a serious situation.

Some hon. Members: Oh, oh!

Mr. Gray: We are working to deal with this through programs such as the program in support of technology and enhanced productivity, involving $93 million of expenditure, and in support of microelectronics and advanced production machinery projects, and the programs we announced last week which were in support of auto parts and major appliances sectors. It is important for us to work to deal with the situation, not argue about figures.

FIGURES USED IN DETERMINING BUDGET PROVISIONS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, the government, in defence of its budget based on figures, tells Canadians not to worry about figures. The point is that the problem is known to all Canadians, the problem of Canadians being menaced with the loss of their jobs. The fact that the budget figures are wrong is known to Canadians. I asked the Minister of Industry, Trade and Commerce whether his figures or the figures on which the budget was based are wrong. He declined to answer that question. I should like him to tell us whether the budget was based on the assumption of 8.7 per cent unemployment which was forecast by his own department. If it was not, will there be changes in the budget to take account of the fact that it was based on an unemployment projection which was wrong?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, the assumptions of the budget are set forth in the material published with it, involving forecasts by the Department of Finance with respect to various elements of the economy. My right hon. friend is not referring to a forecast carried out by my department, but to one carried out by Data Resources, something which is public and has already been published. I am sure one could find a range of other forecasts which point in various directions. That is not uncommon with respect to the work of economists. But at the same time there is no doubt we are in a very serious situation with respect to the economy and unemployment. We are working to take tangible action in the area of job creation, and that is the important thing.

VARIATION IN FIGURES

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, what is important when we are dealing with the budget, which will affect the future of millions of Canadians, is whether the budget was based on accurate figures. My question to the minister is very simple. He avoided answering it twice. Is the figure prepared by the consultants for his department wrong, or is the figure prepared as the basis of the budget wrong? Which figure is wrong?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, the projections on which the budget was based were set forth in documents tabled with the budget at the time the budget speech was presented last November.

Mr. Nielsen: Which figure is wrong?

Mr. Gray: The analysis of Data Resources was done more recently. It was already made public prior to the press report on which he bases his question. If the hon. member wants to do it and is capable of doing it, he can take the two analyses and reach his own conclusions.

Some hon. Members: Oh, oh!

REQUEST THAT MINISTER PROPOSE BUDGET CHANGES

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, we now have come as close as possible to the government making a clear policy statement. The minister admitted that the budget figures were out of date and that the Data Resources figures are more recent and, consequently, more accurate. An official of his own department, Mr. Thomas McCormack, director of the economic intelligence directorate, said "The worst is yet to come." He also said that "the economy is sliding faster than anyone anticipated." In other words, his own officials not only challenge the figures on which the budget was based but they challenge the government's view of economic consequences in 1982. The minister has admitted the budget is wrong. Will he tell us whether he is proposing changes in this budget to help those 1,030,000 Canadians who are faced with the prospect of losing their jobs this year? Will the minister be proposing changes in a budget that he has admitted is based on out of date figures?

• (1420)

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, I have not admitted that the budget is based on out of date figures. We are dealing with forecasts, and we can find a range of forecasts.

Some hon. Members: Oh, oh!

Mr. Gray: The important thing is that this government recognizes there is a serious economic situation, a serious situation connected with unemployment—

Mr. Stevens: Who caused it?

Mr. Gray: —and we are taking tangible action, important steps announced by myself just in the past week or so aimed at creating jobs, aimed at dealing with the situation in a tangible and meaningful way. That is the important thing, Madam Speaker.

Mr. Nielsen: This is a recorded announcement.

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LABOUR CONDITIONS

INCREASE IN LAY-OFFS

Hon. David Crombie (Rosedale): Madam Speaker, my question is also for the Minister of Industry, Trade and Commerce. He will know that there is an internal government document which points out that by March of this year 175,000 more Canadians will be out of work. The minister will also know that the major areas from which those lay-offs are coming are found in the provinces of Ontario and Quebec. Would the minister at least meet with representatives from industry and labour to see if he can find alternatives to these massive lay-offs?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, I have been meeting with representatives of industry and labour. I am certainly prepared to do so again to exchange ideas on steps to be taken. But just in the past week we have already taken a number of steps aimed at dealing with the difficult situation in sectors that are very important to the economies of Ontario and Quebec, namely, auto parts and the major appliances sectors. Certainly these announcements were very favourably received by representatives of industry and labour.

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SOCIAL SECURITY

REQUEST THAT SOCIAL ASSISTANCE FUNDING BE INCREASED

Hon. David Crombie (Rosedale): Madam Speaker, in the absence of the minister responsible for social policy I will direct my question to the Minister of National Health and Welfare. She will know that the government has been talking recently about cutting back social assistance to the provinces. The minister will also know that the parliamentary task force on fiscal federalism unanimously recommended that the federal government should increase its share of social assistance funds to the provinces at a time of economic downturn. Given the fact that we will now have 175,000 more people looking for work by March, will the minister recommend to the government that it accept the recommendation which was endorsed by all parties in this House so that these people can be guaranteed some relief?

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, I thank the hon. member for giving me the opportunity to correct a very serious mistake made twice to my knowledge in recent weeks by the *Toronto Star*. I could send the hon. member a copy of the telex that I sent immediately to the *Toronto Star* which, unfortunately, has not yet been published. I do not know the origin of the mistake.

All social assistance payments in Canada are made under CAP, as my colleague knows. These payments encompass all welfare moneys and all the social services to which the federal government contributes 50 per cent, that is 50 cents on every dollar. These payments have not only been completely protected but in this current year have increased by 19 per cent to date, and we have not yet finished the year. We pay 50 cents on the dollar automatically on all social assistance expenditures. Therefore, I can give the assurance, not only of maintaining the program, but of increasing it tremendously.

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• (1425)

THE ECONOMY

REQUEST FOR NEW MEASURES TO REDUCE UNEMPLOYMENT

Mr. David Orlikow (Winnipeg North): Madam Speaker, my question is for the Minister of Industry, Trade and Commerce. He has tried to imply in his answers today that the study done for his department is just one of many and that there are different figures arrived at by different economists. The fact is that his own director of economic intelligence has substantiated the figures by saying it is likely we will have another 175,000 unemployed by March.

Now, Madam Speaker, the minister knows that if anyone can estimate the effect of the government's announced programs, which the minister has spoken of, and how much they will do to create employment, it is the people in his own department. If his own department suggests we are going to have 1,250,000 unemployed by March, obviously they do not have much confidence in his programs.

However, given the fact that yesterday or the day before the ten provincial premiers unanimously urged that his government take immediate steps to reduce interest rates to get the economy moving, I ask the minister whether he or the government have any new announcements to make to deal with this very serious problem of unemployment?

Mr. Fraser: Yes or no.

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, the comments reported in the press were based on forecasts made by private sector forecasting bodies,

which are available to anyone to read, analyse, and think about. With respect to this difficult situation, just before the first ministers' conference we announced some very important new programs focused over the next two years to support the creation of jobs, for example, $25 million over the next two years in the auto parts sector; a program focused on creation of jobs in the major appliances sector, $15 million over the next two years; the extension of designation of communities under the Industry and Labour Adjustment Program, to cover a number of communities in serious difficulty. We also announced a new program with a total budget of $93 million aimed at improving the level of efficiency and productivity of all sectors of the economy, to encourage them to adopt new production processes—

Mr. Rose: Oh, that is nonsense.

Mr. Gray: —and machinery, with positive implications for employment. So, we have just taken some tangible and important steps, and I anticipate we will be developing and announcing some further steps in the coming weeks.

REQUEST THAT INTEREST RATES BE REDUCED

Mr. David Orlikow (Winnipeg North): The minister has learned a great deal from that former great minister from Windsor, the Hon. Paul Martin. He learned the worst examples of how to try to baffle people.

In that short period of the Conservative government the minister was the financial critic for the Liberal Party and he made a number of speeches criticizing high interest rates. Just today, Madam Speaker, the Bank of Canada announced an increase in the bank rate so it is obvious we are going into a period of rising, not declining, interest rates. That is going to do just what the minister said, increase inflation.

I would ask the minister when the government is going to take steps to reduce interest rates rather than let them go up, as the Governor of the Bank of Canada has done.

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Interest rates have come down substantially since—

Some hon. Members: Oh, oh!

Mr. Gray: —since their high point last August, a decline of some six points.

Mr. McDermid: Not as low as when you said you would resign.

Mr. Gray: The over-all thrust of the budget is to create a climate aimed at reducing inflation and the upward pressure on interest rates, to continue this over-all movement we have seen since last August.

Miss MacDonald: Nobody believes you.

GOVERNMENT PROGRAMS

Mr. David Orlikow (Winnipeg North): Madam Speaker, the minister knows that all the programs which he and the Minister of Employment and Immigration have announced, if they work as the government claims, will only employ a few thousand people. Just today in *The Globe and Mail* we had announcements of lay-offs by Union Carbide, Cochrane Dunlop, Jarvis Clark—

Madam Speaker: Order, order. This is the third question where I feel the hon. member is really taking too much time with lengthy preambles. Would he go straight to his question?

Mr. Orlikow: Madam Speaker, I ask the minister once more whether the government has any programs which will really turn the economy around with a reduction in unemployment, or are we going to continue each month for the next year to have more unemployment as we have had almost every month for the last year or more?

• (1430)

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, the programs that I have been talking about, including the program announced just before Christmas by the Minister of Employment and Immigration, and intended to have a real and substantial effect on unemployment and create very substantial numbers of new jobs. We are also looking at other types of programs to have additional effects in reducing unemployment and creating more jobs.

At the same time we have to recognize that a major reason for the kinds of lay-offs mentioned by the hon. member is the weakness in the U.S. economy and in the economies of other major trading partners. It is something that, no matter how we would like to do so, we cannot escape completely, even though we have to work to deal with the needs and requirements of our own economy. Certainly the over-all approach of the budget is to create a basis for job creation and economic renewal, reducing upward pressures on interest rates and inflationary pressures. Our over-all purpose is to get these objectives in place, job creation and reducing unemployment. Let us work together to achieve those objectives.

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AUTOMOTIVE INDUSTRY

RENEGOTIATION OF CANADA-UNITED STATES AUTO PACT

Mr. Otto Jelinek (Halton): Madam Speaker, my question is to the Minister of Industry, Trade and Commerce who knows that one of the industries hardest hit with unemployment is the auto industry. The minister also knows that the U.S.-Canada auto pact was designed 17 years ago with the intention of giving Canada its fair share in the automotive industry. Today we have a record $4.35 billion auto parts trade deficit with the United States. So much for fair play.

In view of the fact that the minister has failed in his efforts to improve the situation, will he now take the only step available to him regarding the auto pact, that is, to terminate this obsolete, inadequate and unfair agreement as soon as possible and, at the same time, begin negotiations on a new deal which would be more equitable to this country? Surely we cannot continue to live in the auto industry with that auto pact, losing over $4 billion a year.

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, the record for the period since the auto pact was signed shows very substantial increases in employment over the employment levels at the time the pact was signed, and very substantial increases in investment and production, both in finished vehicles and parts, including very substantial increases in production. The general consensus of those observing the pact has been that, although there are problem areas that have to be addressed, on balance it has worked well for Canada. Because we recognize the various problems that have been identified, we have begun consultations with the United States about improvements in areas that are of concern to us. My colleague, the Minister of State for International Trade, and myself intend to pursue these consultations over the coming months.

INCREASE IN IMPORTATION OF JAPANESE MANUFACTURED AUTOMOBILES

Mr. Otto Jelinek (Halton): Madam Speaker, this is incredible. Is the minister trying to tell us that he is satisfied with the results of the Canada-U.S. auto pact? I would like to have him tell that to the million unemployed Canadians, the unions, the industry, the auto parts manufacturers who are suffering as a result of the inaction by the minister. I have a supplementary question.

Figures also released today by Statistics Canada indicate a 25 per cent decrease in Canadian-made auto parts sold to Japan. Last year the minister said there would be an increase. It is down to $6.6 million, while Japanese automotive imports skyrocketed by 75 per cent to $1.5 billion in 1981. Will the minister now seriously stop fiddling around with consultations and so on and make two major demands of the Japanese if they want to continue with their bonanza sales in Canada. First, increase substantially the Canadian content in Japanese vehicles as many other western industrialized countries have done. Second, encourage Japanese investment in Canada along the lines of the Volkswagen situation. That is not too much to ask.

Madam Speaker: Order.

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, I have said before in this House that I like to think the arrangement we negotiated with Volkswagen, calling for a very substantial level of Canadian content, much higher than that required for motor vehicle assemblers, as well as very substantial purchases from independent parts suppliers, will be a harbinger of similar arrangements with other companies in future.

At the same time I want to tell the hon. member that, in the discussions with Japan on arrangements with respect to restraint of exports which have just begun, the Minister of State for International Trade and myself will ensure that our officials bring very clearly to the Japanese the fact that our economy continues to be in a difficult situation and that the recovery of the North American market for automotive vehicles has not taken place to the extent foreseen prior to this year, and that the kinds of concerns I have mentioned, and which have been echoed by my hon. friend, are very much the kinds of concerns we expect to be taken into account in the response by the Japanese.

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ADMINISTRATION OF JUSTICE

RCMP ASSISTANCE TO WIFE OF CONVICTED MURDERER, CLIFFORD OLSON

Hon. Allan Lawrence (Durham-Northumberland): Madam Speaker, last week in the House the Solicitor General was very definite in his reply to me that no other benefits or considerations had been given by the RCMP in respect of the Olson matter. I would therefore like to ask the Solicitor General if he was misleading the House, or did he simply not know that the RCMP have offered Mrs. Olson false identity papers, that the RCMP have offered Mrs. Olson full transportation and relocation expenses anywhere in Canada and, in fact, the RCMP drive Mrs. Olson in an RCMP car with an RCMP driver when she visits Okalla prison to see her husband, wait for her, and then drive her home. Are these matters referred to in the agreement which the minister so far has refused to table in the House?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, I want to repeat what I said to the House before on this subject and what I said outside.

Mr. Fraser: Which version?

Mr. Kaplan: There is a sensitive criminal investigation which is ongoing right now, today. I do not think it would be in the public interest for me at this time to give any answers to those questions or any details of arrangements that are being discussed and possible arrangements and allegations of arrangements between the attorney general of British Columbia and his people and "E" Division of the RCMP involving other possible criminal activities of Clifford Olson.

Mr. Lawrence: Madam Speaker, before I ask my supplementary, I feel obliged to point out to the Solicitor General that these matters are not involved in any ongoing criminal investigation with respect to Olson or any other accomplice.

Oral Questions

INVESTIGATION OF MURDERER'S INCOME

Hon. Allan Lawrence (Durham-Northumberland): Madam Speaker, my supplementary is to the seatmate of the Solicitor General, the Minister of National Revenue. Can he confirm or deny that an investigation is taking place to ascertain if a good portion of the income of Clifford Robert Olson, a convicted killer, over the last six years was moneys received from police in regard to information, that a further investigation is taking place to see if the $90,000 already paid to a trust fund can be construed as income and, finally, whether this is being done in spite of a clause in the agreement which protected Olson and his dependants from any tax investigations or any claim of return of any portion of those funds to the Crown?

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, the hon. member will know that it is improper for me to discuss the affairs of any taxpayer in Canada in this House or publicly.

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RAILWAYS

CROWSNEST PASS RATE—ANNOUNCEMENT OF MINISTER'S PRESS CONFERENCE

Mr. Les Benjamin (Regina West): Madam Speaker, I would like to ask the Minister of Transport about press reports, which I suspect were carefully planted, that he will be holding a press conference in Winnipeg at 10 a.m. Monday to announce the strategy for proposed changes in the Crowsnest Pass rate. If that is correct, since the Premier of Saskatchewan has called for a grain summit meeting later this month to which the four western provinces, the Canadian Wheat Board and the Prime Minister have been invited and which, in all probability, the minister will attend, will he at least have the courtesy, and avoid deliberately bypassing the provinces, to delay any announcements until such time as that grain summit has been held? It will include discussions of the Crow rates, so the minister could take into consideration the consultation and discussions at that summit meeting.

• (1440)

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, on the subject of courtesy, I do not think we have a lesson to learn from the government of Saskatchewan. The Premier of Saskatchewan called that summit conference on grain without consulting with the Prime Minister or with any member of his cabinet. Perhaps the criticism should be directed a different way, at least concerning this particular item.

The Prime Minister, in answer to a question by the Premier of Saskatchewan concerning that subject, said that the discussion on marketing and other aspects of grain could very well take place at the conference which is now taking place, and that a decision would be taken then as to the federal participation in the so-called summit conference.

Concerning the subject of an early announcement which the newspapers have reported that I would be making, I can only quote that the Prime Minister is purported to have said, according to press reports: "I can tell you today that we are very close to a final decision on how we plan to proceed on western transportation. Within a few weeks, the federal government will propose a set of principles, a more precise allocation of funds, and a process of consultation with those concerned, particularly western Canadians."

Mr. Hnatyshyn: It is called bringing western Canada to its knees.

FUTURE FREIGHT RATES TO BE PAID BY FARMERS

Mr. Les Benjamin (Regina West): Madam Speaker, the minister knows that there is no way that all aspects of grain, such as grain transportation and grain marketing, could be raised at the first ministers' conference. He knows that perfectly well.

The minister has claimed that there is a consensus for changing the Crow rate when two provinces oppose it. The Saskatchewan Association of Rural Municipalities and cow-calf operators also oppose changing the Crow. Therefore the minister's version of the consensus is about the same as that between a bank manager and John Dillinger.

An hon. Member: Will the real John Dillinger stand up?

Mr. Benjamin: I would like to ask the minister if his bargaining position is that the grain freight rates paid by farmers will double by the end of 1982, triple by the end of 1984 and quadruple by the end of 1986?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I am obviously not in a position to reveal the contents of the announcement which the Prime Minister said would be made sometime in February. However, any sort of prediction based on what is not known would not be of great value.

Mr. Epp: Give him a bodyguard.

Mr. Pepin: This is what my friend, the hon. member, has done for the last week. He has been drawing conclusions from an announcement which has not been made. He speaks about 50,000 jobs which would be lost, without any reference to reality whatsoever. It is just a figure that he picked from the mirror while shaving one morning.

However, concerning the consensus business, I think that in order to contribute to the debate my friend should make a number of distinctions. There is a consensus in western Canada on a change which must take place in order to remedy the coming situation in western grain transportation. There is unanimity in western Canada on that subject, and he knows that very well. Therefore, one will have different degrees of consensus depending on the subject which is debated at any particular time.

ENVIRONMENTAL AFFAIRS

ONTARIO HYDRO SULPHUR DIOXIDE EMISSIONS

Miss Aideen Nicholson (Trinity): Madam Speaker, my question is directed to the Minister of the Environment. In view of the fact that the thermal power plants of Ontario Hydro, which currently has an application before the National Energy Board, already emit 410,000 tonnes of sulphur dioxide a year, can the minister tell the House what assurances Ontario Hydro has provided to him that future expansion will include adequate emission controls?

Hon. John Roberts (Minister of the Environment and Minister of State for Science and Technology): Madam Speaker, Ontario Hydro has made commitments over the next ten years to reduce its sulphur dioxide emissions by well over 40 per cent of present levels. However, I have to say to the hon. member, in all frankness, that the recent efforts of Ontario Hydro to increase electricity exports to the United States in ways which will accentuate and exaggerate the sulphur dioxide problems, and its recent announcement that it would increase nitrous oxide emissions while reducing sulphur dioxide emissions, are statements which cause me very great concern. I think they are reprehensible and regrettable.

Mr. Epp: Gerry Regan didn't like that.

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FISHERIES

TASK FORCE DECISION NOT TO HOLD PUBLIC HEARINGS

Hon. John A. Fraser (Vancouver South): Madam Speaker, I have a question for the Minister of Fisheries and Oceans. The head of the government task force on Atlantic fisheries, Mr. Kirby, recently stated that he would not hold public hearings. He also, of course, said that members of provincial governments were not the people to judge what is best for their constituents. But in any event he said that in his inquiries there would be no public hearings.

Is that a decision which has been approved by the government, and, if so, why? What has happened to the Liberal theme that it believed in open government and involving the people in a matter which concerns their very lifestyles and their incomes?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Madam Speaker, the problem that Mr. Kirby has been asked to address basically, deals with the question of marketing and the question of processing capacity, whether or not there is excess capacity, and also fleet utilization, particularly the offshore fleet. Mr. Kirby was asked to bring in recommendations in sufficient time to arrive at some decisions, preferably before the summer break. He arrived at the conclusion, which I support, that this could be best done by a working group which would meet those who were principally interested in this area and that there should be as widespread consultation as possible. He will not turn what is a very clearly defined task into a royal commission hearing.

FISHERMEN'S REPRESENTATION

Hon. John A. Fraser (Vancouver South): Madam Speaker, I am very intrigued by the minister's reply that Mr. Kirby is to come back with some answers by this summer. As the minister well knows, a cabinet document was supposedly to be completed in January so that the cabinet could make some decisions. However, in any event, the minister has confirmed that there will be no public hearings.

The object of Mr. Kirby's task force is to deal with the fisheries on the Atlantic coast. However, there is no one acting as a co-chairman who represents the fishermen, whether they be offshore or inshore. I would ask the minister whether he would explain to this House why the only other representative who serves as a co-chairman with Mr. Kirby is someone who comes from the management side of the fisheries industry. There is nothing wrong with that, but why are the people who do the fishing, making their livelihood and income from this industry, completely excluded from this commission?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Madam Speaker, perhaps the hon. member would benefit by asking some questions before he repeats a canard which has been expressed in the media. To my knowledge Mr. Nicholson is not the vice-chairman of the task force. Second, I note that Mr. Kirby has approached a very senior representative of a fishermen's organization. I have not been told if Mr. Kirby has been successful in enlisting the participation of this individual or another one from that same organization. However, I know that one major fishermen's organization has been approached, and we are waiting for an answer.

BARRIER TO SCALLOP TRADE WITH UNITED STATES

Mr. Lloyd R. Crouse (South Shore): Madam Speaker, I would like to ask a question, but I am not certain whether I should direct it to the Minister of Industry, Trade and Commerce or to the Minister of State for International Trade. Perhaps, when they both hear the question, the proper minister will respond.

It is reported that the New England Fisheries Management Council has recommended a possession limit for scallops which would permit only exports across the United States border from Canada of scallops weighing 40 meats to the pound. I therefore ask the responsible minister, since this is an obvious attempt to limit trade, has any action been taken by the United States to establish this type of non-tariff trade barrier; if so, what action does he plan to take to "assist"—I guess that is the best word—Canada's $60 million-plus scallop industry? Has he held any consultations with his counterpart in the United States State Department, and what will he do to help the Canadian fishermen retain their share of the U.S. market?

● (1450)

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Madam Speaker, this question is the subject of consultation between Canadian officials and the fishermen involved. There were also contacts at the political level.

When the American trade ambassador, Mr. Brock, was here, both my colleague, the minister responsible for international trade, and myself did raise this question with the American delegation and pointed out very clearly that while we accepted conservation measures, conservation measures which would become trade barriers were not acceptable. This will be the subject of further discussion.

SUGGESTED STAFFING OF HIGH COMMISSIONS WITH FISHERIES EXPERTS

Mr. Lloyd R. Crouse (South Shore): Madam Speaker, I have a supplementary question which I believe should go to the Secretary of State for External Affairs, but in his absence perhaps the Minister of Fisheries would also endeavour to answer.

In view of the fact that there are very few people in our foreign embassies with a background of fisheries experience, I would ask if the government would give consideration to staffing more of our High Commissions in strategic fish buying countries with fisheries experts, in the hope that they may assist in expanding markets for this particularly troubled industry which is presently facing serious marketing and economic problems?

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, I would like to inform the hon. member that during the past year we have made substantial efforts with respect to the export of fish products all around the world. As a matter of fact, if my memory serves me correctly, to the end of the first 11 months, up to November 30, our exports to the United States increased by approximately 23 per cent, and exports to other countries were up approximately 19 per cent, excluding the United States. We have undertaken a special program of up to $750,000 with respect to the export of mackerel from Newfoundland to Nigeria.

I also initiated two or three trade shows in the United States of America and we will have four or five trade shows around the world during the next four or five months to try to promote Canadian fish products.

Mr. MacKay: And not a single guaranteed sale.

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INDIAN AFFAIRS

CUTBACKS IN STUDENT PROGRAM

Mr. Vic Althouse (Humboldt-Lake Centre): Madam Speaker, my question is for the Minister of Indian Affairs and Northern Development. Since the minister's department has authorized a cutback in payments of $10 per month to registered Indians who live and attend schools off reserves as regional budgets are cut, and since lawyers in his department are now saying that the department never had the necessary authority to make the payments in the first place, would the minister clarify for the House why the cutbacks are taking place, and why this useful program is being cut back?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, I would like to thank the hon. member for giving me notice of his question today through my department.

The department only has authority for the payment of allowances of this kind on-reserve. It is my information, and I am checking into it now as a result of the hon. member's inquiries, that these Indian students are off-reserve, as well as their parents.

The reason for this is the federal responsibility for Indians on-reserve. We want to utilize the moneys we have available for educational purposes to the maximum extent for Indians on reserve. We think that parents of Indians and Indian children who have moved off the reserve are paying taxes to the provinces, and the provinces should be prepared to afford them the same educational opportunities they do every other resident in the provinces. As you know, the federal government does share significantly in the educational expenses of the provinces. That has been acceptable to many provinces.

At any rate, the short answer is that we just do not have the authority for payment off-reserve.

REQUEST THAT PROGRAM BE CONTINUED

Mr. Vic Althouse (Humboldt-Lake Centre): Madam Speaker, since department policies and department economic development policies in general have helped encourage Indians to leave the reserve, and since the education of Indians is generally a federal responsibility, as I understand it, and since these Indian students have enough difficulty in completing their high school education as a result of being faced with social, cultural and economic pressures, will the minister undertake to obtain the necessary authority to continue the program that was carried out so that these students will again be encouraged to work toward the completion of their high school education? Only a very few ever make it through high school as it is.

An hon. Member: It will not cost you much.

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, I cannot agree with the premise of the hon. member that the policies we are designing are encouraging Indians to leave the reserve. It is quite the opposite. In the last two years, since I have been minister of this department, we have doubled the total expenditures on Indian housing throughout Canada, and I would anticipate that next year we may even triple it in an all-out attack on the question of inadequate housing for Indians.

I would also indicate that in the last budget native economic development was one of the two prime concerns listed for

massive expenditures by this government, to the tune of $346 million starting next year. This is to encourage Indians to maintain their culture, to allow them to make their reserves economically viable so they will not have to leave them. Certainly with these breakthroughs, Madam Speaker, I would indicate to the hon. member that yes, this should free up additional moneys to afford even greater initiatives in the educational sphere for the Indian people.

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FISHERIES

KIRBY TASK FORCE—INSHORE FISHERY REPRESENTATION

Miss Coline Campbell (South West Nova): Madam Speaker, my question is supplementary to the answer given by the Minister of Fisheries and Oceans to the hon. member for Vancouver South.

If Mr. Kirby is considering representation from a big organization on the east coast, what about the representatives of the large inshore fishery being on that task force as advisers? I would suggest that perhaps this would be an advisory committee which would be set up with the five Atlantic provinces involved. If there is representation from a big organization, I suggest that there has to be someone there from the inshore fishery.

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Madam Speaker, perhaps the hon. member did not understand, or hear—

Some hon. Members: Oh, oh!

Miss MacDonald: It is sometimes difficult.

Mr. LeBlanc: The Leader of the Opposition should listen occasionally.

Mr. Clark: If I can find someone worth listening to.

Mr. Hnatyshyn: Maybe you are not quite clear enough.

Mr. LeBlanc: Maybe I did not express myself clearly enough. I did make the point very simply that Mr. Nicholson was not there as a representative of a large organization. In fact he resigned in order to work for the task force. I said very clearly that Mr. Kirby had made some efforts to enlist the participation of representatives of the fishermen. I think the hon. member's idea of an advisory committee is a perfectly valid one.

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CANADIAN NATIONAL RAILWAYS

TERMINATION OF JOBS

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, my question is for the Minister of Transport. Is the minister aware of the story on the wire services attributed to Mr. Lawless, President of CN Rail, who has just confirmed that 1,800 railway jobs will be terminated, which will have a disastrous effect generally throughout the CN Railway, but in particular the Atlantic area where it will hit very hard? If he is not aware of it, will he study it and, if he is aware of it, what does he intend to do?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, indeed I am not pleased about it at all. I am aware of these reductions in employment. This is due, of course, to a reduction in traffic which was 8 per cent in the second half of last year compared to the first half.

In making his announcement today, Mr. Lawless made the observation that because of early retirement and relocation benefits the number of people affected will be significantly less than the number of positions being abolished.

Miss MacDonald: It is still 1,800 people out of work.

Mr. Pepin: This should be borne in mind. Another point Mr. Lawless makes is that these people are entitled to supplemental employment benefits which amount to 80 per cent of their salaries. This is not by way of compensation for the jobs which will be lost, but these are two important qualifying factors in the announcement.

RAILWAY PROFITS

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, I am glad that the minister is aware of the story. I would like to point out two other factors which I hope he would discuss with Mr. Lawless, to see if he could rationalize how a Crown corporation, at a time when all Canadians are experiencing dire straits in one form or another—the loss of a job or job opportunity is about as dire as you can get—how a Crown corporation can eliminate jobs, and announce in the same story a profit of $180 million for the year. At the same time, its competitor, CP, which is experiencing the same economic decline as is affecting this country, is not laying off one person.

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I do not know all of the comparative details between CP and CN on that subject. CN obviously is not in the business of losing money. It is not in the business of declaring a deficit every year. This Parliament has asked CN to be run in an efficient manner, so it occasionally declares a profit. If it followed the principles implied in the hon. member's question, it would not be in a position to do that.

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● (1500)

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Nielsen: Madam Speaker, might I ask the government House leader the usual Thursday question relating to the

business for tomorrow and for as much of next week as he is able to indicate.

While he is dealing with that, would he give me some indication when Bill C-60 will receive royal proclamation? The minister will recall that bill deals with further protection for farmers and other land holders in the west over whose property the Alaska gas pipeline will be routed. Is proclamation of that bill awaiting the disposition of Bill C-87, which is the legislation to expand the membership of the NEB?

Mr. Pinard: Madam Speaker, on the last question, I will look into the matter and try to report to my colleague as early as possible.

In so far as the business of the House is concerned, tomorrow the first items of business will be some motions to concur in Notices of Ways and Means Motions regarding borrowing authority, excise tax amendments and petroleum and gas revenue tax amendments. All these relate to budget measures. We all know that those motions to concur are not debatable, and they will be brought in on orders of the day tomorrow. Following that we will continue debate at the second reading stage of the Canagrex bill, Bill C-85. We certainly hope that bill can be read the second time by the end of the day tomorrow.

[*Translation*]

Regarding the business of the House for next week, Madam Speaker, I would say that provided we have finished second reading of the bill to promote exports of Canadian agricultural and food products tomorrow, on Monday we can start considering Bill C-89, an act to amend the National Housing Act, which is also a budgetary measure. Tuesday and Wednesday we should be able to consider the borrowing authority bill which includes the other budgetary measures I mentioned earlier and which are all connected with a bill that is likely to be tabled Monday. On Thursday we shall resume debate on Bill C-89, an act to amend the National Housing Act, and next Friday is hereby designated as an opposition day. That is more or less the agenda we can look forward to next week.

[*English*]

Mr. Nielsen: Can the government House leader give us any indication whatsoever when the ways and means motion with respect to amending the Income Tax Act will be brought in?

[*Translation*]

Mr. Pinard: Unless I am mistaken, Notice of Motion No. 40 is already on the Order Paper, and concerns a Notice of Ways and Means Motion to amend the Income Tax Act. It is appended to the *Votes and Proceedings* of Monday, February 1, 1982. Whether there will be further notices of motions—I shall have to consult the Minister of Finance on the subject, and in any case, I can assure the hon. member that as soon as the notices of motions are ready they will be published in the Order Paper.

[*English*]

THE ADMINISTRATION

DESIGNATION OF MINISTERIAL PORTFOLIOS

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, I rise on a point of order. I had intended to raise this point of order immediately after question period, but it was not clear to me whether Your Honour wished to deal with my point of order at that time.

My point of order arises out of a reply given by the Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion (Mr. Gray) in answer to a question from this side of the House. According to my memory the minister used the term "Minister of State for International Trade". Having consulted page 17 of the appendix to *Hansard* for Wednesday of last week, which was January 27, I had believed that the title of that particular minister, who was involved in the recent reshuffle, was "Minister for International Trade". According to page 17 of that appendix, one of the new ministers is the "Minister for External Relations" and the other is the "Minister for International Trade". Now they appear as "Minister of State (External Relations)" and "Minister of State (International Trade)".

I am not sure whether the government is entirely sure which terminology it wishes to use. If indeed the terminology used in yesterday's *Hansard* at page 17 of the appendix is the correct one, I suggest there ought to be some indication that this is an amendment or a correction and that those are the proper designations for those ministers.

Madam Speaker: That, of course, is not really a point of order. The hon. member is referring to lists which appear every Wednesday in *Hansard*. We have to assume that the designations of the various ministers printed in *Hansard* are correct. However, I believe the designation in *Hansard* quoted by the hon. member was indeed a mistake, if that list is to be the official one. However, this is not a point of order; this information could be obtained in another way.

Hon. Erik Nielsen (Yukon): Madam Speaker, the hon. member for Esquimalt-Saanich (Mr. Munro) raises a very interesting point with respect to House business. All the recent changes which were announced by the government will, of course, have to be sanctioned by the legislative process in this place. There probably will be a motion to amend the Government Organization Act or some such motion. Could the government House leader give us some indication when Parliament will be asked to approve the announcements with respect to the several changes which have been made by the government in the various ministries?

Hon. Yvon Pinard (President of the Privy Council): As a matter of fact, Madam Speaker, it will not be the kind of motion to which my colleague has referred. He well knows that because of the nature of the changes a bill is required. If he meant a motion such as a motion at first reading or second reading of such a bill, that is fine. There will be several motions, all dealing with a bill. We are working on the

drafting of the bill now, and I hope we will be in a position to give notice and introduce the bill within the next weeks.

Miss MacDonald: Can you define what those ministers do?

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, can the government House leader assure us that the government is certain that the present designations of the new ministers of state are in accord with the law?

Mr. Pinard: Madam Speaker, all I can assure the Leader of the Opposition (Mr. Clark) is that an announcement of changes in government organization was made. The right hon. member knows about those changes. We will be bringing in legislation to put that in order, and I think that should be sufficient to respond to his concerns.

Mr. Clark: No, Madam Speaker. This raises a very fundamental question about legality on the one hand, and the reporting relationship of ministers to the House of Commons on the other. The response of the government House leader leaves open the possibility that there may be ministers who bear particular designations in this House illegally and who are not in a position, legally, to report to the House of Commons upon those responsibilities which have been assigned to them by the Prime Minister (Mr. Trudeau). The minister knows, as I do, that there are certain designations which can be made by order in council alone. There are others which require the sanction of law.

My question was quite straightforward. Is the government House leader satisfied that all the ministers bearing designations now as a result of the change announced outside this House by the Prime Minister bear those designations in accordance with the law?

Mr. Pinard: Madam Speaker, if the law to which my colleague refers is the one I have in mind, obviously that has not been adopted by this Parliament yet; but I said at the beginning that I did not share his concerns. This does not mean I am not willing to look deeper into the concerns he has expressed. I am willing to do that later on today and to come back to him or his House leader and give him more precision on the subject.

• (1510)

So far as we are concerned, we are saying that those changes have been made and that they will be legalized when we introduce a bill, not next year but in the near future. If in the meantime my hon. colleague wonders to whom he should direct questions and whether ministers are allowed to bear their new titles, pending the laws adopted by Parliament and all those matters—

Mr. Nielsen: That is the whole point.

Mr. Pinard: —I am willing to look deeper into it and report to my hon. colleague, not next week but as soon as later today or tomorrow.

Mr. Clark: Madam Speaker, I am sorry to extend this discussion, but obviously it is a matter of great importance. The minister has admitted that he is not sure of the legality of the appointments, but could he tell us whether these Ministers of State are drawing ministerial salaries?

Mr. Pinard: Madam Speaker, we will look at all those concerns at the same time. Also we will look at the manner in which the hon. member acted when he was Prime Minister and appointed different ministers to new departments, and I will be glad to discuss the matter with the Right Hon. Leader of the Opposition during the next day.

Mr. Nielsen: Madam Speaker, the point is that we have the Minister of State for the Canadian Wheat Board, the Minister of State for External Relations (Mr. De Bané), the Minister of State for Science and Technology and Minister of the Environment (Mr. Roberts), the Secretary of State for External Affairs (Mr. MacGuigan), the Minister of State for Finance (Mr. Bussières), the Minister of State for Small Businesses and Tourism (Mr. Lapointe), the Minister of State for International Trade (Mr. Lumley), the Minister of State for Mines (Mrs. Erola), and others, who are now performing functions assigned to them in these various fields with no legislative authority to do so. They are obviously spending taxpayers' money with no legislative authority from Parliament to do so.

Surely we should not be legalizing something *ex post facto*, something retroactive. Surely the legislative authority should have been sought from Parliament at the earliest possible moment before any of these funds were expended or before any of these responsibilities were authorized. Otherwise, what are we doing here? The place is meaningless. Surely the authority of Parliament should be sought now to authorize this matter; indeed it should have been sought as soon as the changes were made in order to ratify them.

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, part of the announcements at the time of the reorganization involved the realignment of some senior public servants. Also there was an announcement with respect to new responsibilities for senior public servants. I share some reservations about the propriety of the practice. When the government House leader reports later today on that point, I wonder whether he would consider the question of legality, the scope of functions, and whether there is an ability to function freely within those responsibilities, given the state of limbo in which the ministry would appear to be at the moment.

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I do not intend to go into any detail with regard to the points raised by the Right Hon. Leader of the Opposition (Mr. Clark) and the House leader of the official opposition, but it speaks to a fundamental problem which confronts the House of Commons, a problem which goes beyond the appointment of ministers of the Crown and the legal authority within which they may or may not be operating. It speaks to a growing practice of the government going ahead with measures in

advance of seeking or receiving approval from the House of Commons.

I want to ask the government House leader a question concerning a matter which I raised last week and on which the parliamentary secretary to the government House leader indicated a willingness to seek an answer. It concerns the practice which has grown up in the country of the government taxing people in advance of seeking and obtaining approval from the House of Commons. I have asked both by way of a verbal question and a written question—

Madam Speaker: Order, please. We are in a position where I recognized a certain number of hon. members to ask questions concerning government business, and of course it led into the question which was discussed by the Right Hon. Leader of the Opposition and others. It seems to me that we must be very careful not to enter into debate on this question. The hon. minister offered to procure some information which he will transmit to those members who have been seeking clarification. I think we should leave it at that for the time being. I recognized the hon. member for Hamilton Mountain for the purpose of discussing government business. If he has any questions on government business, I will give him the floor.

Mr. Deans: Madam Speaker, as I was about to say, since the government House leader indicated that the ways and means motion with regard to the Income Tax Act is not about to be called, although it sits on the Order Paper, since it is apparent that there is not yet any legislation which has gone through government channels with regard to the Income Tax Act changes suggested in the budget, and since there is no legislative approval for the taxes which are already in place, when can we expect to see legislation dealing with the specific changes that are currently being enacted illegally by employers from coast to coast as a result of the direction given by the government?

[*Translation*]

Mr. Pinard: Madam Speaker, according to my hon. colleague's last comments, he wants to discuss in Parliament a case that should be discussed before the courts. Continuing the debate, he wants to know whether we have the legal right to collect in advance the taxes proposed by a budget. That is a very interesting legal point, and I should be most interested to discuss it with him. We could even consider going to court together on this case, but I think the hon. member has many times before tried to raise this subject as a matter of privilege, as a point of order and as a question on the business of the House. I agree it is a very interesting point, but I do not think it is up to this parliamentary institution to determine the legality of the procedure. To get back to the question raised by the member for Nepean-Carleton (Mr. Baker)—like the hon. member for Yukon (Mr. Nielsen) and his leader, he too seems to be in a state of limbo. Let me reassure my hon. colleagues. I told them I would consider their comments on the government's reorganization, and that if I were able to provide any further clarification, I would do so very shortly, possibly today or tomorrow or within the next few days. Meanwhile, I can inform the members of the opposition that there is absolutely nothing illegal about the procedure in question. I advise them to read very carefully the Government Organization Act, 1970, and they will realize that the ministries of State to which they referred are perfectly legal. Meanwhile, while I am trying to understand exactly what it is the Leader of the Opposition (Mr. Clark) wants to know and what is upsetting him, I should like to repeat that there is absolutely nothing illegal about this procedure. The Leader of the Opposition could perhaps take this opportunity to read and understand the Government Organization Act, 1970, and ask for clarification if necessary.

[*English*]

Mr. Deans: Madam Speaker, I have one final question. Since the government House leader is so able to inform the Leader of the Opposition that there is nothing illegal with regard to the appointment of new ministers and their new responsibilities, why can he not give the same assurances with respect to the imposition of taxes?

[*Translation*]

Mr. Pinard: Madam Speaker, my hon. colleague wants to know my personal opinion. He himself referred earlier to parliamentary practice. It is obvious that in this case, the legality of the measure would be based on parliamentary practice and not on legislation, since there is none.

* * *

[*English*]

PRIVILEGE

MR. PARKER—HYDRO RATES FOR RESIDENTS OF FIELD, B.C.

Mr. Sid Parker (Kootenay East-Revelstoke): Madam Speaker, I rise on a question of privilege of which I have given notice relating to today's proceedings on the matter of the unacceptably high hydro rates faced by Field residents. In a letter addressed to me on October 26, 1981, the Minister of the Environment (Mr. Roberts) indicated that Parks Canada was preparing to negotiate with the Northern Canada Power Commission a hydro rate reduction for residents of Field, British Columbia, who now face the threat of having their hydro service cut off.

My question of privilege concerns the fact that when a minister makes a written commitment I expect him to carry it out. I should like to supply Madam Speaker with the information, and if you find that I have a question of privilege, I would like it brought before the Standing Committee on Privileges and Elections.

Madam Speaker: I do not think that will be necessary because the question raised by the hon. member does not constitute a matter of privilege. It is perhaps a grievance which the hon. member might have against the minister's actions, but it is certainly not a question of privilege.

• (1520)

ROUTINE PROCEEDINGS

[*Translation*]

COMMITTEES OF THE HOUSE

LABOUR, MANPOWER AND IMMIGRATION

Fourth Report of Standing Committee on Labour, Manpower and Immigration—Mr. Portelance.

JUSTICE AND LEGAL AFFAIRS

Third Report of Standing Committee on Justice and Legal Affairs—Mr. Dubois.

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

* * *

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 3,213, 3,232, 3,333, 3,519 and 3,534.

[*Text*]

RAILWAY PASSENGER SERVICE

Question No. 3,213—**Mr. Cossitt:**

1. Did VIA Rail Canada Inc. announce that turbo railway equipment would be used on passenger runs on the basis of one run a day between Toronto and Montreal with stops at Guildwood, Cobourg, Belleville, Kingston and Cornwall?

2. Was Brockville left off this list and, if so (a) for what reason (b) what were the names and job designations of all the persons in VIA Rail or in the government who had any part in leaving Brockville off the list?

3. What is the population of (a) Cobourg (b) Brockville?

4. Will the government take immediate steps to order Via Rail to have the train stop in Brockville and, if not, for what reason?

5. Is it government policy to permit VIA Rail to downgrade railway passenger service for the city of Brockville in the constituency of Leeds-Grenville and, if so, on what date will this policy be changed to one that will provide more adequate service?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): The management of VIA Rail Canada Inc. and Transport Canada advise as follows:

1. It is VIA's intention to substitute turbo equipment for conventional equipment on trains 64-65 as soon as the availability of new LRC cars makes this possible. It had been intended that this would occur on October 25 but unavailability of LRCs means that turbos will remain on trains 66-67 for the time being. There has been no change in the stops scheduled for trains 64-65 as a result of this change in equipment. The pattern of stops on this train west of Kingston was determined by previous service offered prior to June 1 by local trains 652-655. On June 1 this train was extended through to Montreal from Toronto with additional stops at Cornwall and Dorval.

2. (a) and (b) Trains 64 and 65 when instituted on June 1, 1981, were designed as a Rapido service with the intention of developing substantially increased business between Toronto and Montreal as part of VIA's longer-range corridor program. There was no service reduction involved at Brockville. The decision with respect to the operation of this train was taken by VIA management as a whole.

3. (a) Cobourg 11,379; (b) Brockville 19,700.

4. Consistent with the minimum service specifications set by the Canadian Transport Commission (CTC) and by the government in its contractual agreements with VIA, decisions concerning the level and kind of service provided by VIA are within the corporation's purview as manager of the rail passenger system.

In light of this mandate and the fact that the level of the rail passenger service to Brockville is not diminished by the choice of equipment to be used by trains 64 and 65, intervention by the federal government to increase the frequency of service to Brockville as suggested is not justified.

It should be noted as well that, if a community considers its rail passenger service is inadequate, an application for increased service can be made to the CTC.

5. Parts 2 and 4 of this answer have emphasized that there has been no downgrading of railway passenger service for the city of Brockville.

ADVERTISING CAMPAIGN IN PROVINCE OF QUEBEC

Question No. 3,232—**Mr. Cossitt:**

1. In the fall of 1980, did the government announce the expenditure of approximately $1,000,000 for an advertising campaign in the province of Quebec promoting the Prime Minister's views on the constitutional resolutions within the province of Quebec and, if so, what are the names and job designations of all persons who played any part in the decision and what are all the reasons justifying a government policy of using public funds to promote Liberal Party policies not passed at the time by Parliament?

2. Will the government seek reimbursement from the Liberal Party of Canada for any public funds spent in this manner and (a) if so, on what date (b) if not, for what reason?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): 1. No. However, during the fall of 1981, the government did run an advertising campaign in the province of Quebec which was designed to inform the population of Quebec on the proposed resolution which was before Parliament at that time. The amount of money spent was $982,000. The campaign was authorized by the Minister of Justice, the Hon. Jean Chrétien, and developed by the Canadian Unity Information Office.

In a speech on November 25, 1981, the Hon. Gerald Regan, Secretary of State, restated the federal government's policy on advertising: "In addition to explaining programs and legislation which have been approved by Parliament, the government

has a duty to inform the public of its proposals before they have been decided by Parliament. This principle recognizes that without factual information about the government's proposals, and the issues being addressed, the public does not have the opportunity to make its views fully known to the legislators, based on good information."

2. No. See part 1 above.

UNIDENTIFIED MISSING AIRCRAFT

Question No. 3,333—**Mr. Skelly:**

Did searchers locate an unidentified missing aircraft at the bottom of Nowich Inlet on the central coast of British Columbia last summer while searching for an aircraft missing on a flight from Klemtu to Bella Bella and, if so, has the Department of Transport taken action to recover and identify the aircraft and its occupants at Nowich Inlet and what was such action?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): Transport Canada advises as follows:

A search and rescue report received from the Rescue and Co-ordination Centre Maritime Forces Pacific makes no mention of locating an unidentified aircraft at the bottom of Nowich Inlet, B.C. The report does state "sonar scan indicated an angular metallic object about 25 feet long protruding 13 feet from the floor of Nowich Inlet in the vicinity of an oil slick."

Since no aircraft has been reported missing, Transport Canada has no mandate to pursue this matter further.

PURCHASE OF CARS

Question No. 3,519—**Mr. Cossitt:**

1. Did the Department of Supply and Services recently award a contract for the purchase of automobiles for the Department of Transport to an automobile dealer in Brockville in the constituency of Leeds-Grenville in the amount of $24,642 and, if so, on what date were tenders called?

2. (a) Were the tenders called by public advertisement and, if so, what were the names of those who tendered and the amount of each bid (b) were the tenders invited and, if so, what were the names of those invited, the names of those who submitted tenders and what was the amount of each bid?

3. What were the complete details of the vehicles required and what was the breakdown of all tenders for each vehicle?

Hon. J.-J. Blais (Minister of Supply and Services): 1. Yes, DSS awarded a contract in the amount of $24,642 for the Department of Transport to Ford on behalf of Braden Ford Sales, Brockville, Ontario.

2. (a) No.

(b) In conformity to standard procedure, bids were requested from American Motors Canada Inc., Chrysler Canada Ltd., Ford Motor Co. of Canada Ltd. and General Motors Products of Canada Ltd., each of whom are responsible for obtaining prices from their local dealers and submitting an offer to the Department of Supply and Services. These offers are assessed and the contract is awarded to the lowest responsive bidder. For this requirement Ford submitted the lowest bid on behalf of Braden Ford Sales, Brockville, Ont. in the amount of $8,214 each. General Motors submitted the only other bid of $8,468.45 each on behalf of Bob Crawford Chevrolet and Oldsmobile Ltd.

3. The requirement was for three intermediate size six cylinder, four-door stationwagons, with heavy duty battery, AM radio, full size spare tire and rim and Class I trailer towing package.

NUMISMATIC COIN SALES OUTSIDE CANADA

Question No. 3,534—**Mr. Cossitt:**

At any time in recent years, did the Royal Canadian Mint sell numismatic coins outside Canada at lower prices than the prices paid for the same items inside Canada and, if so (a) what were all the details, including the names of the agents acting for the Mint (b) what time periods were involved (c) what were all the reasons for such action (d) who authorized the practice and was Mr. Yvon Gariepy, former Master of the Mint, involved in any way (e) did this practice cease and, if so, on what date?

Hon. J.-J. Blais (Minister of Supply and Services): I am informed by the Royal Canadian Mint as follows: No.

* * *

[*English*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if question No. 3,491 could be made an order for return, this return would be tabled immediately.

[*Translation*]

Madam Speaker: The questions enumerated by the Parliamentary Secretary have been answered. Is it the pleasure of the House to have question No. 3,491 made an order for return?

Some hon. Members: Agreed.

[*Text*]

INTEREST PAID ON TRUST ACCOUNTS

Question No. 3,491—**Mr. Schellenberger:**

1. Does the interest paid on trust accounts relate to the Bank of Canada rate and (a) if so, how (b) if not, upon which public available instrument is it based and how?

2. What is the balance in the account as of April 1, 1981 for the (a) Montana Band in the district of Edmonton/Hobbema in the Alberta region (b) Saddle Lake Tribal Administration in the Alberta region (c) Sarcee Band in the district of Blackfoot/Stoney in the Alberta region (d) Stoney Tribal Association in the Alberta region (e) Whitefish Lake #41 Band in the district of Lesser Slave Lake in the Alberta region (f) Acadia Band in the district of Nova Scotia in the Atlantic region (g) Bear River Band in the district of Nova Scotia in the Atlantic region (h) Pictou Landing Band in the district of Nova Scotia in the Atlantic region (i) Red Bank Band in the district of New Brunswick in the Atlantic region (j) Sydney Band in the district of Nova Scotia in the Atlantic region (k) Tobique Band in the district of New Brunswick in the Atlantic region (l) Truro Band in the district of Nova Scotia in the Atlantic region (m) Alkali Lake Band in the district of Williams Lake in the British Columbia region (n) Bella Coola Band in the district of Vancouver in the British Columbia region (o) Coldwater Band in the district of Central Vancouver in the British Columbia region (p) Cowichan Band in the district of Nanaimo in the British Columbia

region (q) Lower Nicola Band in the district of Central Vancouver in the British Columbia region (r) Kamloops Band in the district of Kamloops in the British Columbia region (s) Kitasoo Band in the district of Bellacoola in the British Columbia region (t) Nooaitch Band in the district of Central Vancouver in the British Columbia region (u) Omenica Band in the district of Prince George in the British Columbia region (v) Spallumcheen Band in the district of Central Vancouver in the British Columbia region (w) Toosey Band in the district of Williams Lake in the British Columbia region (x) Upper Nicola Band in the district of Central Vancouver in the British Columbia region (y) Shackan Band in the district of Central Vancouver in the British Columbia region (z) Buffalo Point Band in the region of Manitoba (aa) Churchill Band in the district of Thompson in the Manitoba region (bb) Dauphin River Band in the Manitoba region (cc) Fairford Band in the Manitoba region (dd) Fisher River Band in the Manitoba region (ee) God's Lake Band in the district of Island Lake in the Manitoba region (ff) Norway House Band in the Manitoba region (gg) Shoal River Band in the Manitoba region (hh) Split Lake Band in the district of Thompson in the Manitoba region (ii) Valley River Band in the Manitoba region (jj) Ft. McPherson Band in the Northwest Territories region (kk) Alderville Band in the district of Peterborough in the Ontario region (ll) Big Grassy Band in the district of Fort Frances in the Ontario region (mm) Chippewas of Sarnia Band in the district of London in the Ontario region (nn) Chippewas of the Thames Band in the district of London in the Ontario region (oo) Constance Lake Band in the district of Nakina in the Ontario region (pp) Fort William Band in the district of Lakehead in the Ontario region (qq) Hiawatha Band in the district of Peterborough in the Ontario region (rr) Iroquois of St. Regis Band in the district of Peterborough in the Ontario region (ss) Lac la Croix Band in the district of Fort Frances in the Ontario region (tt) Magnetawan Band in the district of Sudbury in the Ontario region (uu) Mattagami Band in the district of Sudbury in the Ontario region (vv) Michipicoten Band in the district of Sudbury in the Ontario region (ww) Mississauga Reserve #8 Band in the district of Sudbury in the Ontario region (xx) Mohawks of the Bay of Quinte Band in the district of Peterborough in the Ontario region (yy) Muncey of the Thames Band in the district of London in the Ontario region (zz) Nipissing Band in the district of Sudbury in the Ontario region (aaa) Pic Heron Bay Band in the district of Thunder Bay in the Ontario region (bbb) Pic Mobert Band in the district of Lakehead in the Ontario region (ccc) Shoal Lake Band #39 in the district of Kenora in the Ontario region (ddd) Temagami Band in the district of Sudbury in the Ontario region (eee) Walpole Band in the district of London in the Ontario region (fff) Walpole Island Band in the district of London in the Ontario region (ggg) Wikwemikong Unceded Reserve Band in the district of Sudbury in the Ontario region (hhh) Mohawk Council of Kanawake (Caughnawaga) Band in the district of Montreal in the Quebec region (iii) Montagnais du Lac St. Jean Band in the district of Pointe-Bleue in the Quebec region (jjj) Odanak Band in the district of Montreal in the Quebec region (kkk) River Desert Band in the district of Montreal in the Quebec region (lll) Gordon #86 Band in the district of Touchwood File Hills Qu'Appelle in the Saskatchewan region (mmm) Key Band in the district of Yorkton in the Saskatchewan region (nnn) Piapot Band in the district of Touchwood File Hills Qu'Appelle in the Saskatchewan region (ooo) Poorman Band in the district of Touchwood File Hills Qu'Appelle in the Saskatchewan region (ppp) Sakimay Band in the district of Yorkton in the Saskatchewan region (qqq) Starblanket #83 Band in the district of Touchwood File Hills Qu'Appelle in the Saskatchewan region (rrr) Carmacks Band in the district and region of Yukon (sss) Dawson Band in the district and region of Yukon (ttt) Mayo Band in the district and region of Yukon (uuu) Old Crow Band in the district and region of Yukon (vvv) Ross River Band in the district and region of Yukon (www) White Horse Band in the district and region of Yukon?

3. For each of the accounts listed in Part 2, what would be the differential in value of the trust account if funds had been invested, since the funds' conception or 1949 whichever is the lesser time period, in (a) 91-day Government of Canada Treasury Bills (b) 180-day Government of Canada treasury bills (c) 1-year Government of Canada treasury bonds (d) 10-year Government of Canada treasury bonds (e) a premium bank savings account (f) 90-day short term deposits in a Canadian bank?

4. What is the current population of each band and reserves affected by the trust accounts listed in Part 2?

5. Does the government intend to audit the trust accounts of the 75 bands which submitted Band Council Resolutions requesting this action?

Return tabled.

Employment

[*English*]

Mr. Paproski: Madam Speaker, I refer to question No. 2,214, which has been on the Order Paper since March 10, 1981. I have asked the Parliamentary Secretary to the President of the Privy Council (Mr. Smith) about getting an answer to my question, which reads as follows:

1. During the period January 1, 1980, to January 31, 1981, what amount was allocated by the government to each ethnic group in Canada and, in each case (*a*) what was the group's origin and mailing address (*b*) on what date (*c*) for what purpose (*d*) under which program (*e*) what was the amount originally requested?

2. For the same period, what amount was allocated by the government to each ethnic publication and/or newspaper in Canada and, in each case (*a*) what was the publication's and/or newspaper's ethnic origin and mailing address (*b*) on what date (*c*) for what purpose (*d*) under which program (*e*) what was the amount originally requested (*f*) was it a grant or an advertising fee and, if an advertising fee, what was the text of the advertisement?

Surely, the Minister of State for Multiculturalism (Mr. Fleming) should know what is going on in his department. If he cannot answer those simple questions, why does he not resign?

Mr. Smith: Madam Speaker, needless to say I will pursue with all diligence the representations on behalf of the hon. member.

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

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

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 58—JOB OPPORTUNITIES FOR CANADIANS

Hon. David Crombie (Rosedale) moved:

That this House condemns the government for its deliberate failure to create job opportunities for Canadians.

Mr. Nielsen: Madam Speaker, I rise on a brief point of order. At our House leaders' meeting this morning, we agreed that in this debate all speeches would be limited to 20 minutes in accordance with a submitted schedule which has been approved by the government House leader and the House leader of the New Democratic Party. I will get a copy of that schedule and provide it to the Chair.

Madam Speaker: The Chair will see that the agreement is implemented. Is it agreed?

Some hon. Members: Agreed.

Mr. Crombie: Madam Speaker, like most Members of Parliament who go back to their constituencies from time to time, or travel across the country attending public meetings, or are involved in task forces or other things, I have been struck by what people have had to say about the economy, what is happening to their part of the country, indeed even their neighbourhood. Most people know what is happening best by what happens to them directly. Most people can speak to Members of Parliament with a clear understanding of what it is that is bothering them. If I can use an old-fashioned phrase, they know what they know.

People know that our problems are not unique. They do not spend all of the time talking about how bad the government is; they have a broader perspective of what is happening in the world than official spokesmen give them credit for. People know that throughout the world, particularly the industrialized western world, we are going through a time of incredible fundamental change. People are aware that the economic difficulties are worldwide; they know those difficulties are related somehow to new energy prices. People are aware that these difficulties are related to technological change which will significantly change the workplace over the next generation.

People know that others are suffering from unemployment. They know that others are suffering from a loss of productivity. People know that in other parts of the world there has been a head-on crash between economic realities and social expectations. They know that most countries in the world are trying to come up with solutions, are trying experiments to deal with what they know to be a worldwide problem. People are aware that if the wood-producing industry in Canada is in grave difficulty, it is also experiencing difficulty in Japan. They know that West Germany is experimenting with early retirment at the age of 45, that there are experiments in France with massive public sector employment opportunities. They know that the United States is experimenting with so-called supply side economics or Reaganomics. People know that throughout the world there is a tremendous number of experiments and attempts to cope with what is considered to be a world problem.

People also know when they look at the record of this country's ability to deal with that worldwide problem that that record is awful. They get their information from television, radio, newspapers and from talking to one another. People know that although there is a worldwide problem and the forces that beset us are also outside the borders of this country, they know in their hearts that this country is not doing the job. Even if people do not know the figures, they know that Canada has slipped further and further behind in its world standing.

For instance, in 1968 this country's standard of living was the third highest in the world. It was second to Sweden and the United States. In 1980, Canada was no longer in third place but had dropped to thirteenth. Canada is now behind Switzerland, Norway, Denmark, Luxembourg, Belgium, The Netherlands and Finland—I could go on and on. But people know that Canada's standard of living has dropped and that our world standing is that of thirteenth place.

People know that our industrial productivity is second worst in the whole industrialized world. Between 1977 and 1980, Mr. Speaker, our productivity rose by only 2.3 per cent. The countries of Italy, Sweden, France, Germany and the United Kingdom were far ahead of us in industrial productivity. They also know that the reason for the loss of industrial productivity is because the government opposite, for well over a decade, has refused to do anything of any practical value to have a long-term effect in the field of research and development.

• (1530)

They also know this country has a cost of borrowing higher than any other industrialized country. We are now in the neighbourhood of an 18 per cent prime. Germany is at 15.4, France is 14 and the United Kingdom is at 15. They know this country's record on the cost of borrowing for the things they need is the worst in the industrialized world. They know—and this is a most telling statistic—that in terms of economic growth and performance we are now the twenty-first out of 24 nations in the industrialized western world.

They do not carry those figures around in their heads, Mr. Speaker, but they know that our attempt to cope with the worldwide problem has been an utter failure. That is why the motion before you is one which says that it is not merely job opportunities that is the problem; it is the government's deliberate policy which has created the difficulty for which we now have rising unemployment, the worst since the depression of the 1930s. They also know that that deliberate and fundamental policy of the government is one that says that in order to fight inflation interest rates have to go up, and therefore unemployment must be created.

Unemployment in this country, Mr. Speaker, is not a happenstance; it is not something which happened on the way to doing something else. The incredibly high levels of unemployment in Canada are a consequence of the deliberate policy of the government. That they know. If they required any further understanding of that, it was clear to them when they read the budget and it was brought home to them that, as we looked and peeled away at it, it was animated by the same philosophy which said the only way this government can deal with the future of this country, as they see it, is to create more unemployment. That is how simply they understand it, and that of course is the simple truth.

Now, Mr. Speaker, people I have talked to, not only in Toronto but in other parts of the country, are not looking around for easy or slick solutions. They know we have to protect the dollar. They know that if it goes down to the seventies it will create further inflation and therefore further unemployment. They worry about the dollar. They do not want it to go down because they know its bad effects in practical terms. What they are opposed to is the way in which the government has proceeded to deal with inflation, because they are unwilling to accept that the price of the government's policy should be a continuation of deliberately increasing unemployment in Canada.

We are no longer talking about words in an economist's manual. We are not talking, Mr. Speaker, about some figures the advisers of the Minister of Finance (Mr. MacEachen) can offer him for speeches. They know we have over a million unemployed and we just found out there will be another 175,000 unemployed by March. They know that this morning the CNR laid off 1,800 people. When those things happen they ask the government, they ask all of us, Mr. Speaker, not to look at the figures but to look at what the true face of unemployment really is.

If you have ever been without a job and without much hope of getting one, Mr. Speaker, it affects everything in the whole of your world. To every person the whole world is themselves. That is what they understand best about it. Employment means they can do things they dream about doing for their own futures; unemployment means the opposite. It is the frustration, the despair, the sense of lost opportunity and self-esteem, and the increasing loss of confidence in oneself. That is what affects them. That is why the anger in people begins at a low level and gets higher and higher. Unemployment, and the government's deliberate policy of creating it, is something they are no longer willing to accept because it means their own destruction.

The reason I dwell on it, Mr. Speaker, is that when we are in an economic downturn, historically it is like going to war: most people think it is the other guy who is going to get shot and that is what keeps them going. However, if it increasingly hits your neighbours who have been doing pretty well and all of a sudden are not, then it comes home to them more and more. It is the cost to them in human terms which is the reason the government's policy is bound to fail, Mr. Speaker, because it will not be accepted any longer by the people of this country.

People want that policy improved and made more fair. Canadians have a great instinct for being fair. They want that policy to be fair. If we need to have interest rates at such high levels in order to protect the dollar, if that is the reason—and that is the reason given by the Bank of Canada—then there should at least be some shield or protection for those segments of our society who cannot protect themselves. That is why people were angry at the budget. They understand the part about protecting the dollar. What they do not understand is why the government insists that they need not provide protection for those who cannot help themselves.

That is why, Mr. Speaker, in our budget two years ago we included tax credits for people who were going to be hurt by energy prices, and for those who have mortgages.

There are certain things the government is able to do to protect those segments of society who cannot protect themselves from a policy which acts like a meat cleaver. People want a little more sophistication from the government and not the single, brutal reliance on the regressive aspects of high interest rates.

Some hon. Members: Hear, hear!

Mr. Crombie: Not only do they want protection for certain segments of our society, but they also want to begin the process of recovery. I need to repeat that word, because I listened to the Prime Minister (Mr. Trudeau) the other day, I listened to other people at the federal-provincial conference, and what struck me was that no one was really talking about the necessity of recovery. It seems that we have accepted the idea that the whole matter is some kind of sub-zero game, that we have nothing more to expand, that we have nowhere else to go, and that we can do nothing but cut the pie up into a lot of pieces and give less and less to everybody. That is the sickness that people see.

• (1540)

Some hon. Members: Hear, hear!

Mr. Crombie: That is what they are worried about. That is why all working people, whether they are organized or non-organized, know that it is important to have investment, and that the only way we will have recovery is through investment in the private sector. However, the budget went ahead and struck out the major, fundamental incentives for people to invest so that people could have jobs. That was when they understood that the government was not intent on recovery. We need protection concerning this interest rate policy, we need investment for recovery, and we also need job training.

I notice that the Minister of Employment and Immigration (Mr. Axworthy) is in the House. People understand that a new economic world is being born and that an old one is withering away. Times change. It has happened before. Generations of Canadians have had to cope with that change. What they do not understand is a federal government which is unwilling or unable, or both, to create a co-operative environment whereby job training can occur between the federal-provincial governments and between labour and business. They do not consider a policy of confrontation and divisiveness to be one which will put them on the road to recovery. It is not good enough for the minister simply to shoot from the hip and say, "This is where I want to go." The minister and the government cannot create jobs in this country through job retraining, so they can be ready for the recovery as it comes, without the active participation of the provinces, the municipalities and the private sector.

Some hon. Members: Hear, hear!

Mr. Crombie: The minister and his government have spent most of their time making sure that we do not have that co-operative environment, because they think it is probably good for their politics. Canadians understand co-operation. They understand it in their Constitution. They certainly understand the importance of investment and co-operation between the private and public sectors and between levels of government.

Let me conclude by stating what I consider to be the major problem. Because of the government's inability in job creation, the government's inability to create an environment for private sector investment, the government's inability to protect people who cannot help themselves against the high interest rates, the major victims have been the Canadian people who have lost

their sense of faith and hope in the country. People sum it up best, I guess, when they ask, "Hey, what is happening to this country?" That is what they ask, and Liberal members opposite are asked the same question. "What is happening to the country?" There has been a feeling of a loss of faith and hope which the government is instilling in people's minds. That is the ultimate sin which the government is creating through its economic policies.

The tragedy of the government's policies with respect to deliberately creating unemployment is that the one thing upon which people have always been able to rely in hard times will be removed; that is, their confidence that the government will be there to help them and not to hurt them. So far, the only news people have been hearing from this government is that it will hurt them some more.

Mr. Kelly: What was your campaign motto in '80, David?

Mr. Crombie: There is the hon. member from Ottawa again—

Mr. Nielsen: No.

Mr. Crombie: He is the hon. member for Scarborough Centre (Mr. Kelly), I am sorry.

Mr. Nielsen: The yappy one.

Mr. Crombie: The hon. member might want to spend a little more time—

Mr. Kelly: I do.

Mr. Crombie: —in that riding, because I know that area extremely well; in fact, I will be speaking there next week. That hon. member will not be coming back because those people know that he supports those policies and why they harm them. I hope he will at least go to see those constituents rather than stand in the back and yell at other people.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Ethier): I regret to interrupt the hon. gentleman, but there was an agreement earlier in this House that each hon. member would speak for only 20 minutes. If he wishes to continue, it will have to be with the unanimous consent of the House.

Some hon. Members: Agreed.

The Acting Speaker (Mr. Ethier): Is that agreed? It is so ordered. The hon. member for Rosedale.

Mr. Crombie: I just wanted to say that that was as good an example as any I know of why people are angry with the government's policy. It is because they do not have any faith that the government will do anything other than attempt to shift the blame on to someone else. It is time the government changed.

Some hon. Members: Hear, hear!

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Mr. Speaker, I want to say to the House that we welcome this opportunity to be able to exchange views and debate this issue which is one of great concern and significance in this country.

I was very pleased to note that the hon. member for Rosedale (Mr. Crombie) admitted at the beginning of his speech, contrary to the statements made by many of his colleagues, that this is not an isolated event which is happening only in Canada, but that it is part of a malaise which is affecting the entire industrial world. Unemployment rates in the United States are higher than ours; they are higher in Great Britain, they are higher in France, they are higher in Italy and they are higher in Belgium. Simply, all it points out is the ability of the industrial world to adjust to many of the economic shocks which have gone through our system in the last several years.

As we well know, we are in need of new approaches and of serious re-examination of many of our basic principles. That is why I think it is probably time that hon. members opposite also examined their basic principles, because if the Canadian people know that it is not only a matter of a made-in-Canada problem but that it is a worldwide problem, they also know that hon. members of the opposition have been offering very contradictory advice as to what to do about it. The kind of advice we hear from the hon. member for Rosedale is quite contrary to what we hear from the hon. member for York-Peel (Mr. Stevens), who says, "Cut back and restrain, do not stimulate and do not spend;" while the hon. member for Rosedale says quite the opposite.

Mr. Crombie: I got it from him.

Mr. Axworthy: What we are really faced with is a basic illogicality.

Miss MacDonald: An illogicality of government.

Mr. Axworthy: Because both the hon. member for Rosedale and the Conservative Party are saying it is a worldwide problem, and then all of a sudden it comes around to being our fault as a government. I think it is a fault which is shared by many in our society.

Miss MacDonald: Step aside if you can't take it on as minister.

Mr. Axworthy: I would like to ask the hon. lady, the hon. member for Kingston and the Islands (Miss MacDonald), how she will explain her party's stand on new foreign policy in South Africa. It would be very interesting to hear what they have to say about that.

Miss MacDonald: Explain yours on El Salvador!

Mr. Axworthy: The fact is that it is a serious problem, but I think what is important to recognize is that many things are being done to solve it. I think the basic flaw in the statement of the hon. member for Rosedale is that he is not prepared to

acknowledge that the efforts we are making are having an effect. He can argue whether they are right or wrong, but to say that nothing is being done is simply a speech based upon ignorance. He knows that many initiatives have been taken in the area of job-creation and that many initiatives are targeted to meet the needs of those who are experiencing the problem most severely.

Right now this government has created 100,000 direct employment jobs for 1981-82. I would remind members of this House that it was the Conservative Party, when it was in government, which cancelled direct employment programs. Therefore, if the Conservative Party were in power, there would be nothing at all available to help those communities which need assistance in direct employment programs. That happens to be the truth. That is a fact.

Some hon. Members: Hear, hear!

Mr. Kempling: What a bunch of garbage!

Mr. Axworthy: The budget of the Conservative Party cancelled any money or any resources for direct employment programs, programs under which its Members of Parliament are now calling daily, saying, "Can we have more money for the fisheries in British Columbia," or for the natives up in Athabasca, or for the people in the maritimes. It was their government which cancelled the programs, and we are creating 100,000 direct employment jobs.

Mr. McDermid: That's a lie!

Mr. Axworthy: If it is a lie, I would ask the hon. member to go back and check his figures, because it is not a lie. The Conservative Party cancelled these programs and we brought them back into effect. We are now creating over 100,000 jobs this year.

Mr. McDermid: Your own staff says it is a fallacy!

Mr. Axworthy: One hundred thousand jobs are being created through direct investment by this government in direct employment programs, the LEAP program, the CCDP and the CCSP programs.

Mr. Kempling: Tell us about the $150 million you blew on manpower training.

Mr. Axworthy: The hon. member for Rosedale wants new experience? Those programs are providing 7,000 jobs for the physically handicapped in this country, programs which were not available under his government.

Mr. McDermid: For ten months, and then you cast them off.

Mr. Axworthy: We are providing jobs for those working in the social service areas, in the daycare centres and the crisis centres. They are providing work for women and young people. The LEAP program provides a high degree of employment for native people in this country. We are providing direct employment because we feel we can target those resources most effectively where it hurts most.

● (1550)

In the meantime, beyond that particular orbit, we have allocated as part of our economic strategy $60 billion of investment in economic development programs in this country over the next five years, $60 billion to create jobs in the regions of this country. We have put in money to create 2,000 jobs in New Brunswick through the Mitel Corporation, the St. John's dry dock, and the F-18 fighter which is creating a lot of jobs in the territory of the hon. member for Rosedale, metropolitan Toronto. Money is going into the northeast coal projects and into Petro-Canada. In other words, there is a direct investment program.

A program was announced last week by the minister of DREE, $93 million in the microtechnology area. We believe we must provide assistance in those areas of the economy in which there is a growth potential. We believe we must provide an incentive in those areas.

The hon. member for Rosedale talked about the budget. He said the budget is anti-incentive. Those are strange words coming from the mouth of the member of a party which prides itself on its commitment to free enterprise. Now they are claiming special privileges for incentives. Basically what we did was to reduce the marginal tax rate for the risk-takers and entrepreneurs so that they would have more capital and could decide for themselves how to use it. They would not have the cost-sharing that may go into films or oil development. We place a better trust in the judgment of the entrepreneur, putting more capital into their hands to invest in job creation rather than using specially constructed cost incentives.

That is the party of free enterprise and it is now saying, please do not do that, please do not cut taxes for risk-takers, don't cut back the marginal rate, don't provide across-the-board incentives. They want us to provide special privilege incentives for their friends. We believe the best way to ensure a general incentive for the business community is to reduce their taxes, bring the rates down so that they can have more capital in their hands to invest back into the business community.

It is about time the business community recognizes that they should not be spoon-fed. We are putting money in their hands so they can make judgments about the investment opportunities that they think are the best allocations of their own funds. The problem with members opposite is that they are illogical and inconsistent in their advice. On the one hand they say we should eliminate free enterprise within the market system. On the other hand they say we should not rely on the market system but give special privileges.

As the third part of that strategy they have recognized that we are going through major probems of adjustment in this country. There are technological changes. There are major changes in the industrial structure of Canada. The people must be protected and given security in those kinds of changes. As a

result, we have brought in a number of special programs to deal with that.

Just before Chritsmas we brought in special programs dealing with work sharing and job sharing under the unemployment insurance program. Right now there are several hundred applications on our desk. We have already signed over ten work-sharing concepts which have saved hundreds of jobs in Canada by working out with the unions, private employers and the federal government a way of extending the work week of the workers of British Columbia, Manitoba, Ontario and the maritimes.

The hon. member for Rosedale says nothing is going on. I ask him to look at the work-sharing concept introduced before Christmas. It is being received with a great deal of acceptance by a number of governments and private employers. The hon. member cannot have it both ways. He cannot say we are not doing anything and totally ignore the initiative we took on work sharing and job creation under the unemployment insurance program.

We have applied in those communities that are hard hit a number of special job placement measures, mobility measures and training measures. The people of Canada know those programs. They are at our offices every day asking to be included in them. It is only the members of the opposition who do not seem to know they exist. If they would read their mail more frequently, they could provide better information to their constituents about what is available. Rather than coming to the House of Commons, raising false alarms, ringing the bell and saying there is fire everywhere, they would be doing a much better service to this country if they simply provided the information to the businessmen and labour unions in their constituency to ensure they know what is available.

At the same time we have introduced the ILAP program to help communities particularly hard-hit by giving them a range of assistance in industrial investment, labour adjustments, mobility grants and training assistance. Contrary to what the hon. member from Hamilton indicated in the press two weeks ago, in those four communities since last fall the figures show that we have helped over 17,000 workers to get training, new placements or direct jobs. In those four communities designated under the ILAP program, in that short period we have provided assistance to 17,000 workers. That is not a total absence of policy. It is an experimental initiative to target in on those communities particularly hard hit by industrial change, dislocation and lay-offs.

We have just added to those communities four additional communities, making a total of eight. In addition we have designated the industrial areas of appliances and auto parts for special assistance. Therefore, we are attempting to provide those basic supports for the workers and businesses in those communities and provide alternative employment and job-creation efforts.

I deny categorically the comments and statements made by the hon. member for Rosedale that nothing is being done. There is a basic, unreasoning flaw in his resolution to this House because it does not happen to be true. If the hon. member had come forward and said we should be looking at other alternatives, presenting new ideas, different kinds of initiatives that we might examine, we in this House would have been more than willing to listen and accept.

We do not pretend we have all the answers. We do not pretend that there are magic solutions. We hope that all members on both sides of this House will put their creative minds to work to develop answers to the job situation, because it is serious. We must respond to it. The hon. member simply comes to this House with blanket condemnations, wholesale denunciation, great appeals to the empathy of people, saying we must do more. We want to do more.

There is a certain presumptuousness on the part of hon. members opposite. They say they are the only ones who care. That is absolute nonsense. Members on this side of the House, backbenchers and ministers, spend a lot of hours each day working on programs.

An hon. Member: Where are they?

Mr. Axworthy: We are working on programs that we are delivering to their communities. The hon. member for Brant (Mr. Blackburn) came to my office three weeks ago asking that Brantford receive an ILAP designation, which it did. That Member of Parliament was doing his job, not like some of the big mouths in that corner who simply cry, howl and yell with all kinds of rhetorical alarms. The NDP member for Brant did his job as a Member of Parliament. He said there were problems in his community and he wanted some assistance. As a result of the representations he made, as well as those made by members of that community, the municipal council and the member of the legislature for that area, we were able to designate Brantford for special treatment. That is the kind of effort we must make and we must provide far more co-operation.

• (1600)

When the hon. member for Rosedale talks about confrontation in training programs, I would say that he is simply reading his own press releases. He is not looking at what in fact happened. The fact of the matter is that we consider the provision of a new training program essential to the economic growth of Canada to improve the productivity of workers.

The fact of the matter is that the government spends close to $900 million to train Canadians. Unfortunately, large amounts of that money are spent on training people for jobs which no longer exist, jobs for surplus occupations. Consequently, we thought it absolutely essential that we begin to change our training programs.

The hon. member talks about confrontation, and I would like to tell him how much confrontation there was. First, we put out a report for public consultation, consulted with the provincial governments last fall, then we had discussions with close to 200 organizations across Canada. We then had a federal-provincial meeting which resulted in an agreement.

I am amazed that a member of the House of Commons, one whom I respect, one of the finest mayors in Canada, would stand up and play a political posturing game and say that it was based upon confrontation. The fact is that we now have in place proposals for a new national training program which would allocate money for training in areas with job potential. We will offer to the provinces major capital investments to modernize their training institutions. We will develop a new forecasting system for training so that we can operate with the private sector and provincial governments to develop more accurate projections as to where the shortfall in skilled workers will be so we can provide remedies for those shortfalls.

Right now, provincial government officials are meeting with our officials to discuss those proposals and work out joint projects. We will be meeting again. Is this an example of confrontation, when we are working toward an agreement for new training programs? The only confrontation is that which exists in the minds of members opposite. The only conflict is in the mind of the hon. member for Rosedale, because that is what he wants to see. He wants to conjure up this scenario of the federal government being at war with the provinces. We are not at war with the provinces over training, Mr. Speaker. What we do have to say to the provinces and to many institutions is that too many regions of our country are training people for jobs that do not exist. Four out of nine people in our training programs are being trained for jobs which do not exist. Of our people being trained, 30 per cent are ending up on unemployment.

We have to change our priorities. As one of my colleagues said, certain provinces were training more hairdressers and barbers than there were heads to cut. Surely a federal government which is spending $900 million must have a sense of priority as to where the money is to be spent. I am thankful that the provinces are now accepting those priorities. We took the leadership in establishing those priorities. I believe it is the responsibility of the federal government to take leadership in those areas, but to work completely with the provincial governments and the private sector in the reallocation of moneys and those training programs.

So, Mr. Speaker, this could be a useful debate today. I think it is an important debate and that Canadians are looking forward to it. But it should be a debate based upon facts and realities, not upon fiction and rhetoric, which is what we unfortunately heard from the hon. member for Rosedale. He did not do himself or his party much of a service by simply getting up and again repeating the same old song, singing the same tune, instead of coming forward with constructive solutions, with a positive approach and suggesting that we work together to solve these problems.

We are presently examining our employment programs. We are trying to find answers and are looking at the problem of the employment of young people and special groups in this country. We want to develop new measures which can be used more effectively, to get a much better and more efficient use of the moneys we have. We are in the process of doing that and have been in this process for several months. The training program was the first instalment of a major change in our labour market programs. But it is based upon the co-operation of all sectors. We certainly wish for the collaboration of members opposite in coming up with ideas because many of them have worked in this field and may have good ideas based upon their experiences. We will not get those ideas if all we get from them is conflict and confrontation, if what we receive from them is not a willingness to work together but to work apart.

I think, Mr. Speaker, that Canadians do expect their Members of Parliament to try to find better answers, good answers to the problem of unemployment. I would offer to members opposite the chance to use this debate to come forward with those kinds of ideas. I, for one, will listen to them and make sure that cabinet hears them. But if we simply hear again the old song that nothing is being done, that all is going to wrack and ruin, then this debate will go for nought, Mr. Speaker, and Canadians will be the poorer for it.

Miss Carney: On a point of order, Mr. Speaker. If the minister still has some time, Mr. Speaker, I wonder if he would answer a question.

The Acting Speaker (Mr. Ethier): That can only be done with unanimous consent since the hon. minister's time has just expired.

An hon. Member: No.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I listened with a good deal of interest to the speech just completed by the Minister of Employment and Immigration (Mr. Axworthy). There was really only one thing he said with which I could agree and that was his wish that today's debate could be useful. Beyond that, Mr. Speaker, I had to wonder whether the minister was talking about the country we both live in. It seemed to me that he was talking about another country, and maybe even another planet.

But I must keep in mind that, with that exception of the short-lived nine months of Conservative government, we have had a Liberal government continuously since 1963—almost 20 years. We have more unemployment now than we have ever had, and for the first time in our history we have more than a million people unemployed on a seasonally adjusted basis. We have the highest rate of inflation that we have ever experienced in our history. I must ask myself, why is this so? Where were all these wonderful programs which the minister told us about? Why did they not work? Since they did not work, how can the minister tell us that everything is fine?

Let us examine the record. For the last month for which figures are available, there were more than a million unemployed on a seasonally adjusted basis. This is despite the fact that the labour force declined and that there were 122,000 fewer jobs in December than September and 57,000 fewer jobs between November and December alone. There is the report about which questions were asked today which indicates that there will be another 175,000 people unemployed by March. I found the answers given by the Minister of Industry, Trade

and Commerce (Mr. Gray) to the questions unbelievable. Mr. McCormack, who is the director of economic intelligence in the minister's own department, pointed out in his comments on the report which was released that Quebec and Ontario will continue to bear the brunt of economic recession, that there were 312,000 unemployed people in Ontario in December, up 17 per cent from a year earlier. It is the autoworkers represented in Parliament by the Minister of Industry, Trade and Commerce who are feeling the brunt of the recession. It is workers represented by Liberal members from Ontario and Quebec who are bearing the brunt in a recession caused by the policies of the government.

In his opening remarks to the economic conference, the Prime Minister (Mr. Trudeau) said, as quoted in *The Globe and Mail*:

—Ottawa has "little choice but to let our interest rates keep pace with—indeed, sometimes exceed—those set in the United States."

And short-term stimulative policies "would unacceptably risk our chances of reducing inflation and lowering our interest rates in the longer run, while achieving only marginal and temporary employment gains."

The Liberal government has abdicated its responsibility to manage the affairs of the country. It has turned these responsibilities over to the Governor of the Bank of Canada. We have been following his advice to show restraint for the last five or six years. He has told us that we must have high interest rates. The result of those policies which were initiated by the Governor of the Bank of Canada, agreed to by the senior bureaucrats in the Department of Finance and accepted by the government, has been higher inflation and higher unemployment.

Let us review the situation. When the government implemented wage and price controls in 1975, the reason it gave was that the inflation rate was unacceptable. At that time inflation was running at 10.5 per cent. It is now running at over 12 per cent. In the last five years unemployment has risen by about 400,000, despite the restraints the government has imposed on the economy.

● (1610)

The premiers of all ten provinces are now in Ottawa meeting with the federal government, and what are they saying? They are united. All of them have unanimously issued a plea to the government to cut interest rates and to concentrate on the creation of jobs. The government has again said it cannot do it. Are the premiers wrong? The Prime Minister says they are wrong. In that short period in 1979-80 when we had a Conservative government the present Minister of Industry, Trade and Commerce, who at that time was the financial critic for the Liberal opposition, made a speech here in Parliament on November 6, 1979, at a time when the Conservative government was taking the same advice from the Governor of the Bank of Canada as the Liberals had before and as they are again. I remind Members of Parliament that it was the Conservative government which reappointed the Governor of the Bank of Canada to a further term. This is what the present Minister of Industry, Trade and Commerce said at that time about high interest rates:

These high interest rates cut back the ability of factories and businesses generally to expand, to create more production and jobs. These high interest rates limit the ability of business, especially small business, simply to operate at basic non-inflationary levels. Therefore these high interest rates mean losses of production and jobs now and over the coming winter months.

The minister was dead right back then. We wish the government would listen to the advice the minister gave the then Conservative government when the Liberals were in opposition.

In answer to questions today, the Minister of Industry, Trade and Commerce said interest rates are lower now than they were some months ago, and that is true. It is significant that the rate announced today is up from what it was last week, and it is likely that interest rates will increase in the coming months.

In answers to questions over the last couple of weeks and in defending the policies and programs of the government the Minister of Finance (Mr. MacEachen) has suggested that things will be all right because at some time later on this year—in the summer or the fall—the American economy will pick up and that, of course, if the American economy picks up, the Canadian economy will keep in step with it. The only people who believe the American economy will pick up in the latter part of 1982 are those few people around President Reagan in the United States, the Governor of the Bank of Canada and the senior bureaucrats in the Department of Finance.

Mr. Blaikie: All of whom belong in the loony bin.

Mr. Orlikow: One need only look at what is happening on the stock market in the United States to realize that the business community in the United States knows that Reaganomics will not work, because stock prices are continuing to plummet rather than rise. Americans are looking at a budget deficit because of tax cuts, particularly for those in the high income brackets, which President Reagan instituted and because of the sharp increases in defence expenditures he is proposing to implement. Americans are looking at a deficit of somewhere between $75 billion and $100 billion this year. That means that the United States government will go to the market to borrow that money. That will drive interest rates up rather than down.

The Governor of the Bank of Canada, supported by the Prime Minister and the Minister of Finance—and supported by the former Conservative minister of finance when he was in office—has committed us to keeping our interest rates close to and somewhat higher than American interest rates. The result must be that interest rates will go up rather than down in the latter part of 1982, and the result will be more inflation, a business slowdown and more unemployment. That is what the policies of the government will mean.

I listened to the Minister of Employment and Immigration give us a quick rundown of new government programs as he sees them. Now is not the time to analyse them in detail, but the minister told us about new programs for training, work sharing and job creation. He told us about IRAP. He gave the

impression that these programs were developed in co-operation with the provinces, and in co-operation and after consultation with labour and industry. The minister might believe that, but it is not true. If he talks to labour people—unions representing steelworkers in Sept-Îles and Schefferville appeared before a parliamentary committee—he will learn that the IRAP is not working, despite what he says. I say to the minister that all these programs were developed unilaterally by the minister and his department, as has always been the case since that department was formed. There have been no real consultations or discussions with labour, management or the provinces. That is why the new programs he has announced will be failures, just as were earlier programs developed by his department under him or other ministers in the bureaucratic, centralist way they always operate.

We cannot isolate this country from the world. The world is in an economic slowdown. The world is suffering in a recession. We cannot isolate ourselves from that. But there is no reason why the people of this country should suffer more than the people of almost every other industrialized country in the world.

The hon. member for Rosedale (Mr. Crombie) pointed out that the standard of living in Canada, which used to be the third highest in the world, has dropped to thirteenth. It has dropped because we have not developed the resources we have. It has dropped because we have adopted the wrong kinds of economic and fiscal policies. As the premiers have indicated, we need a lower interest rate policy. We need a Canadian interest rate policy. Again I say that the Governor of the Bank of Canada is dead wrong, but even if a Canadian interest rate policy means that the Canadian dollar will drop a couple of cents in relation to the American dollar, and even if it means we have to put some controls on the movement of capital, we need a government which is really prepared to play an activist role. We need a government which is prepared to sit down with industry, labour and the provinces and plan the things we need to do to get this country moving again.

Surely even this government, as remiss as it has been, must realize that there are no shortages of tasks which need to be done and can be done. We have the necessary manpower and raw materials to do the things which need to be done. It is obvious that our transportation system is not able to move enough of the grain, potash and minerals we could sell. We need a major restructuring of our rail system. What did we hear today? The CNR has announced the lay-off of 1,800 people in the very near future. What could be more stupid than that? When we need to modernize our rail system and, therefore, to hire more people to do this work, the CNR is laying off 1,800 people. We need to plan to use our tremendous undeveloped energy resources such as oil, gas and hydro. In Quebec, Manitoba and British Columbia, just to mention three cases, there are tremendous hydro resources which could be harnessed and used to meet our energy needs rather than using oil and gas which, when depleted, are gone forever. The provinces cannot move in that direction at this time because they cannot afford it. These are examples of cases where the federal government should be prepared to move in and co-operate financially with the provinces to get things going.

• (1620)

We require a major push to clean up the environment. I have seen figures which indicate that in countries such as Sweden the pulp and paper industries obtain 70 per cent of their energy from the waste products which our companies in most cases just dump into our rivers and lakes.

The Minister of Employment and Immigration knows that there are thousands of homes in Winnipeg, as there are in many other older cities, which are 100 or more years old and require major renovations, yet the construction industry is faced with perhaps a 20 per cent unemployment rate.

Canada has the worst record of any industrialized country in the western world in terms of our efforts and expenditures on scientific research and development. In the last year we allocated nine tenths of 1 per cent of the gross national product to research and development. Every other country in the western world, as well as Japan, spent anywhere from 1.5 per cent to 2.5 per cent of the gross national product on research and development. Therefore, it is not surprising that new products, processes and techniques are being developed in other countries and not in Canada. One major reason we spend so little money and put so little effort into research and development is that our major manufacturing industries are largely branch plants of multinational corporations. They are not interested in doing research in Canada, particularly in a time of recession. One cannot blame them for doing their research and development at their head offices which are usually located in the United States. What has the Liberal government done to encourage major corporations to conduct more research in Canada? Virtually nothing.

A couple of years ago we saw figures which indicated that the Ford Motor Company did several billion dollars worth of business in Canada but did not have a single Ph.D. graduate doing research work here. There must be a major increase in our effort if we are to turn around our manufacturing industries. The bulk of manufacturing in Canada is concentrated in Ontario and Quebec. Our manufacturing industries are losing 2,000 to 3,000 jobs per day. The Canadian Manufacturers' Association, certainly no radical organization, predicted that in the next short while another 100,000 jobs will be lost.

Mr. Nielsen: The figure is 175,000.

Mr. Orlikow: The report today indicated 175,000, but in a brief which it submitted several weeks ago the figure was 100,000. Whichever figure one uses, it indicates a disaster in the coming months. Everyone in the country, whether involved in labour, industry or the educational system, with the exception of hon. members on the government side of the House, knows that the country is in deep trouble. Instead of facing up to the trouble, rethinking what it has done and realizing that most of what the government has done in recent years has failed, we hear the type of direction suggested today by the Minister of Employment and Immigration.

The Acting Speaker (Mr. Ethier): Order. I regret to interrupt the hon. member but his allotted time has expired. According to House order, I now recognize the hon. Parliamentary Secretary to President of the Treasury Board (Mr. Kelly).

Mr. Norman Kelly (Parliamentary Secretary to President of the Treasury Board): Mr. Speaker, a few moments ago I participated in this debate in a rather unofficial manner when I shouted a few remarks across the way to the hon. member for Rosedale (Mr. Crombie).

Mr. Nielsen: Are you now apologizing?

Mr. Kelly: I am not apologizing because I have discovered that heckling is an honourable tradition of the House. It has been my experience that hon. members of the official opposition probably give better than they receive. Under those circumstances I do not think official apologies are warranted.

Mr. Blaikie: Because the government is so richly deserving of everything it receives.

Mr. Kelly: No. I think it is a function of opposition. After a party has been in opposition for 18 years, it has refined the art of heckling.

Mr. Roberts: They do not have much else to do.

Mr. Kelly: I interrupted the hon. member for a few short seconds by asking him what was the motto of his party in the 1980 election campaign. Since I knew it, I found that his presentation this afternoon was perhaps one of his most dishonest and intellectually backward speeches in the House since I have been here.

Mr. Nielsen: The land is strong!

Mr. Kelly: He flayed the government because in his eyes it was doing things which hurt Canadians. This was intolerable, if not evil, in his eyes.

Mr. McDermid: Hear, hear!

Mr. Kelly: What was the motto of his party in the 1980 election campaign? He did not inform the House, so it is my privilege to redress his error. The motto of his party was: "Short-term pain for long-term gain".

Mr. Epp: What was your party's motto?

Mr. Kelly: For any member of that party opposite to stand up in the House and say that his party—

Mr. McDermid: Your party's motto is: "Long-term pain for no gain".

Mr. Kelly: — would not have inflicted those horrible results upon the Canadian electorate, when they know it was quite prepared to do it—

Mr. Nielsen: I am standing, I am standing.

Mr. Kelly: —could be nothing else but dishonest. I do not blame hon. members opposite for trying glibly to slide around the policy position they took two years ago. They knew then that some tough decisions had to be taken—

Mr. McDermid: And you defeated our budget.

Mr. Kelly: —and now in their mock rhetoric they insist that decisions do not have to be tough.

Mr. McDermid: We are not saying that.

Mr. Kelly: In the interests of honesty, if they believed that tough decisions had to be made then, surely they believe that some tough decisions have to be made now.

Mr. McDermid: We made tough decisions but we helped those people who needed it most.

Mr. Kelly: If I may respond to the comment of the hon. member, I think the government has a fine record of helping those who need help the most.

Mr. McDermid: Tell us about the energy tax.

Mr. Kelly: Of course, the important thing is not to make tough decisions; the important thing is to make wise decisions. Some of these wise decisions may have to be tough or they may have an element of toughness to them, but if they are perceived as being wise and fair—

• (1630)

Mr. McDermid: There isn't a Canadian who thinks you wise.

Mr. Kelly: —then those decisions will have to be recognized by all members of this House as being the right decisions.

The two preceding speakers brought to the attention of the House that Canada's position in the hierarchy of the nation's standard of living has declined precipitously. I agree with him. Our relative position has declined. But Canada's standard of living has not fallen. Canada's standard of living has not risen as rapidly as other countries.

Mr. Nielsen: You are trying to catch up?

Mr. Kelly: The basic explanation for that does not lie primarily in domestic political policies. The explanation for that, as hon. gentlemen opposite know quite well, lies outside of this country with the economies of other areas and other regions.

The European economies, as everyone across the way knows, were devastated during the Second World War. It took them over two decades to recuperate.

Mr. McDermid: Are you saying we need a war?

Mr. Kelly: By the 1970s those European economies were producing on a level that surpassed their productivity of pre-war days. In other words, the answer to hon. gentlemen opposite is that we were number three in an age when compet-

ing industrial societies or countries of this world were picking themselves up economically and had yet to begin to compete effectively with us with the modern industrial plants which they had constructed in the post-war decades. Now, because those countries have rebuilt their economies and rebuilt them in a more efficient way, they are competing more effectively than we are. We have lost ground, relatively speaking, to those economies.

I am not ashamed of that loss of ground. I want hon. members to understand why that occurred. What hon. gentlemen opposite also always ignore is the fact that there has emerged into the world economy a number of extraordinarily super-rich oil states in the Middle East. These countries have so much oil and so few people that their standards of living are extraordinarily high. Their emergence has helped to push Canada down the scale.

I do not want to belabour the point but I do want to introduce into this debate, so that people will understand, the fact that our competitive position in the world, our standard of living and our rating has been affected by forces that are outside our boundaries and beyond our control.

What I want to do now is to take a look at our employment record. That is the issue for debate this afternoon. One of the strange aspects of our employment record is that while Canada has the best employment record of any western industrialized country during the 1970s and into the 1980s, we have at the same time one of the worst unemployment records. This is a curious anomaly. How can a country proportionately create more jobs than any other country in the world while at the same time suffer from one of the worst unemployment records? It hardly seems feasible.

Mr. Blaikie: It is called Liberalism.

Mr. Kelly: In the time I have remaining I want to suggest a number of explanations that lie beyond government policy and government control.

Mr. Blaikie: Say something, then.

Mr. McDermid: Do they buy this in Scarborough?

Mr. Kelly: Yes, they do. They know it is delivered both with insight and sincerity.

One of the reasons we have an unemployment level that is higher than any of us would like to see, higher than any of us find comfortable, is the fact that we have a branch plant economy.

Some hon. Members: Hear, hear!

Mr. Nickerson: Have you figured that out?

Mr. Kelly: In an age when labour costs are becoming an increasingly more important component of the cost of a product, head offices of many multinational companies are closing their expensive Canadian plants and moving operations elsewhere.

One of the members on this side of the House was talking to a manufacturing delegation the other day. One gentleman in that delegation decried the fact that in the city in which his plant was located they have to pay their labour $10 per hour and were therefore looking forward to moving to one of the states in the American south—

Mr. Ogle: Slave country, obviously.

Mr. Kelly: —because labour rates in the American south were $5 per hour. As the conversation was reported to me, it looked as though that company was on the verge of closing its plant in one city in Ontario and moving its operations to the southern United States. I do not know how many hundreds of people would be laid off in those plants or how many thousands of people have been laid off across Canada because of decisions like that, but people have lost jobs for those reasons. Those reasons have absolutely nothing to do with the policies of this government.

Some hon. Members: Oh, oh!

Mr. Kelly: This government has not set wage rates. This government has not insisted on high levels of payment. It is a natural functioning of the economy as it develops in the latter part of the twentieth century. It is cheaper for businesses to move plants elsewhere. Regrettably, Canadians have to pay the price.

Mr. McDermid: It is the Canadian plants that are moving which frighten us.

Mr. Kelly: The government response to that, of course, should not be that of hon. gentlemen opposite, to rent our clothing, to tear out our hair or to fumble for all the worst case scenarios that we can project in this debate. The important thing for a government to do in a situation like this is to make sure that in the months and years ahead this government creates nationwide retraining programs so that any worker who loses his or her job can look forward to immediate and effective retraining for a future career.

If hon. members look carefully at the policies that have been introduced recently by the hon. minister, they will find that is exactly what this government is doing. It has made a commitment to those workers that their interests and their concerns will be addressed as quickly and as effectively as possible.

I would hope in future debate concerning the provinces and retraining that instead of having critics on the other side of the House we will have allies. If hon. members are honest in their positions, that is exactly what they should be, allies and not critics of the policies of the minister.

Some hon. Members: Oh, oh!

Mr. Kelly: One of the most important influences on unemployment levels in Canada has been the slump in our foreign markets. There is not a member in this House who does not realize, or should realize by now, that we export roughly 25 per cent to 30 per cent of all the goods we can produce.

Mr. Ogle: You just said that Canada had the largest surplus ever the other day.

Mr. Kelly: Because we export so much of what we produce, we are the greatest per capita trading nation in the world. We trade more than the Americans, the Germans, the French and the Japanese.

Because we trade so much, any rise or fall in demand in foreign markets, will help or hurt us severely. The latter is what has happened in the last few years. A drop in demand in the United States, western Europe and Japan because of recession—and the Japanese are not immune to these forces, as hon. members opposite should know and tell the Canadian people—has meant that we are not selling as much as we used to, and because of that we have lost a lot of jobs. That is obvious, Mr. Speaker, and there is nothing in there that I see of government policy.

• (1640)

Government policy did not create a recession in these other countries. We did not tell them to stop buying goods or cut back. We have to understand that, Mr. Speaker. We cannot rant and rail against this government because of that.

Mr. Blaikie: I know you can't.

Mr. Kelly: This government faces the same problems that other governments and countries face—a simple lack of international demand. The key, Mr. Speaker, in a situation like that is again not to yell and hurl insults at each other. The key is to figure out what kind of policies we can introduce as quickly as possible that will find alternate employment for Canadians who have lost their jobs in those industries affected by a slump in our export markets.

I think the Prime Minister (Mr. Trudeau) tabled a document at the first ministers' conference two days ago which addressed that situation directly and candidly. Over $400 billion will be invested in resource megaprojects in this decade alone. If we add to that the revitalization of our economic base, close to $1 trillion will be invested in Canadian industry in the 1980s. That is a fantastic amount of money. The Prime Minister has stated, boldly I think and so far without credit in the press, that he is prepared substantially and materially to assist in the funding of those projects. But I hear nothing from the hon. members opposite. Not that I am expecting praise, frankly—

Mr. Nielsen: For what?

Mr. Kelly: —but I would expect some recognition of those policies, an indication that they are prepared to promote them in the interests of the unemployed workers on whose behalf they are posturing this afternoon.

There is another reason Mr. Speaker, why we are regrettably experiencing more unemployment than we had anticipated. Over the last few years, in consultation and in agreement with the member states with whom we do business, we have been lowering our tariffs. Now, I cannot remember too many voices raised in this House by spokesmen of the opposition parties deploring that lowering of trade barriers. Regrettably, one of the results of that lowering of trade barriers has been that certain parts of our industrial sector have proved to be uncompetitive with the foreign industries now selling their goods in Canada.

One alternative to a situation like that, frankly, is to reintroduce the tariffs. However, I have not heard anyone on the other side insist that we go back to the high tariff days that marked Canada in the nineteenth and most of the twentieth century. This is because we know there are benefits to lower tariffs. We know they give us in the long run cheaper goods for our consumers, and we know that competition will ultimately produce a leaner, more efficient and more productive industrial base in Canada.

Now, the hon. gentleman opposite was shaking his head in total disbelief. He just could not believe I would advance these arguments in explanation of the unemployment levels we are experiencing today. Mr. Speaker, I would ask him, if he is participating in this debate, to prove me wrong.

Mr. Nielsen: Your time is up.

Mr. Kelly: I would ask any member opposite to prove me wrong.

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. gentleman.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Ethier): It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Esquimalt-Saanich (Mr. Munro)—External Affairs—McDougall report—Query respecting departmental reorganization (b) Role of Minister; the hon. member for Mississauga South (Mr. Blenkarn)—Industry—Effect of high interest rates. (b) Canadian Admiral Corporation in receivership. (c) Importation of foreign manufactured appliances.

GOVERNMENT ORDERS

[*Translation*]

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 58—JOB OPPORTUNITIES FOR CANADIANS

The House resumed debate on the motion of Mr. Crombie:

That this House condemns the government for its deliberate failure to create job opportunities for Canadians.

Hon. Roch La Salle (Joliette): Mr. Speaker, since I also come from a province where unemployment is pretty high, I should like to take advantage of this opposition day to speak to the motion by my colleague, the hon. member for Rosedale (Mr. Crombie), a motion that, I feel, is very apt, considering the incredible size and impact of unemployment in Canada. I was absolutely flabbergasted when I heard government members say we had failed to come up with satisfactory proposals to turn around the present situation. I was also surprised and disappointed when I heard the last two speeches. First, the Parliamentary Secretary to the President of the Treasury Board (Mr. Kelly) told us that he needed allies, not critics. Well, the New Democratic Party was his ally for quite some time. However, the alliance did not turn out to their advantage, and I hope the NDP will never again make the mistake of supporting a government that betrayed us for so long. I also heard him repeat, as did the minister earlier, that it was not the government's fault. The situation is so complex that it all depends on what our neighbours do, and the government has no responsibility for the present situation! Now that is what I would call government by irresponsibility and incompetence.

Today, with the track record this government has had for 15 years, I do not think their wishy-washy defence of the present situation will go down well with Canadians. The previous speaker mentioned that budgets for the next four or five years were estimated to run into billions and billions of dollars. Fifteen years ago, I think the budget was about $10 billion. We have one now that is worth $60 billion, and what have we got, Mr. Speaker: 300,000 workers unemployed in 1968 and more than a million in 1982. So I really wonder how much unemployment the projected $60 billion will get us, assuming that the government and its philosophy remain the same.

I also heard the minister say he had proposed a large number of programs. Since he is in the House today, I should like to tell him that he has not made the slightest dent in the philosophy followed by his predecessors. He is merely upholding the policies of a government that circumstances oblige him to defend. He really cannot be anxious to face the Canadian people today, considering the results of this government's policies. He has merely continued to defend a philosophy that is leading this country into bankruptcy. I am not saying the minister did not try to do something about the economy, but his programs are woefully inadequate to cope with the present situation. They cannot prevent the loss of 175,000 jobs in the next few months. When the minister tells us about occupational training, he should realize that it is because there were not enough of these programs five or ten years ago that we have this problem today. People say this country has the best job-creation record, compared to other industrialized countries, but at the same time it has the highest unemployment rate. And the previous speaker fails to understand how this is possible.

● (1650)

If we had developped training programs, if we had done more research to modernize our traditional plants ten years ago, we would not be in this situation of losing two jobs every time one job is created. This is something that the Minister of Employment and Immigration (Mr. Axworthy) should understand, and instead of asking us to excuse the Minister, as the hon. member did earlier, we should be asked to forgive this incompetence. The Canadian people should be told: as the Liberals alone know the truth you must understand that they did not purposely create this unfortunate situation from which Canadians are now suffering. I am sorry, Mr. Speaker! I believe that we, in the opposition, have the duty day after day to tell Canadians about this disaster and this gigantic economic failure.

We have succeeded for a while in putting aside the constitutional debate. Let us now talk of bread and butter issues. Every day, television, radio and newspapers give us bad news, and the public is concerned and uncertain. As recently as 12 or 18 months ago, thousands of unemployed hoped to find a job, but now there are thousands of employed workers who are terribly worried that they might lose their jobs. This insecurity cannot continue, Mr. Speaker! The Minister and the members of the government will ask us to help them but they have been incompetent and we certainly have the duty to condemn them and denounce them to the public. They no longer deserve the confidence of the Canadian people. Their type of administration and their abilities no longer meet the needs of Canada.

This week, there is a federal-provincial conference, which may not yet be over. Ten premiers got together to denounce the economic policy of the federal government. The Minister of Employment and Immigration will try to tell us that what he is doing is right, but ten premiers representing ten provinces, not members of the official opposition, are now denouncing the government and asking for an emergency plan. Of course, members opposite will tell us once again about their good will, about their good intentions, about programs worth millions! What should be done immediately, Mr. Speaker, is to develop an emergency plan to stop plants from closing all over Canada. Quebec is greatly affected by this problem.

Mr. Speaker, nothing in the budget gives us any hope that the problem will be solved in the short term. Some will say that we are asking for investments as well as cuts in spending. Of course, because in politics you have to make choices Mr.

Speaker. We will have to do so. Canada cannot afford to again lose some 100,000 or 200,000 jobs under the present circumstances. This is the question which the government, after consideration, will have to answer. The Minister of Employment and Immigration cannot assure us that because of his programs, factories will not shut down, which hurts us as it does thousands of Canadians, but government members remain indifferent to those who are now suffering. I say again that such behaviour is typical of a callous government. I cannot overemphasize that the Canadian people be acquainted with and denounce such inaction on the part of the government in such tragic circumstances. Last year, there were over 8,000 bankruptcies in Canada of which 40 per cent were in Quebec. In June, 1981, there were some 300,000 unemployed in Quebec.

In the month of December, 347,000 Quebecers were unemployed. Naturally some Quebec members will hold the provincial government responsible for that because there is no love lost between them. Here in Ottawa, they blame the United States or they say our plants are not quite as technologically advanced as are some others. Indeed, that is precisely what the previous speaker illustrated earlier when he said that certain countries did manage to upgrade their industry while we fell somewhat short of the mark. He showed that the government has failed to act and provide enough funds to spur research with a view to protecting our traditional sectors. The fact remains that if they had been more perceptive, they would have used those funds to revamp and modernize the industrial sector. The minister said that nobody had come up with constructive suggestions. To enlighten the minister, I would say that yesterday Quebec proposed a $200 million plan and urged the federal government to assume 75 per cent of the costs. This was to launch an immediate revival so as to avoid—I am not too sure how I should put this—asking this government to take this opportunity to help one of the Canadian provinces which is more seriously affected because of its unemployment rate and to put an end to the series of plant closures. A $200 million plan. That is what we are asking the government, and we have shown that if they had taken our advice and offered preferential interest rates to home owners the construction industry would be booming. The government did not want to have anything to do with that and we can see the results today. Thousands of housing units are not being built, so thousands of kitchen and bedroom sets as well as TV sets and refrigerators remain unsold throughout Canada.

The death of the construction industry has been costly in terms of unemployment and destructive at the economic level. Those are measures we had been advocating for quite some time. The minister just does not know which way to turn because the government has lost all its initiative. It does have a few programs which are nothing more than camouflaged unemployment insurance schemes. The government is finding out that our neighbours are putting up such a fierce competition that we have fallen behind and that we have a long way to go before we can catch up and provide the funds and implement the policies which will keep our industry afloat. Today, we would like to hold out our hand to those hon. members and tell them that we forgive them their incompetence and failure. Canadians need a government that is clearsighted enough to help them solve their problems. Canadians want to work. The fact is that 40 per cent of all the unemployed today are 18 to 25 years old, and this is a serious threat to our social climate, for indeed those young people were in a sense betrayed after having been promised a bright future provided they carry on with their studies, and now they find themselves without jobs.

Under those circumstances, there is no doubt that it is our duty as the official opposition to call for emergency measures, to blame a government that has failed so completely in that respect. I could not miss this opportunity of reminding this government that an emergency plan is a must, that we can no longer tolerate plant closures at the rate which prevailed in 1981; besides, none of the programs introduced by the Minister of Employment and Immigration nor any of the budget proposals will ever bring about a solution to the problem in the near future. I am sure all hon. members opposite are fully aware of it. I have no doubt that those programs were well-meant, but I say that they will not solve, certainly not in the short run, our present difficulties. That is why, Mr. Speaker, I join the hon. members on this side of the House in trying to stir up a sense of responsibility in the government members. I trust we will also manage to prompt the responsible ministers into taking positive action in order to meet the requests of the provinces. There has been talk of greater consultation with the unions, with businessmen and with the provinces and that it is a necessity. Of course the minister has replied that they were willing to have discussions with the provinces.

• (1700)

Again yesterday, at the federal-provincial conference, the provinces asked for and insisted on that type of negotiation, of co-operation with the federal government, in connection with the serious situation which now prevails. But once again the Minister of Finance (Mr. MacEachen) has turned a deaf ear. We know full well, as all Canadians must also, that this government has now proven that during the forthcoming six months it will not budge an inch with regard to the philosophy which has led it and is now leading the country to bankruptcy. We hope that by speaking on behalf of so many Canadians who have had more than their fair share of worry and suffering, we shall be able to convince the Minister of Finance that he should formulate far more practical proposals and develop an economic philosophy that recognizes the needs of the Canadian people whom we all represent here in this House. In view of the gravity of the situation, I hope that today the government members will be shamed into taking some kind of action. It is useless to work on their sense of pride, since they have no pride.

If I were the Minister of Employment and Immigration, I should have been ashamed to rise in this House today, to try to convince the Canadian people that I was able to provide a solution, while I was in fact only continuing the policies of my predecessors who put Canada in the mess it is in today. I should have been ashamed to say like other members that it

was not the government's fault, that we had to understand the situation and that nothing could be done. Mr. Speaker, I feel that these people on the opposite side should be put to the test and asked if they are willing to eat crow and try to find an answer to the questions and needs of Canadians today. It is incredible, Mr. Speaker. So many people are anxious about the future, so many people are suffering, thousands of unemployed workers can no longer support themselves, thousands of workers are expecting to be laid off within the next few weeks or months, while this government has failed to come up with anything more positive and more effective than these medium and long-term programs and projections that should be questioned from the outset, considering the fact that for 15 years, the projections presented by the ministers of finance have never been realized.

Yesterday, on television, the Prime Minister of Canada (Mr. Trudeau) tried to reassure Canadians. It is too late for your programs to do any good. This government has shown a serious lack of foresight and does not deserve the trust of the Canadian people. Obviously, I do not expect him to resign. They don't even have the guts to resign when they have betrayed the trust of the Canadian people. However, and it cannot be said too often, Canadians will pass judgement on this government. They will indeed, but meanwhile, we as members of the opposition have a duty to challenge this government, to get these members and ministers to bring in satisfactory measures. The Minister of Employment and Immigration had better not come back with his excuse that they do not have any proposals or short-term emergency plans. We need an emergency plan today so that tomorrow our factories stop shutting down at the same rate they have been for the last few years, especially in 1982. I am sure the minister knows perfectly well what I mean. Will he be able to convince the Minister of Finance and his cabinet colleagues that what this country needs today is action? This government has demonstrated that it lacks every kind of initiative, and I feel very sorry for the Canadian people.

Mr. Dennis Dawson (Louis-Hébert): Mr. Speaker, I am very pleased at this opportunity to speak today after the hon. member for Joliette (Mr. La Salle). Incidentally, a little over two years ago I also happened to speak after the hon. member in a debate in the House initiated by the opposition—we were the opposition at the time—concerning the job-creation programs of the Progressive Conservative government of which my hon. colleague was a member when he was sitting on this side of the House. That same government abolished direct job-creation programs, as the Minister of Employment and Immigration (Mr. Axworthy) pointed out earlier. It had succeeded in doing away with tax credit programs for job creation and in nine months managed to create an economic situation that led Quebecers and Canadians to put them back where they belonged, in the opposition.

When listening to the hon. member for Joliette, we hear the same rhetoric and the same turn of phrase often used by Parti Québécois ministers and also heard this week at the federal-provincial conference, where the Premier of Quebec spoke more or less in the same terms. They probably share the services of the same speech writers on economic subjects, and they also share the notion that an emergency plan is supposed to solve all our problems. What they are saying, in substance, is that we have to spend money to try to find some kind of solution. The Canadian government is expected to give the government of Quebec hundreds of millions of dollars so it can make propaganda and conduct advertising campaigns, and subsidize the salaries it pays its employees. I am sorry to have to tell the hon. member for Joliette that the Canadian government has no intention of doing so.

I should like to set the record straight as far as job-creation programs are concerned and tell the House what the Canadian government has done recently in this area. Mr. Speaker, without going into a lengthy introduction, I should like to give some facts and figures to demonstrate the role played by the federal government in job creation, especially in Quebec. In two years, in 1981-82, the federal government's direct job-creation policy created 150,600 jobs in Canada, of which 44,850 were created in the province of Quebec. Mr. Speaker, these actions speak louder than words. Not like the Parti Québécois, which last week cancelled the OSE program. They said that everything was all right, that there were no problems involved in abolishing the OSE program. It only meant that directors of information would go back to their departments. In other words, the OSE was a propaganda and information program which, for all practical purposes, was not doing anything. That is not the kind of action we are taking. We are creating programs that produce results and I shall give a few more examples.

The hon. member for Joliette knows full well that even in his riding, hundreds of thousands of dollars are poured each year into direct employment programs; those programs are meant, with his co-operation, to create jobs and help the people of his riding. The same goes for the whole province of Quebec, Mr. Speaker. Now, speaking of the employment tax credit program launched a few years ago, had it not been cancelled by the Progressive Conservative government, 43,400 jobs would have been created during the current fiscal year, of which again 15,770 in the province of Quebec alone; that is, the fair share Quebec is entitled to in terms of a federal presence and activity.

I feel that we of the Quebec caucus on this side of the House have no reason to be ashamed of the presence and activities of the federal government in Quebec. On the other hand, of the 6,000 Canadians who will benefit from the federal job program intended for the underprivileged, 2,500 will be created in the province of Quebec, Mr. Speaker. There is also the Local Employment Assistance Program—LEAP—through which 954 Quebecers will find fulfilling employment. I could go on and on, Mr. Speaker. It may be exasperating somewhat for opposition members to be given this information and the statistics may be boring, but still, it is important for members of the government to quote the true figures and inform the people.

• (1710)

Mr. Speaker, several job-creation programs for students set up by the Department of Employment and Immigration and the Department of National Defence will provide this year 10,412 jobs to young Quebecers. It is, once again, a very practical step Mr. Speaker. Next summer, the number of young Canadians taking advantage of this opportunity will be over 43,000 for the entire country and 10,000 jobs will be earmarked for Quebec. I could also mention several other programs but I will only refer to the employment program in the field of new technology which will create this year 800 jobs in Canada, almost 300 of which will be in Quebec. This is action Mr. Speaker. I will mention as well the crucial role played on behalf of Canadians, especially our young people, by job-training programs for which this year alone the federal government will spend over $880 million. In Quebec, those programs sponsored by Ottawa will be available this year to a total of 66,000 workers of whom 45,154 will be attending classes in institutions and 19,791 will learn on the job, to mention only the main sectors.

I could also refer to the training program and I see that my colleague, the hon. member of Manicouagan (Mr. Maltais), is citing Iron Ore as an example. One can mention the Iron Ore Co. as well as Sorel and now Montmagny-l'Islet. I think that those were practical steps taken by the government through the Department of Employment and Immigration, the Department of Trade and Commerce as well as all other intermediates. These are very interesting figures, Mr. Speaker. Incidentally, those figures cleary show that the Department of Employment and Immigration was justified in advocating that its new program which aims at providing Canadian workers with a better training for the eighties, include such courses which will qualify them in areas where employment opportunities are more easily available and salaries more attractive.

I mentioned a while ago the 44,850 jobs available in Quebec through the federal government but of course it happens sometimes that those jobs are filled in turn by several employees. This year 52,400 Quebecers will benefit. Now if we add to that figure the 66,000 others who have registered for training courses, we get a total of 118,400 Quebecers who benefit directly from the various programs designed for either job training or subsidized training which will enable workers to seek better jobs. Mr. Speaker, I would suggest that those figures lay to rest the pessimistic comments we heard earlier from hon. members opposite. And that is not all. The federal programs were especially geared to help women, native people, the handicapped and, generally speaking, all people who require special assistance to find a job and hang on to it. With respect to training, 620 women in Quebec this year took advantage of courses in trades which by tradition have been so far the preserve of men. Some 513 Quebec native people took special training courses, including a good many in the North Shore and Abitibi regions.

All told, 333,638 Canadians took those training courses, including, I repeat, 60,000-odd residents of the province of Quebec. Incidentally, I would like to point out again that the federal government is making a generous contribution to training programs through the unemployment insurance fund. For instance, the Minister of Employment and Immigration has just revived the shared work program. As the hon. member for Joliette noted earlier, the minister has probably maintained some features of the programs launched by his predecessors, but certainly none of those promoted by the former employment and immigration minister when the hon. member for Joliette was responsible for supply and services. The present minister never misses an opportunity within cabinet or before the House to emphasize the active participation of the Government of Canada in the training and job-creation programs. I am confident that within the coming weeks and months, the minister will announce new measures which will prove to be as worth while as those which have been implemented over the past two years.

I have had the honour of being parliamentary secretary to the minister for two years. I can say that his dedication when it comes to job creation and job training is definitely not reflected in the speeches we hear from members opposite. The minister is deeply committed because he knows that the labour market is going through hard times right now, and that is why the government is doing something about it instead of laying low and making empty speeches. During the current fiscal year, $200 million in unemployment insurance benefits are earmarked for training programs, including $41,800 for the province of Quebec. With respect to the allocation of funds, I would point out also that the federal government will spend $1,074,400 for various labour-related programs in 1981-82, and Quebec's share will be close to $300 million, including $185.2 million for job-training programs in that province.

It can therefore be seen, without denying the existence of economic problems which are not for that matter peculiar to Canada, since unemployment, for instance, is much more severe in other countries, that there are important and effective programs designed to improve the lot of our workers which benefit Quebec enormously. Also, Mr. Speaker, I must remind the House that we live in an ever-changing world and that technological advance causes disruptions which require that our training programs be completely updated. That is the type of activity in which task forces were involved last year from the Employment and Immigration Commission as well as the parliamentary group which included members of the opposition—the Allmand group—whose findings prompted the Minister of Employment and Immigration to prepare the new training program he recently introduced to the provinces at the Vancouver conference.

All I want to add is that I hope the province of Quebec, which has always received its fair share, as I have just shown, will continue to benefit from its participation in the Canadian endeavour, because in the next decade Canada will have more challenges and more new problems to face as well as more encouraging prospects than any other country in the world. This comes directly under the jurisdiction of the Minister of Employment and Immigration. I should like to go on for a while giving examples of concrete projects implemented over the past 18 months by the Canadian government and which

were mentioned by the Prime Minister (Mr. Trudeau) during a fund-raising dinner last December. For instance, there is the shipbuilding industry, whose activities are centered in the Sorel-Tracy area, the pulp and paper and primary industries in the Schefferville, Port-Cartier and Sept-Iles regions, and now there is the program in the Montmagny-L'Islet area for those unable to adapt to the ever-changing world situation and whom the federal government has decided to help financially.

We have seen that the Canadian government has come up with an Industrial and Labour Adjustment Program to which it has allocated $350 million over a five-year period. By 1985, we will have spent $476 million on the completion of the Canadian space program. The megaprojects affected include the manufacturing of the handling arm for the U.S. space shuttles, of satellites, antennae and ground-station equipment. Most of that equipment will be manufactured in Sainte-Anne-de-Bellevue, Quebec, by the Sport Company, and out of the $132 million committed, Quebec will get some $50 million. Also, 500 of the 1,000 jobs in that high technology sector will be created in Quebec. The government will also commit more than $32 million by 1982 for the development and the use of the Telidon Videotex system.

In the Montreal and Quebec City areas, cable subscribers can now view the pages of *La Presse's* telecomputerized newspaper. There are a number of other programs, Mr. Speaker. For instance, a special $170 million fund to promote the development and use of microelectronic equipment was instrumental in the opening of an important Mitel plant in Bromont. Six microelectronic centres will be set up in Canada, including one at the University of Sherbrooke, again in the eastern townships area, again in the province of Quebec. Moreover, the Canadian government will also grant $50 million in financial help to the Pratt & Whitney Corporation in Longueuil for the Development of Dash-8 engines, and the spin-offs of the F-18 fighter contract are already estimated at more than $835 million for Quebec.

Also worth mentioning is the salvaging of the Canadair Corporation, which was bought by the Canadian government, and whose Challenger aircraft is meeting with unprecedented success. And, Mr. Speaker, who invested $90 million in Bombardier for the manufacture of 50 railways cars and 21 LRC engines for the VIA Rail Corporation? Was it the Quebec government which buys its buses in the United States? No, Mr. Speaker, it was the Canadian government. And who gave them financial and political support to land a $150 million contract for 230 rail cars for the Mexico City subway? Once again it was the Canadian government, Mr. Speaker. And who invested $150 million in the Bombardier plant in Valcourt, to help in the manufacturing of 2,762 army trucks Mr. Speaker? Was it the Quebec government? Was it the government whose rhetoric the hon. member is using to suggest we are doing nothing for the province of Quebec? No, Mr. Speaker, it was the Canadian government. Finally, Mr. Speaker, who helped Bombardier secure from Volkswagen the technology transfer for the design and manufacturing of its Iltis jeep? Who else but the ministers, Members of Parliament and officials of the Canadian government, which the hon. member calls the silent group in the Quebec caucus. That group, Mr. Speaker, may appear to be silent to the hon. member for Joliette, but it is a group who knows how to deliver the goods, Mr. Speaker.

We also allocated $135 million to modernize the Quebec pulp and paper industry, that is in greater Quebec City. We did the same for the shipbuilding industry, which will receive an additional $225 million over the next three years to update its production equipment. We have therefore done our job in this area as well. The interests of Quebec have been defended by Members of Parliament in caucus, in cabinet, by the people from Quebec, and not only by the rhetoric of the present provincial government.

Under the National Energy Program, the Trans-Quebec and Maritimes Gas Pipeline Company is now completing work on a pipeline which will soon supply gas to Eastern Canada. This project alone will create $1.5 billion in investments over the next five years. This is a further positive action, in my opinion. The Canadian company Dome Petroleum has also purchased Davie Shipbuilding of Lauzon to manufacture the equipment it will need for its prospecting and development activities in the north. As everyone knows, this is another priority of the National Energy Program.

This week, we announced the new ports policy for Canada which will give local authorities more input in decision-making and help the ports of Quebec City, Montreal, Sept-Îles and others to take concrete action and to co-operate with local industries in developing Quebec ports. In the last five years, we have spent over $12 million to develop the port at Gros-Cacouna, and I see here the hon. member for Kamouraska-Rivière-du-Loup (Mr. Gendron) who was very active in this regard. He delivered the goods and did something positive for the people of Rivière-du-Loup and all Quebecers, instead of being satisfied with rhetoric like the hon. member for Joliette. When the Progressive Conservative Party was in power, the hon. member for Joliette did not say that this project had been under discussion for 15 years, but rather that it was a concrete measure taken by the Progressive Conservative government. I am sorry, Mr. Speaker, but I believe that the people in Quebec and the residents of Rivière-du-Loup did not believe what the hon. member for Joliette was saying, and that is why his party was defeated on February 18, 1980, an anniversary we shall probably celebrate in two weeks.

The Progressive Conservative Party had not even invited the hon. member for Kamouraska-Rivière-du-Loup who had been the moving spirit and promoter of this project, Mr. Speaker. In the Quebec region, we also provided a $5.5 million subsidy to the Quebec Inter-Port Company to strengthen the industrial base in the Quebec area by improving port facilities. What about the old port project in greater Quebec City? What about the infrastructures developed by the Canadian government in our area? Indeed, we know that $80 million has been allocated to modernize the commuter train system in the Montreal area. I can see how the Progressive Conservative members can find these comments irritating. Of course, they would not like us to

broadcast that this money is being spent, that jobs are being created, and that we do not just discuss projects, but carry them out. Additional funds amounting to $42.8 million will be allocated to promote tourism in Quebec, despite the fact that the Quebec Minister of Tourism has refused to attend the federal-provincial conferences on tourism. This same Minister of Tourism then comes to Ottawa and tells the federal government that it is not doing enough for Quebec's economic development. Mr. Speaker, the hon. member for Joliette may want to associate himself with these people, but the Quebecers, the Quebec members of the Liberal caucus in Ottawa are certainly not interested in being associated with them.

There is still more, Mr. Speaker. We shall be spending $15 million a year toward the capital costs of trade and convention centres in seven major cities in Canada, including, of course, the one in Montreal, even though, once again, the provincial minister does not want to attend federal-provincial conferences where these matters are discussed. They say that they will only attend conferences dealing with the economy. Yet, Mr. Speaker, for the people of the Gaspé peninsula, for the people of the Quebec City metropolitan area, for the people of Lac Saint-Jean, for the people of the entire province of Quebec, tourism is a major industry and the Quebec government is responsible for promoting it in co-operation with the federal government, and not by way of confrontation.

This is a very incomplete picture, but all this action has been taken because of the pressures and the vigilant co-operation of the Quebec Liberal caucus in Ottawa, a group of Members of Parliament who have decided no longer to give way to the requirements of the rhetoric of the Quebec government, but to take action in their own areas of jurisdiction. I do not think that we have any lesson to learn from the hon. member for Joliette. Where was he when this action was being taken? He was with Biron, Parizeau and Lévesque. He was dealing in rhetoric and propaganda while we were creating jobs, Mr. Speaker.

Unfortunately, Mr. Speaker, we are allotted a mere 20 minutes. It is regrettable that I had to speak right after the hon. member for Joliette, because perhaps it might have been interesting to see his kind of reaction to the explanations that he was given concerning job creation and investments by the federal government in the province of Quebec.

• (1720)

[*English*]

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, I could not begin to compete with the kind of rhetoric we have just heard, so I will stick to my own text.

I am grateful for the opportunity to speak in this debate because I wish to share with hon. members my concern about the most important industry in our country—in terms of employment, at least—the forest industry. In doing so I wish to remind the government of the consequences of a deliberate policy of neglect, consequences which are particularly serious at this time.

I will also try to make some positive suggestions, as is my style. I am glad the Minister of Employment and Immigration (Mr. Axworthy) is here. I know the minister responsible for forestry was here a minute ago. I hope those ministers will have their ears pricked so they can learn what is new.

First let me put up a backdrop for the ugly scene of neglect for which this government is at least partially responsible. Officially there are some 1,030,000 people unemployed in Canada today. Unofficially some say that number is closer to 1.5 million. Incredibly, half of those people are under the age of 24. The youth component of our unemployment rate is the biggest. Young people in our country today are starting their lives with feelings of uncertainty and even fear. Their hopes are dashed. Their aspirations are disappointed. Instead of confidence and enthusiasm they have doubt and mistrust in the system from which they have just graduated and of which they are the product.

It is said that our economy is in a serious state of crisis, but the worst crisis is the crisis of unemployment and the crisis of confidence which unemployment has created. It is a crisis of loss of esteem and loss of confidence. We have lost the confidence of our young people. There is a lack of confidence in our ability to function as a nation. People lack confidence in their government. They have been deceived and betrayed. People tell me they feel they have been lied to and, as several of my colleagues have already said, I have the feeling people have had that done to them once too often. As I said earlier, we have even lost confidence in ourselves. That is a very serious matter because we cannot begin to rebuild a nation if people do not have confidence in themselves and in their own ability to produce and share in the task of producing.

As hon. members know, I recently published the results of a study I carried out in my office dealing with the problem of youth unemployment. I discovered that despite all the efforts the government claims to have made over the last 15 years, the situation of young people in the labour force and statistics relating to unemployed young people have worsened. For instance, in 1966 young people between the ages of 15 and 24 made up 24.2 per cent of the total labour force, but they made up 40.6 per cent of the unemployed. In 1980, 26.8 per cent of the labour force were people between the ages of 15 and 24—a small increase—but that group made up 47.1 per cent of the unemployed. No wonder people are frustrated with our educational system and are demanding change. Even if we were to come to terms with the backlog of training required to get our young people into the work force and, to help them make the transition from school to work, our economy could not, at least in present circumstances, absorb our young people.

• (1730)

As hon. members know, I represent an area in Canada which has a disproportionate number of young people in it. It is a young man's country. It is pioneering country. It is also a producing area of our country. Most Canadians look at north-eastern British Columbia as an area that holds out greater promise than the rest of Canada, particularly in view of the

planned megaprojects, and the richness of resources that we have, particularly hydrocarbons and lumber. In fact, many Canadians from right across Canada, in particular Newfoundlanders and Quebecers, have moved to my area to find work, to start raising families and building their lives. Most of them are young Canadians. They have brought with them many school-aged children and many who have just left school who have had to join the unemployment rolls recently.

Some of these people are now worse off than they were before. In northeastern British Columbia and in areas that are heavily industrialized, we have above-average unemployment rates. In Prince George, there is an 11.5 per cent unemployment rate, which is almost 3 per cent above the national average. Living costs are, of course, much higher than in most other parts of the country. That is why I say that people who have come from Newfoundland or Quebec are worse off now living in British Columbia than they were in Newfoundland or Quebec because the cost of living is higher but the unemployment insurance cheque is the same right across the country.

The reason for the slump in the economy in that area is partially the National Energy Program. It has literally closed down the energy sector. For instance, in the northern part of my constituency, in the Peace River country and up to the Yukon border, there were last year 120 oil rigs and exploration drilling activities going on. Right now there are 18 such rigs in operation. The service industry is, of course, affected and has also shut down.

Some cities are practically bankrupt. Large and small businesses and hotels which are only two and three years old are in receivership in some parts. The minister does not believe these statistics. He says that he is doing the best he can for Canada to help us regain energy self-sufficiency. If that is the way to do it, I would like to know what other ways there are to gain energy self-sufficiency.

What is being done is having a devastating effect on the economy in my area. In the main, the economy of central B.C. is based on the harvest of our forests. The lumber and forest industry is finding itself in dire straits. The lumber and forest industry used to be known as the goose that laid the golden egg. One out of every ten Canadians found work in the forest industry and earned a living from the harvest of trees. Our wood converting industries generate more export dollars than agriculture, fisheries, mining and hydrocarbons—oil and gas combined. Mainly because of the rich endowment of our natural virgin forests and the excellent qualities of our products, the industry has always been self-sufficient. Very seldom has it come to government for any kind of help. In fact, the government has always been a parasite on the industry. This industry is probably the oldest one in our country. Even though warning signals were sounded years ago, this government felt it had no responsibility to reinvest in the resource, to reinvest in the industry to help it maintain its vibrancy and its efficiency, even though on an annual basis the federal government collects $8 billion in taxes and royalties from the wood-converting industry. Business leaders and professionals alerted us to the fact that our resource base was depleting at a much faste rate than it was being renewed. But this government started to tear down what was once a proud agency of this government, the national forestry service.

About 15 years ago, we had twice as many people working as professionals and servants in the Canadian Forest Service. The government was told but it ignored the warnings that our markets were limited, that we should diversify and go into other areas, to Europe, to the Pacific Rim countries to sell our products. The industry needed to retain more of its profits to do research into new products and develop products that would be required in the more diversified markets. The industry needed to retain more profits to modernize plants and to improve productivity as well as to replenish the resource base, although resources have always been looked at as provincial responsibilities because provincial governments are the owners of the resources. Warning signals were sounded. Governments were told that there had to be more intensive forest management. There needed to be a greater protection of the resource base which was being ravaged by fire, by insects and by other natural elements.

Ken Grave, president of the Ontario Forest Industry Association, said that spending on forest management in Ontario must increase at least fivefold to ensure that the country's existing forest resource can play its proper role in Canada's economic future.

What have we done instead? Instead we have allowed the federal manpower strength to be decreased by 50 per cent over the last ten years. This strength comprised the scientists who could have helped us with the task. All of these things have been neglected and that is why we are in such difficulty. We did not help the industry develop new products. The efforts that were made were usually too little and too late. Now we are reaping the harvest of this deliberate policy of neglect. The industry is particularly hard hit, and it is hard hit because of a very serious international economic situation. There are very uncongenial market conditions, particularly in the United States. Because we did not develop any new markets, most of our products are still sold in the United States. As we all know, not many houses are being built in the United States right now, and because we failed to move into other markets, Canada is now almost wholly dependent on economic conditions in the United States to restore the health of this industry.

Our plants in eastern Canada are antiquated. Some efforts to help modernize the industry have occurred, but again too little too late. The cost of raw materials, such as logs, has dramatically increased because we have neglected the prime growth areas close to our sawmills. We have left it to nature alone to regenerate these areas. As we all know, nature takes time and time is running out.

The effects of this neglect are now painfully apparent and reflect themselves in massive unemployment, temporary layoffs and other distorted labour conditions.

• (1740)

Various industrial associations throughout the country have reported that of the 300,000 Canadians who are directly

employed in wood-converting industries, between 105,000 and 115,000, or almost one third, have either been laid off or are involved in programs under which the unions have agreed to share the work among members rather than cash in on some of the unemployment insurance programs. The minister likes to take credit for the work-sharing program, but it is really a sharing of poverty and misery. I give credit to the companies and unions which were able to negotiate deals whereby workers share the available work. Some work two days per week others work three days per week, and in so doing they stay off the unemployment insurance roll.

I should like to break down the statistics I have just mentioned with respect to total unemployment in the forest sector. As I said, there are 300,000 people directly involved in the forest industry. Roughly 40 per cent of its total industrial capacity is located in the maritimes, Ontario and Quebec. The industry is operating at 57 per cent below normal. I would calculate from that percentage that roughly 68,000 people are laid off in the maritime provinces and in the Quebec and Ontario regions. The prairies, including the province of Alberta, share roughly 10 per cent of the industrial capacity of the forest sector. They are working at roughly 32 per cent capacity, which means that approximately 9,000 people are out of work. In British Columbia the problem is much more dramatic because the province produces 50 per cent of our wood products. There are about 150,000 people directly employed in the British Columbia forest industry. Close to the end of January that industry was operating at 75 per cent capacity. This means that approximately 37,500 people are laid off or are involved in some work-sharing program.

Of course, these figures do not include the industrial sectors which service the forest industry. It is said that up to 700,000 Canadians indirectly rely on wood-converting industries for their livelihood. If one projects these figures throughout the industry, one arrives at the staggering number of 380,000 people who are presently in some way affected, either laid off or operating in reduced circumstances. This is very dramatic, particularly since the industry reported to me that, at least in the short term, there will likely be a worsening of the situation. As we all know, interest rates in the United States are turning around and rising. Canadian interest rates are sure to follow because the government is totally devoid of any new ideas. We will see our interest rates following those of the United States. This is bad news for the lumber and construction industries. Even the most optimistic estimates for 1982 indicate that we should not expect a turnaround until late in the second or third quarter of the year. Of course this means that lay-offs will continue to accelerate and the statistics will be even more devastating by spring. The potential is real and in the short term it is disastrous.

Unfortunately there is very little the government can do now in terms of direct intervention. The industry is not one which lends itself to becoming involved in a partnership with the government such as other industries do. A patchwork solution would be to supplement the wages of workers who have enrolled in work-sharing programs with some unemployment insurance benefits. It would be a band-aid solution, a patchwork program, but nevertheless it might save the unemployment insurance fund more money. At least it would allow people to keep their jobs, do some work and remain in their communities so that when the turnaround comes—and of course there is a pent-up demand—they would be ready to return to work. Of course we know that there are hundreds of small one-industry communities throughout the country in the forest industry. It would allow people to remain in those communities, to be ready to return to work and to take part in the future of their industry which indeed is bright.

In talking with the forecasters I was told that the world demand for wood products would increase dramatically, in fact by 50 per cent to 60 per cent, over the next 20 years. In the next 60 years it is expected that the demand for wood products throughout the world will triple. Canada should capture a lion's share of the new markets and fill these demands. The world supply of wood fibres is in a very precarious situation. We read in the newspapers every day that while we have neglected our forest base, other countries are doing even a worse job, particularly in the south, and that Canada will be looked upon as a major supplier of future requirements in wood fibres. The government's forest strategy committee predicts a doubling of our output of forest products by the year 2000. To achieve this we will have to cut 50 per cent more trees by that time.

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member but his allotted time has expired.

• (1750)

[*Translation*]

Mr. Jean-Guy Dubois (Lotbinière): Mr. Speaker, the subject of our debate today is extremely important to Canadians of all groups and ages across Canada. The government realized this some time ago, and after it was returned to power, it proposed a number of measures to create jobs, using various formulas such as community development projects, to name only one. There have been other measures aimed at providing better training and especially practical training for all Canadian workers. In fact, it is this particular aspect of the employment situation which I would like to discuss in the House. First of all, I may remind my hon. colleagues that a few weeks ago, at the federal-provincial conference in Vancouver, the Minister of Employment and Immigration (Mr. Axworthy) introduced a national training program designed to meet the requirements of this decade, which was very well received by the Canadian people. Incidentally, it is high time that Canadians became aware that the federal government spends about $860 million annually on manpower training.

It is also clear, as the Minister of Employment and Immigration very appropriately stressed, that we shall have to change our teaching methods without delay and start to offer courses that are better adapted to filling our manpower requirements, especially in areas requiring very specialized

skills. Editorial writers, among them Keith Spicer in Vancouver, expressed their surprise that at the conference provincial spokesmen had shown considerable concern, for control over their jurisdictions, of course, but none at all for jobs or adequate training. Many people in my own riding have told me: Stop this federal-provincial nit-picking. We want the money to which we in the province of Quebec are entitled to come to us, and we want our provincial governments to meet you in Ottawa about these job-creation programs. Another analyst, Mr. Orland French of the Ottawa *Citizen*, was saying more or less the same thing on January 11, when he wondered whether the Ontario minister of education, Mrs. Bette Stephenson, was opposed to the federal program because it suggested that investments were inadequate or inappropriate, courses did not meet the needs of industry, and so forth. In each instance, Mr. French noted that this was not so and that Mrs. Stephenson was concerned only about her own jurisdiction in educational matters.

It is obvious that the provinces will have to acknowledge, for the sake of workers throughout Canada, that too much money has already been spent for programs aimed at training people for disciplines already overcrowded or seriously declining and that, in the future, we shall have to provide training which will be better suited to the needs of our economy, especially as we shall no longer be able to rely as much on immigration as we did in the past, a fact the Minister of Employment and Immigration has often indicated, while the number of new Canadian entrants on the labour market will decline. This problem has been especially well described in an editorial in *Le Droit* by Mr. Pierre Bergeron, who first noted that Ottawa and the provinces should both feel responsible for the present situation, but then added that they must all be part of the answer which will depend, and I quote:

—essentially on the ability of Ottawa to provide leadership and co-ordination.

This same courage is reflected in the proposal made by the Minister of Employment and Immigration in Vancouver, together with an acknowledgement of the need in such a vast country as ours, with its regional disparities, to provide this essential role of co-ordination mentioned by Mr. Bergeron, who also added:

—this will not occur painlessly. The provinces will have to forget their pride and realize that the program will fail if they insist on doing things independently.

The editorialist concluded with these words:

—the seriousness and the urgency of the problem must prevail over parochial disputes.

Mr. Speaker, we constantly hear the same thing in our constituencies, where people tell us of the need to stop arguing and to provide the money and the mechanisms needed to create employment, and of the need for the various levels of government to come to an agreement and to intercommunicate.

Mr. Speaker, the issue of job training is of major importance when we are discussing unemployment and job creation, as we are now doing in this House. Even today with massive unemployment in Canada, there are still thousands of jobs for which no qualified applicant has been found. And, on the basis of the research done by Employment and Immigration Board task forces, as well as the Allmand parliamentary committee, this problem will get worse unless our training programs are redirected as advocated by the Minister of Employment and Immigration at the recent Vancouver conference. He mentioned that the substantial economic growth anticipated during the next decade, will give rise to tremendous challenges and wonderful opportunities. However, he added that we will only be successful if we replace the Adult Occupational Training Act, now 15 years old, by new legislation which would meet the needs of the eighties as far as abilities are concerned and which at the same time would increase job opportunities for many Canadians. And with your permission Mr. Speaker I should like now to mention some of the main proposals contained in the Axworthy formula introduced in Vancouver which is undoubtedly consistent under any jurisdiction, either federal or provincial.

First, designated national occupations would be granted special financing and accelerated training. On that point, the Minister gave the following explanation and I quote:

—we need a national training program because we are dealing with a real national labour market. Priority will be given to filling gaps in skilled jobs of national importance, namely, those where existing and future gaps at the national level, cannot be filled without that kind of measure.

Second Mr. Speaker, an adjustment and skill-training fund which will help finance capital assets and operating costs of training institutions. In co-operation with the provinces, if they so wish, the federal government will use this fund to finance investment expenditures and initial operating costs with a view to setting up, expanding or modernizing institutions and provide equipment for technical training.

Those institutions can be managed by the provinces, by industrial firms or non-profit organizations. Mr. Speaker, I repeat, by the provinces. Then, if the latter want to co-operate, they will have no excuse to claim they have no input, as sometimes does a certain Quebec government that is always asking for money to spend as it pleases without saying, of course, where it came from. Because no doubt this is top secret, people should not be told the money comes from the federal government. It may not be a sin, but it is something one must not mention in the province of Quebec. Therefore, concerning the manpower adjustment and improvement fund, we say that the institutions involved could be managed by the provinces, by industrial firms or non-profit organizations.

Third, I would like to comment on the reallocation of resources to critical trade-skills training and the retraining of workers affected by technological change. Because the requirements of economic growth and the changes that will come about in the eighties require a significant increase in the proportion of resources allocated to critical trade-skills train-

ing. Consequently, it is essential to expand considerably critical trade-skills training and to update the general industrial training program so that our efforts are mainly focused on critical trade skills, the retraining of workers affected by new technologies and the training of unemployed men and women.

Mr. Speaker, concerning unemployed men and women, quite recently in my constituency a plant unfortunately had to lay off a great number of workers. Thanks to the training program, it was possible to redirect those workers to other fields and train them as an extension of the unemployed insurance program. In this way they can take courses in toolmaking, welding and other similar courses. I believe that in such circumstances a solution is vocational training so that people in temporary difficulty may acquire skills. The Allmand report suggested there would be a dearth of people to fill those specialized jobs. Of necessity, those people must meet the requirements of employers.

Fourth, Mr. Speaker, I should like to mention a new remedial classes program designed to teach skills for which job opportunities exist on the labour market. Common sense has no jurisdiction, whether provincial or federal, Mr. Speaker, and everyone knows that greater efforts will be required to integrate successfully in the economy the so-called dropouts who, if given a special opportunity to which they are entitled by reason of their special problems, can finally play a useful and honourable role in a society that has a duty to help those in need of such special help in order to become self-reliant in their own and in the state's interest.

By the way, such a program has been in existence for years and is very successful, thanks in particular to the co-operation of businesses—

The Acting Speaker (Mr. Ethier): Order, please. It being six o'clock, I do now leave the chair until eight o'clock.

At 6 p.m. the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

The Acting Speaker (Mr. Blaker): Order, please. When the House rose at six o'clock, the hon. member for Lotbinière (Mr. Dubois) had the floor.

Mr. Dubois: When the House rose at six o'clock, Mr. Speaker, I was saying that professional training does indeed create new jobs. I had reached my fourth item and I was showing how this result is achieved. This program has been going on for years and is meeting with tremendous success, thanks in part to the support of such corporations as the Bank of Montreal, Consolidated-Bathurst, Bell Canada and Canadair. For it goes without saying, Mr. Speaker, that programs such as this could not be successful through the efforts of the governments alone, for our economic system is based mainly on private enterprise.

Private enterprise must, therefore, help assess and identify its needs for skilled workers before the labour force can be trained. It should also monitor the relevancy and quality of the information we have on the labour market situation. Fifth, Mr. Speaker, I should like to deal with equal opportunities for women and other people with special needs, such as the Indians whose involvement in the labour force will increase considerably over the next decade, especially in western Canada. We must see to it that the handicapped and other disadvantaged people acquire or develop the new skills they need to have access to the good jobs of the future. Concerning the assistance which handicapped people need, the Government of Canada, through its Department of Employment and Immigration, has implemented a program to encourage corporations to hire them.

Now that 1981, a special year for the handicapped persons, is over, I think we can honestly say that this program has been tremendously successful in Canada and has helped these people join the labour force. Sixth, there are new programs which will make it possible for voluntary and non-profit organizations to take part in the training of our labour force. Seventh, a manpower mobility program will help our workers, especially those living in the province of Quebec, to participate in the great projects under way in other regions and from which all provinces should benefit. It is not by raising walls around our towns, regions and provinces that we will help our workers, especially if we deprive them of the opportunity—I should say the right—to get a job on which they could easily support their families.

Something which appears to have upset the provinces recently is the desire of the federal government, which contributes financially to a very large extent to the training of workers, to have its involvement known to the public. I feel this is just as reasonable as wanting the public to believe that because this is connected with eduation, all the money is coming from the provinces. I feel it is really important for the Quebec people to know that this program is financed largely by the Canadian government, which has been allocating funds to it for many years. To my mind, a national training program must be flexible and readily adaptable to the needs of changing situations. That is why a bill has already been introduced by the Minister of Employment and Immigration providing for the extension of the training period beyond the present 52 weeks, greater access to training, simpler and improved administration of the training program as well as greater involvement of the private sector and other groups concerned with on-the-job training.

As I mentioned earlier, the private sector must become increasingly involved in the program, in order to assess and define the needs of specialized workers with a view to providing such training as will meet their needs. It is also to be hoped

that the provinces, without overlooking their jurisdictions or financial needs, will show a greater interest in the real needs of the workers with regard to training, especially in terms of future requirements, while remembering, however, that when they lend a helping hand professionally, they cannot take all the credit for complete and absolute success. This, indeed, is what Mrs. Lise Bissonnette, in the newspaper *Le Devoir* for January 16, after the Vancouver conference, reminded the Quebec minister of education, Mr. Camille Laurin, and Mr. Robert Dean, parliamentary secretary to the minister of labour, Mr. Marois, saying that in Quebec alone, the trade schools system is a minor scandal: it offers training in 90 super-specialized fields to the young of 14 to 17 years of age.

Mr. Speaker, everyone agrees that the Adult Occupational Training Act, now 15 years old, no longer meets present needs adequately, and even less those of the future when the highest degree of specialized training will be imperative. All levels of government and the private sector must work together to get professional training that is adapted to the new and changing needs of our economy and industry. This sensible and practical approach will also be required of unions and their members. Training in areas with an existing or potential manpower surplus should be stopped or at least substantially reduced.

If we succeed in alleviating manpower shortages, especially in highly skilled jobs, we will then be able to stimulate the economy, improve our competitive position on international markets, reduce inflationary pressures and provide Canadians with training and retraining opportunities that will help them get interesting and well-paid jobs generated by our country's economic recovery. I should like to point out that the regions will also benefit by this policy. I am saying this because some unwitting proponents of "balkanization" would actually deny some of their fellow citizens' higher education because they are afraid they would then move to one of the other provinces to work.

The long night of the Duplessis year is history, but in 1982 there are still people who are saying, substantially, that training is okay, but not too much, if they are going to use that training somewhere else. Are we going to prevent Quebec workers from retraining for another job, just because they might get a better job in another town or province? And what if Quebec's own requirements may soon oblige us to seek elsewhere the workers we failed to train in this province?

Mr. Speaker, I feel that with respect to occupational training, the financial incentives given employers under the training in industry program should be modified in order to simplify the assistance framework, accelerate training in occupations where there is a shortage of skilled manpower and encourage training and retraining of women in occupations traditionally held by men and also training and retraining of special needs clients, such as native peoples and the handicapped. I believe that such developments will be very important in the years to come.

• (2010)

[*English*]

Hon. Flora MacDonald (Kingston and the Islands): Mr. Speaker, the subject matter we are dealing with in today's debate is the federal government's deliberate failure to create job opportunities for the hundreds of thousands of Canadians now looking for work and, in addition to them, the thousands who will be entering the work force in the coming months and years. Nothing could be more pertinent to the responsibilities we hold as Members of Parliament than that we should do something to alleviate the terrible suffering and the waste of human potential that unemployment is inflicting upon the Canadian society today.

Seldom in our history have we seen such devastating circumstances as those that confront us now. When we look at the figures, they tell a very difficult story. As of January 8, the last date for which the figures were available, the seasonally adjusted unemployment level in Canada was estimated at 1,026,000 persons, or over one million Canadians out of work.

That figure does not include hidden unemployed, the many people who have given up in despair and are no longer in the labour force. After months and years of looking for work, some of them have just had to give up. It does not include those who have abandoned hope, who have given in to despair that they will not be able to find jobs. If this figure of the hidden unemployed were to be included, it would make the figure much higher than the one million that we have in public knowledge today. It could, it has been estimated, raise that figure tragically to something like one and a half million Canadians unemployed.

Today when we turned on our radios and read our newspapers, we were advised of a report that had been done for the federal Department of Industry, Trade and Commerce which predicts that another 175,000 Canadians will be out of work by March, and that many more in the next two months. It will primarily affect the manufacturing sectors of the provinces of Ontario and Quebec.

If you turned on your radio or read your paper and saw that in this morning's news and you happen to be a person employed in the manufacturing sector of these two provinces, what would your reaction be? I am sure it would be the same for people all across this country as it is for those who work in the manufacturing sector of these two provinces.

They know their security is threatened, their future shadowed by uncertainty. The anxiety and gloom which accompanies that must be present in all of their thinking. Thousands are probably asking themselves whether they will be the next to be laid off. They wonder, if it happens to them, how they will go about meeting their mortgage payments and providing a decent living for their family, and where they will find another job. This is what thousands of Canadians are asking themselves tonight because they live in uncertainty and insecurity in the job market in Canada today.

Faced with this kind of uncertainty, who can blame them if in the weeks and months ahead their productivity drops or they

pay less attention than they normally do to detail? Tomorrow the unemployment figures will come out again. It does not take much insight and it certainly does not give anyone any joy to know that those figures will show an increase in the unemployment rate.

Speculation has it that the official number of unemployed between now and the summer months will probably rise to one and a half million Canadians. That will be one and a half million unemployed in a population of 24 million with a labour force of some 12 million. In other words, that is one eighth of Canada's labour force that will be without jobs.

Just think of the consequences economically and socially that that has for Canada today. Even if we were to think of it in the narrowest dollar terms, the consequences are considerable. When I checked these figures, I was told that each Canadian worker contributes an average of $20,000 a year to the gross national product. For one million workers who are now unemployed, it could mean an additional $20 billion to our gross national product. If this contribution were to be made, think of how it would reduce our deficit. I ask myself why the government cannot see this. Why does it not choose to go the route of building up job opportunities, of getting the unemployed back into the labour force? Why does it not choose to go that route?

Mr. Kelly: Spend more, higher deficit.

Miss MacDonald: There is another of the backbenchers from the Liberal Party who is willing to put all of the punishment on Canada's labour force and make more and more of them unemployed. What kind of heartlessness is that?

Mr. Kelly: Would you raise taxes? Would you spend more?

Mr. McDermid: We would spend smarter.

Miss MacDonald: Why does the government not realize that the money it wastes or spends on so many useless projects could go into job-creation which would give jobs to Canadians, giving them back something they do not have at the present time? It would give them back their confidence and self-respect.

• (2020)

Mr. Kelly: Give us an example.

Miss MacDonald: No, the Liberal Party does not want that. They want to see workers without jobs.

Mr. Kelly: Tell me how many millions would be saved. What would you spend it on?

Miss MacDonald: This government spends over $100 million a year on advertising.

Mr. McDermid: Propaganda.

Miss MacDonald: That is exactly what it is. It is useless advertising by the government which is trying to embellish its reputation with the Canadian public. That $100 million could be spent in additional job-creation programs to help many workers in Canada.

Mr. McDermid: That is just one example.

Miss MacDonald: Why can the government not follow a course which would make an effort to help the unemployed of Canada re-enter the job market so they can contribute to the gross national product?

Mr. Kelly: How will you spend the money?

Miss MacDonald: But no, the Liberal Party and the member who is raising his voice obviously do not feel their government has any responsibility to provide for the unemployed in this country. This is a severe indictment of those people opposite who are content to see the number of jobless rise.

What is more disturbing about the loss to the economy because of this unemployment is the added social costs to Canada. We are losing our potential for the development of our great human resource. If the economic costs of unemployment are high, I would suggest that the social costs are probably higher. These costs are impossible to calculate in dollar figures but they contribute directly to the demoralization of our society. When hope gives way to despair, and despair is what the government is creating—

Mr. Kelly: What do you do?

Miss MacDonald: When jobs disappear into oblivion, people find other avenues in which to express their frustration.

Mr. Kelly: Stop clucking and tell us what you would do.

Miss MacDonald: This frustration becomes evident through higher rates of crime, juvenile delinquency, family breakdown and suicide. These are the consequences of joblessness. How can anyone put a dollar figure on these very real results of unemployment? How do you calculate despair and loss of hope for one million unemployed in Canada? The most precious asset a person has is self-respect, and so often when someone loses a job, his or her self-respect and confidence is lost along with his feeling of contributing to the economy.

Mr. Kelly: That does not tell me a thing.

Miss MacDonald: Studies have shown that a prolonged loss of work can change a person's whole personality. The pressure of losing one's job produces not only depression and frustration but anger and violence. Many studies have been made which show how interconnected these two are.

Mr. Kelly: Tell us what you are prepared to do.

Miss MacDonald: Studies in Toronto, Windsor and Oshawa, where massive lay-offs have occurred, show that the demands for social services have escalated beyond belief. A special committee which was set up to deal with the needs of the unemployed in Windsor showed that there has been a 400 per cent increase in case loads. The public relations officer of

the United Auto Workers said that there is a definite increase in the incidence of alcoholism and family problems, among the unemployed autoworkers. This is what happens when unemployment occurs.

Mr. Kelly: What are your policies, Flora?

Miss MacDonald: A recent report in the Ottawa *Citizen* stated that one in every 20 Canadian adult drinkers is alcohol-addicted, and this number can be expected to go up as the economy goes down. The report quotes a counsellor who has worked with alcoholics for 20 years as saying there is a direct correlation between unemployment and alcoholism because of the pressures unemployment puts on family life.

A Toronto study indicates that a widespread incidence of wife-battering and child abuse are tragic consequences of prolonged unemployment. The director of a family services bureau in Toronto said that he found, in dealing with clients who have been unemployed for some time, that many have been on edge and that any stress or difficulties tend to push them over the edge. Frustrations are sometimes taken out on the children, who are defenceless.

As well, there has been a distressing increase in the number of suicides over the past few years. For example, the Ottawa distress centre received over 900 calls threatening suicide in 1981, while two or three years ago, many fewer calls were received. The centre's director is concerned that as the unemployment situation becomes more severe and as the economy slips into deeper recession, the number of suicides will increase drastically.

Mr. Kelly: That is a distortion of the facts.

Miss MacDonald: Family breakdown, suicide, wife-battering and alcoholism are tragic companions of unemployment.

Mr. McDermid: Why were those facts not in your speech?

Miss MacDonald: It was my hope to hear the minister and other members of the Liberal Party outline this afternoon what the government proposes to do to start coping with the tremendous problem that all of us want to see remedied. I had hoped he would bring forward some proposals and follow the lead taken by the hon. member for Rosedale (Mr. Crombie) in recognizing what is truly a monumental problem, and would recognize the fundamental shifts which we are going through in the economy, shifts which require the minister and his government to come up with imaginative new methods of job creation in order to alleviate today's terrible situation. What we need from the minister is a new sense of direction and a new spirit of co-operation. Instead, we had an exhibition from a person who was unable to cope with the magnitude of the problem which confronts him. Instead, he falls back on the defensive and lashes out at anyone and everyone in a desperate attempt to shift the blame. The minister blamed the other industrialized countries, he blamed the opposition, he blamed South Africa, he blamed foreign policy—whoever he could. But he gave us very little of a positive nature to show that the government is seriously trying to reverse the increasing unemployment.

I ask: what comfort, what consolation or hope does this kind of diatribe offer to the more than one million unemployed? It would be much better if the minister would face up to the hard facts about the economy. The basic fact is this: high interest rates drive up unemployment.

We heard all the provincial premiers saying the same thing this week; only the federal government was out of step. The fact that high interest rates drive up unemployment is particularly true in the manufacturing sector. When the economy is tight, people do not have the money to spend on commodities, and when these commodities are not being purchased, the manufacturing plants cut back on production. This is certainly apparent in my riding of Kingston and the Islands where over 850 workers have been laid off in six different manufacturing plants since October of last year. The number of unemployment insurance claims for the week of January 29 had increased by some 18 per cent over the same period last year. Between January 1 and January 18 there was an increase of 10 per cent in welfare claims in my constituency. That is only one constituency, but it is happening all across Canada.

Figures do not tell the whole story. In fact, all too often statistics try to smooth out what is a much more tragic situation. We are inclined to forget the faces behind those figures, the thousands who are forced to accept handouts, when what they really want is jobs.

• (2030)

A woman called from my constituency today and told me of the difficulties she and her husband are facing. Both of them had been in good jobs and had looked forward to a secure future. They were buying a home, and then suddenly both of them were laid off because of circumstances well beyond their control; and their mortgage payments were increased. She said: "How can we get ourselves out of this situation? We didn't ask for it. We had been conscientious, hard-working people, and suddenly we face this calamity."

What can we tell people like that at this critical period of their lives? Are we to tell them there will be many job-creation projects for them when, indeed, there are so few? In fact, the money currently being spent on job-creation projects is about $143 million, when the unemployment figure is 8.6 per cent. Do hon. members know that back in 1971 when the unemployment rate was much lower, at 6 per cent, the government spent $339 million on direct job creation? But now when the situation is much worse, the government cuts back.

I want to say just a few words about the unemployment situation as it applies to women in particular because there is great uncertainty for women in the labour force at the present time, but looking down the road it appears that the situation may be much worse. Some 50 per cent of all Canadian women now work, but by the year 2000 some 75 per cent of Canadian women are expected to be working, and that means five out of every ten workers will be women.

In the last number of years, as women entered the labour force, they went primarily into the service sectors where the economy had expanded to allow that kind of entry into the work force, but that tertiary sector of the economy is now saturated and women who will be entering the labour force will not have that opportunity. The question is whether they will be trained for other jobs. Will they have the opportunity to train for jobs which have normally been classified as "men's jobs"? We see very little of this at the present time. Yes, there are a few programs the government has undertaken, and I am glad to see that, but they are minimal compared with the number of retraining and job-creation projects needed to accommodate the great number of women who will be entering the labour force throughout the 1980s. They will be needed to retrain those women who are in secretarial and clerical positions but who will not be able to remain in those positions as they become more and more automated. The government should be making tremendous efforts to enrol these people in new job-creation projects or retraining projects.

I urge the government to realize there is still a much bigger challenge facing it. There is a much bigger problem awaiting us as we go through the 1980s as far as women in the work force are concerned. I plead with the minister that he do far more now to prepare for that eventuality than the government is doing at the present time.

Mr. Jim Manly (Cowichan-Malahat-The Islands): Mr. Speaker, I welcome this opportunity to speak about what is really the number one political issue in Canada today. In the last few weeks I have talked to people in my constituency and in the area, and time and again I have been told this is the issue they see as being crucial. The leader of my party, the hon. member for Oshawa (Mr. Broadbent), has just finished completing a tour of a number of centres across Canada. On that tour he highlighted this and pointed to the fact that our party will be working to make this the number one political issue in Canada. I am pleased to see that the party to my right has also begun to see the light.

For anyone who has listened to what New Democrats have been saying over the past few months—indeed, the past few years—the current crisis should not be any surprise because time and again we have warned the government and the Canadian people that our present policies have been leading to disaster.

Unemployment is a basic and number one issue for two main reasons. First, there is the personal dimension of suffering by those who are directly involved. Second, we must recognize the drain unemployment imposes on local, regional and national economies.

If I could talk for just a moment about the personal dimension, when we recognize that every day—from last August right through to today and, according to government predictions, right on to at least March—3,000 more people are thrown into the ranks of the unemployed, we need to realize the difficulty each one of those 3,000 people faces in trying to keep afloat in the flood of inflation with only unemployment insurance or welfare to help them. We need to recognize the feeling parents have as they see lost opportunities for their children and forgo the things they simply cannot afford but a few weeks ago would have considered absolutely essential. We need to look at the big question mark which hangs over the heads of middle-aged and older employees who have been terminated from jobs to which there seems to be no call-back, and they wonder where they can go to get any kind of job again. These are people who all their lives have been productive employees and contributors to our society, and they are now being tossed to one side.

When we talk to these people, we often find that somehow the callous attitude of society which often blames the victim has got through to them so that they have a personal sense of failure. We need to convey very clearly to them and to all Canadians that it is not the victims of unemployment who are at fault but rather this government that has refused to take any action because that does not fit in with its narrow priorities.

Second, we need to recognize that when some one million Canadians are listed as officially unemployed and another 648,000 are rather euphemistically called "discouraged workers", making a total of 1,635,000 people who are out of work, that is not simply a number of small personal tragedies but has become a national disaster. "Discouraged workers" is the phrase Statistics Canada uses for those people who are no longer actively seeking employment because they have given up looking because they realize there are simply no jobs to be had.

When we consider the money paid out in unemployment insurance and in welfare, when we consider the loss of tax revenue and the loss of production of goods and services and when we look at the depressing effect on business, we have to say that unemployment is not just a series of personal tragedies but, in fact, a national disaster. At the very time when small businesses face killing high interest rates, they are also hit with reduced demand because people who do not have money coming in as wages do not have money to spend in stores and restaurants.

It might seem I am merely restating the obvious, but unfortunately the government cannot, or will not, see the obvious. Some of the Liberal backbenchers almost got the message during this past winter break when they returned to their constituencies and began to understand some of the ramifications of the budget policies of this government, but then they came back to Ottawa and got another message. It was a very simple message.

Mr. Blaikie: "Do as you are told."

Mr. Manly: "Get in line." I noticed last week at the time of the vote they were all in line. They were all present and accounted for. It seems that all the members on the opposite side share the vision of the Minister of Finance (Mr. MacEachen). Instead of seeing the obvious, they share a vision that denies the everyday reality of 1,600,000 Canadians.

• (2040)

I want to speak briefly about the extent of the problem. Although I will concentrate on British Columbia, that part of Canada I know best; other provinces and other communities suffer in the same way.

Before Christmas I took part in a tour arranged by our caucus during which we visited communities across Canada. At that time we discovered that the problems of the fish plant workers in Newfoundland were very much the same as the problems of the fish plant workers in Victoria or Prince Rupert. Factory workers in Nova Scotia face the same personal problems as the unemployed mill workers in British Columbia or the auto workers in Ontario.

Across Canada there were 122,000 fewer jobs in December of 1981 than in September of that year; there were 57,000 fewer jobs in December than there had been in November. In 1980, on the other hand, jobs actually increased from September to November by 64,000. This past year the number of jobs declined by 122,000.

When we look at the projections in the budget we see that we will continue to be faced with unemployment rates of 8 per cent, or above, right through until 1985, and by 1986 the government hopes we might get that down to just slightly below 8 per cent. Today we saw that leaked document which said that by the end of March there will be 175,000 more unemployed than now. In British Columbia we have 115,000 people officially unemployed—an all-time high. We have another 50,000 so called discouraged workers who are not on the official rolls, making a total of 165,000 British Columbians who should be working but cannot find jobs.

In Victoria the regional rate rose from 8 per cent in November to 8.7 per cent in December. On other parts of Vancouver Island it rose from 10.2 per cent in November to 11.5 per cent in December, and that compares with 7.1 per cent in December of 1980. The number of people who were actually employed in British Columbia dropped by 34,000 between September and December of 1981.

Over the past year, 18 industries in Victoria have closed, throwing people out of work; 40 people in one industry, 120 in another and 200 in yet another. I would like to talk about a couple of those industries.

First let me refer to the Oakland fish plant where 250 jobs are on the line. This is a plant owned and controlled by Japanese interests. It is a modern facility only seven years old. It has been making a profit, but the multinational corporations which control it feel they can make even more of a profit if they rationalize, as they say, their operations on the lower mainland. With no consideration for the communities or the people involved this plant is to be shut down and the industry will be rationalized on the lower mainland.

This is the same sort of thing that happened with the Nelson Brothers cannery after B.C. Packers took over. It is now in the process of rationalizing its production and shutting down the Nelson Brothers plant at Port Edward, concentrating everything at the new Oceanside plant in the city of Prince Rupert.

On the Saanich peninsula there has been an active potato growing industry for many years, but because there has been a problem with what is called golden nematodes, the Minister of Agriculture (Mr. Whelan) has put a ban on the export of those potatoes. The local producers feel they have a reasonable proposal which will help them to save their industry and thereby save 180 jobs. They have asked for a meeting with the minister, but so far he has not even responded to their request. In a community like Victoria where you have 18 industries closing down over a period of a year, you reach a point where there is a critical mass loss, and other industries follow suit.

Again in my riding we have the example of Honeymoon Bay where 356 permanent jobs were lost. The reasons for the closure were fairly obvious. There was an antiquated mill, a shortage of timber supplies and a downturn in markets. Some 40 years ago that was a new mill in a beautiful new stand of timber. I would like to ask you, Mr. Speaker, and through you the other members of this House, if the workers at Honeymoon Bay had had the responsibility for planning the future of their community would they have managed things in this way? Would they have ripped off tremendous profits and sent them down to Vancouver and other metropolitan centres in the United States; creaming the profits and allowing that plant to become antiquated? Would they have followed logging methods which did not take any account of tomorrow? Would they have followed the export policy of sending out huge amounts of timber to be further processed in Japan or Australia rather than demanding that every possible bit of processing be done in British Columbia?

I believe if workers had the opportunity to do some of the planning for their own jobs they would do a darn sight better than the multinational corporations have done so far. They come in, grab the profits, move out and leave the communities bankrupt and the people unemployed.

As a result of this kind of unemployment in major industries, stores, car lots and many secondary parts of our society also suffer. In a modern society such as Canada's, unemployment simply does not happen like the weather but rather is caused by human decisions. Those human decisions are the result of the policies of that government over there.

First of all, at the present time we have high interest rates and we have experienced a fall-off in housing demand in Canada. A decrease in housing demand has a direct effect on plywood and construction workers. High interest rates mean decreased consumer demand, and certainly high interest rates represent a stated, and continually stated, policy of the government opposite.

Second, we have an economy that is dependent on the export of raw or semi-processed resources—a branch plant manufacturing economy. I was interested to hear the Parliamentary Secretary to the President of the Treasury Board (Mr. Kelly) say this afternoon that one of the reasons for unemployment is that we have a branch plant manufacturing sector. That sounded almost like something we have been saying for the last several years. Then he went on to say that this had nothing whatever to do with government policy.

Mr. Kelly: I was not saying that for your benefit; I was saying it for theirs.

Mr. Manly: When the hon. member tries to maintain that this had nothing whatever to do with government policy, when, since the Second World War, the Liberal government has been trying to take a short cut to industrialization by inviting branch plants into Canada instead of developing our own manufacturing sector, he completely ignores the reality of the situation. The export of raw resources and the branch plant manufacturing sector depend completely on decisions made outside Canada. Thus our economy becomes completely dependent upon forces over which we have no control. In the face of the crisis of today, the government stands idle and says that there is nothing it can do about it and that it is not really what it wanted.

• (2050)

The third reason for the unemployment crisis is government failure and bungling. I should like to refer to some small examples of this. Turning to the fishing industry in British Columbia, because of the pressure on stocks the government decided that there would be area licensing. This means a fishing boat can be licensed either for the north or south portion of the coast. However, in order to accommodate people who own fishing vessels, a person with a licence for the north can transfer it to another boat owner who is fishing in the south. This means that one boat owner can have a licence for fishing both in the north and south if he co-operates with the owner of another vessel. Perhaps this policy looks after the problem with fish stocks. I do not know, but it certainly puts more fishermen out of work. Effectively it cuts in half the number of fishermen.

Yesterday the hon. member for Skeena (Mr. Fulton) referred to the problem in the Canadian copper industry. In the time remaining I should like to refer to some steps which must be taken. First, the government should lower interest rates and make money available for housing, which we desperately need in Canada today. It should require performance guarantees for large corporations that are coming into Canada to deal with our resources. The government can do simple things to help individuals, such as amending its unemployment insurance regulations to allow high-seniority employees to take temporary lay-offs instead of younger low-seniority employees who are just getting started and are more in need of their jobs.

Last autumn the government of British Columbia had an abortive session at which absolutely nothing was done. The Social Credit government of British Columbia is a coalition of Liberals and Conservatives. The effect of the coalition is that when the government faces hard times, it has two responses. The first one is to cut back on social services and the second is to increase the giveaway of resources, in the hope of making a fast buck in order to obtain money for election goodies. The New Democratic Party presented a total of 19 practical and reasonable proposals which it wanted to see the government adopt. Not one has been adopted. I should like to refer to some of its proposals which would help to alleviate the housing, unemployment and interest rate crisis. One was a crash program to supply Crown land for senior citizens' co-operatives and non-profit housing. Another was to initiate an intensive program of silviculture. Another was the development of the Salmonid Enhancement Program. The federal government could also be involved in some of these areas.

In conclusion, Canadians are doing badly. They deserve better. They are beginning to work and to organize in an attempt to obtain a better government, one which will lead to a decent society and a just economy.

Some hon. Members: Hear, hear!

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, I am pleased to enter into this debate to talk about an important aspect of employment—federal government efforts with regard to direct job creation. The present high rates of unemployment affect different regions in different ways. They also affect different groups in the labour force in different ways. Some groups are harder hit than others, some regions are harder hit than others. For this reason the government has had a specific policy in an attempt to target direct job-creation programs to those areas and regions of the country in greatest need. I think it is worth looking at what the government has done. If one listened to the nonsense we have heard from the other side of the House tonight, one would think that the government was doing nothing. In fact, we are doing a lot about which I should like to talk tonight.

The government is not just creating or sustaining jobs through its direct job-creation programs. It should be pointed out that there were 104,000 of them in this fiscal year alone. It is targeting those jobs toward those parts of the country and those groups of people who are in greatest need.

Mr. McDermid: Like CN employees?

Mr. Smith: Hon. members opposite should listen and learn. For example, 45,000 of these jobs have been developed through the Canada employment program by Canada community development projects and Canada community services projects.

Some hon. Members: Oh, oh!

Mr. Smith: Hon. members opposite should listen. These programs, with a combined expenditure of almost $136 million, have targeted job creation into those regions where unemployment has been highest. For example, 38 per cent of the jobs have been created in the Atlantic provinces. We all know of the problems down there. I am sure hon. members from that region will be glad to hear about that 38 per cent. A further 33 per cent of the jobs were created in Quebec. Also the programs were targeted to those groups in society who face greater difficulty during a period such as the one we are in.

The programs which are in existence contain special measures to encourage project sponsors to hire young people, women, native people and handicapped workers. These meas-

ures have not only been well received, they have been successful. Through these programs, jobs have been created for more than 22,000 young people in various parts of the country where otherwise they would have faced many more problems in entering or staying in the labour market.

Mr. McDermid: Tell that to the 500,000 young people who are unemployed.

Mr. Smith: Are we hearing from the red or the blue Tories now? In Canada community development projects, almost 30 per cent of the participants are women, and in the Canada community services projects women participants comprise 70 per cent of those for whom jobs have been created. The statistics are really amazing when one takes a close look at them. For example, in Canada community development projects, 15 per cent of the jobs which have been created in construction-related activity are being filled by women, whereas in society as a whole, there is only 1.1 per cent female employment in the construction industry. It is a real achievement and a successful indication of targeting.

Now I should like to talk about entry and re-entry. In the case of Canada community services projects where a high proportion of the participants are women, the program provides a means of entry or, in many cases, re-entry into the labour market and so addresses a particular need of women at this point in time.

I should like to talk for a minute about handicapped persons. In addition to creating facilities and services for the handicapped, such as making various buldings accessible to those who are handicapped, direct job-creation programs have provided employment to more than 1,600 people with some form of physical disability. I see the hon. member for Oxford (Mr. Halliday) here tonight. He was a very helpful member of the committee which travelled across the country and listened to many handicapped people. There is no doubt that this group requires special attention, which is exactly what these programs have been endeavouring to do and have been doing successfully.

Direct job-creation programs are also targeted toward the employment needs of the country's native people. For example, in the western provinces 45 per cent of the funds of Canada community development projects have been directed toward the creation of native employment. Native job-creation proposals have first claim on a portion of the program allocation. This year the government introduced a special $6 million component of Canada community development projects which is being used in urban centres across the western provinces, to facilitate the entry and adjustment of native people into urban labour markets and the opportunities for employment which these afford.

In non-urban areas, job-creation funds have been used in conjunction with the on-reserve housing program of the Department of Indian Affairs and Northern Development to address the serious problems of native housing. Anyone who has spent any time on reserves is very familiar with the high priority that social need presents. It has also been used by the bands across the country to meet other community infrastructure needs. It is important to know that these jobs are not make-work activity. They are legitimate jobs. It is not just a question of jobs for the sake of jobs.

● (2100)

I read an article in *Time* magazine on the one hundredth anniversary of the birth of Franklin D. Roosevelt. It mentioned some of the types of job-creation programs that were spawned by Harry Hopkins in the early days of the New Deal. There were such things as the hiring of 100 people to go around Washington with balloons filled with helium to scare the starlings away from public buildings. He hired guys to chase tumbleweeds across the prairies. He hired artists to paint pictures, and then he hired other artists to paint pictures of the artists painting pictures.

There is none of that in what this government is doing. Every single one of these jobs is a legitimate job and it is not just jobs for the sake of jobs.

Some hon. Members: Oh, oh!

Mr. Smith: If you want some examples of what we are doing, listen and learn. It is always good to learn something.

We are doing such things as retrofitting, municipal energy conservation and other energy conservation projects. We have fish storage sheds, wharf improvements, harbour construction to support the fisheries sector, as we have just heard from the hon. member for Cowichan-Malahat-The Islands (Mr. Manly). These are some of the things we are doing in terms of that industry. There is also the development of tourist facilities and services to increase the cash flow into communities. There is restoration and development of community facilities, including main street restoration projects. Then there is environmental conservation and reclamation activities, such as clearing fish spawning grounds and forest stand improvement. There are feasibility studies on the potential for the commercial development of local resources, such as community pasture, blueberry production and maple sugaring.

About 60 per cent of the projects carried out under the Canada community development projects are in the area of light construction.

In addition to leaving assets of value in communities and creating downstream economic possibilities in certain sectors, these projects have a multiplier effect in the creation of jobs in the supply industries.

To give you an indication of how quickly the government is responding, it should be pointed out that because these programs are an effective means of providing quick, targeted direct action, the government increased its expenditures on this form of job creation by 20 per cent last December, which created jobs for over 6,000 more people.

Direct job-creation programs are also used in special cases where there is a rapid or unexpected deterioration or unemployment through the special response feature which, in December, was increased from $4 million to $8 million over

this year and next. The programs can create jobs quickly in situations where immediate employment is needed while more long-term responses are brought to bear.

I want to talk a little bit about young people. In all of its job-creation activities, the government has been particularly sensitive to the needs of young people. In addition to the special methods employed in the general job-creation programs, the particular needs of students for employment experience, career development and earning with which to continue further education has also been recognized. These are being addressed by a $100 million job-creation program this summer which will create jobs for more than 51,000 young people. Let that figure sink in, hon. members. Think of it, it will help 51,000 young people this summer. It will assist in placing 296,000 more in private sector employment. Have you got that, hon. members? These jobs, whether they are internships in the public service, in the voluntary sector, or jobs on projects operated by the federal, municipal and community sectors across the country, will provide real work experience and earnings for these young people. They say we are not doing anything. What nonsense! I hope those figures have sunk in.

Permanent employment is also something that must always be kept in mind. The government is also aware of the need in certain sectors to work toward the creation of permanent employment. Under the Canada community service project, the funds provided to community agencies are provided for up to three years, with a decreasing amount being provided in the second and third years. This enables agencies to build the activity into their ongoing budget. Many of the jobs created in this program will then be continuing beyond the period of funding.

The long-term Local Employment Assistance Program continues successfully to establish permanent jobs in small community-based commercial enterprises for people who are chronically unemployed. Many of the projects which create jobs for people on this program go on to become independent of program funding and to offer continuing employment prospects for people who would have remained at the margins of the labour force and of the economy.

The government has also recognized that in some parts of the country it is now necessary to move beyond the project by project approach and to provide support through a process of local economic and employment development. I would say this thinking was also reflected in the government's recent reorganization whereby the functions of DREE and ITC were basically merged.

In 13 communities across the country, the concept of local economic development corporations is being tested with encouraging results. Through funding provided by the local economic development assistance program, locally established corporations will be able to bring local support and entrepreneurial talent—and I know the hon. member for Bow River (Mr. Taylor) loves to hear that sort of thing because he, like I, believes in incentive and initiative to bear on the problems and challenges of developing a more secure employment base.

Mr. Beatty: He is a Conservative and you are a Liberal.

Mr. Huntington: You don't understand the budget.

Mr. Smith: These autonomous local bodies are beginning to develop plans and industrial strategies to assist local employment to create business projects and to increase the flow of investment into the community.

The total direct job-creation expenditure of more than $304 million represents a significant and carefully targeted use of tight resources to increase the stock of jobs and to direct these new jobs toward those who would otherwise, in this situation, face even greater disparity and disadvantage.

I think it is important for these figures to be raised here in the House. If hon. members listened to the debate today and the remarks made by the members on the other side, they would think that nothing was happening on this side of the House. Of course, when you deal with the Tories, it depends which brand you have. If you have a red Tory, he says spend, spend, spend, and more jobs, more jobs. If you have a blue Tory speaking, you hear such things as hold the line on the deficit and let us have less spending. Where are they? I do not know. It depends on whom you listen to. But it is like a revolving door.

But at least in the case of the NDP, we just hear them say spend, spend, spend. What we are trying to do is to spend a reasonable amount in targeted areas, both in terms of different groups in society where there are particular needs, such as women, young people, the handicapped and the native people, and also with particular emphasis in those regions of the country where there is a greater need than the others.

I think that any objective person who looks at their figures will come to the conclusion that this government is making serious and reasonable efforts to come to grips with the job situation in the country at this time.

Hon. Elmer M. MacKay (Central Nova): Mr. Speaker, it is a pleasure to take part in a debate of this nature that is so relevant and so starkly underlined not only by the conditions in our country but the important conference that is going on at this time between the Prime Minister (Mr. Trudeau) and the premiers.

One of the great writers of this country, either Hugh MacLennan or Bruce Hutchison once wrote about the two solitudes, the twin solitudes in Canada. By that, he meant the French and English. But I think some of our economic difficulties that are causing the problems with unemployment and other economic vicissitudes in this country are caused by a third solitude, a solitude created by the kind of mandarin mentality that seems to be permeating through the upper echelons of our governmental process, whether they are technocrats, bureaucrats, aristocrats, or whatever, and there seems to be an air of unreality about them. They speak a language which only they can understand. To use a dreadful bureaucratic word, I guess they do not interface with the real world any more. I think Allan Fotheringham, a contemporary writer of style, substance and wit, had something very definitive to say about this budget, which is the cause of much of the economic difficulties in Canada. He said that those dead-eyed guys in

finance more or less blackjacked the Minister of Finance (Mr. MacEachen), who is essentially a creature of academia in the House of Commons, without the street smarts that some of his predecessors had as ministers of finance who recognized the difference between the way things are and the way they ought to be. I think there is something in that. It is also very clear that this government opposite is facing a very severe dilemma. When the Liberals were in opposition for that all too brief a period in 1979, they made some very unctuous and sanctimonious predictions of what was going to happen if we as a government did not do something with interest rates. I remember well the Prime Minister's statement when he was campaigning, about two years ago in Toronto, when he promised that he would manage the economy in such a way that interest rates would in fact come down because the economy would be administered in a sounder way.

• (2110)

We all remember the famous pronouncement on national TV by the present Minister of Regional Economic Expansion (Mr. Gray) when he promised to resign if something was not done about rising interest rates. Now this evening I look across at my colleagues and I am reminded of that bit of doggerel published many years ago when the country had a problem and the Liberals were in power. I think it went something like this:

Look upon the Grits, the grimy, grizzly Grits
What a woebegone expression across their faces flits;
For they're thinking, thinking deeply how to run the country cheaply,
And they wonder how in thunder it is going to be done.

Well, we as a government faced some of the same dilemmas they do now, Mr. Speaker. We perhaps were fortunate, while admittedly following a policy on interest rates similar to that which is being followed today, that the interest rates did not go through what I would refer to as a threshold of stability. They did not go up to the astronomical heights which measure the difference between something you can bear and something that is intolerable.

There was another thing that we as a government were about to do and which I would heartily recommend to this government, that is to give relief to those suffering from high interest rates, not only for the purpose of helping in their personal lives, but to induce the business sector to create jobs. Let us not forget that while Americans are at present suffering from high interest rates, they are much more able to cope with them than we are because they have possibilities for deductions that we do not. They can deduct some interest charges that we cannot. Whereas we were prepared to give the taxpayer a break with respect to their mortgage interest costs and their tax costs, and were prepared to give relief to people suffering from high energy prices, this government is not.

Therefore, because of the various circumstances it becomes apparent that we can no longer afford to tie ourselves absolutely to the American financial and interest patterns. Many of the provincial premiers are making this same case and in a much more learned and effective way than I am. I am like the Minister of Finance, neither an economist nor the son of an economist. I only have a passing acquaintance with the great economists of the day, such as Arthur Laffer and Milton Friedman. Once I heard the Prime Minister speak about Schumpter at Harvard. However, I have never heard the Minister of Finance speak about any economist. As a matter of fact, I understand he resolutely shuns places where economists are. He has never written anything about economics and does not really wish to learn. I am sorry about that, and so is the country, but those appear to be the facts.

Now, Mr. Speaker, it is not being entirely responsible to criticize the government without offering alternatives. I really believe it would be feasible for the Bank of Canada and this government to get together on a lower interest rate policy, even if the dollar were to fall to the 75-cent level. I say this because it seems to me obvious that some changes should be made in our taxation policy and some of the incentives should be put back that the Liberal government began to choke off when it imposed capital gains taxes, and left them on even though we are now being taxed on inflation since 1971 and are suffering absolute confiscation by the state in the sense that any person who tries to build up a business is not only being taxed, but taxed on inflation. If that atmosphere were removed and something were done to stimulate the economy and put back some incentive for people to create jobs, the fact that the dollar would fall temporarily would not necessarily mean a flight of capital—of that I am sure. There would be Swiss, German and American money lured into Canada by the fact they could make 30 per cent or 40 per cent on the front end, as they say. And then, as the economy strengthened and the resource sectors were put back to work, our currency would firm up as our productivity and economy expanded, and they would make money again, on the rise.

However, leaving that for a moment, I would like to talk about job creation and things that could be done to help some of our industries. First of all, I would like to talk about my own region. We know, Mr. Speaker, it is not necessarily being responsible to urge unrestricted spending to help an industry when sometimes a change in policy will do the trick. We have a couple of very relevant industries in Nova Scotia which seem to fall squarely within the purview of the new ministry of regional, international, or whatever it is called, economic development. I still do not have the title quite straight in my own mind; all I know is that DREE is gone and there is nothing so far to replace it. All of the former agreements involving forestry and agriculture are hanging in limbo, and the economy is suffering.

However, there are two industries which concern me and I wish to make a pitch, as it were, to the minister responsible, as I already have today in a letter. I am talking about Sydney Steel Corporation in Sydney, Nova Scotia, and Hawker Siddeley in Trenton, Nova Scotia. These two industries together employ 5,000 people when things are going well. They both have a very high potential for export as well as domestic production.

Sydney Steel desperately needs more rail orders from the CNR. At the present time they are getting about 88,000 tons per year. They should be getting double that amount because

only in this way can they stabilize their production and advance their technology. They make a very good product; the city of Sydney is very heavily dependent on the company, and it would not require any great amount of money to carry out this policy option, just a directive. Hawker Siddeley, which is close, economically and geographically, is to some extent dependent on Sydney Steel. It has a virtual monopoly on the production of railway axles in this country. This particular industry requires upgrading and there has to be some sort of incentive or assistance given to secure its future. Again, it employs nearly 2,000 people and makes Trenton, Nova Scotia, practically a one-industry town. The government can very easily assure the future of these jobs, not by spending a lot of money but by offering incentives and changing its industrial strategy.

Another industry in Nova Scotia, one which represents the opposite extreme, a new and modern industry which has placed Nova Scotia at the forefront of rubber technology, is Michelin Tire. This industry is suffering from the existing import duties and is being hit by countervailing duties on the other hand, Mr. Speaker. Again, this is something that the government can change and which will not require spending nor much loss of revenue, because this tire company has made it very clear that, in the process of rationalizing the Canadian rubber industry, they are prepared to take on all comers and perhaps encourage a healthy competitive expansion of some of their competitors if they want to take advantage of the more advantageous conditions.

Now, Mr. Speaker, the absence of job-creation programs that really count is one of the problems that we as politicians have to face. The minister responsible for these programs certainly means well. He is putting together programs, but they have no real significance in the long term, and he knows that. The term band-aid has been used ad nauseam, but there is some truth to it when it comes to lasting worth and real production gains. It is really a temporary solution. There is something to be said, I think, for looking at management techniques that we find in the industries in which government participates.

Now let me talk about transportation for a moment. Politicians have said from time to time, various ministers of regional economic expansion and other politicians, including the Prime Minister, that, yes indeed, transportation is certainly a key component in regional development and the creation of jobs, obviously. Well, we have seen recently in Atlantic Canada that our transportation rail network has been curtailed. There is no doubt about that. But I am looking right now at the executive structure of the CNR. When Air Canada had very capable financial and aeronautical expertise, it did well as a Crown corporation. Then, as we know, a few years ago we had a corporation lawyer, Yves Pratt, put in a key executive position, and the airline did very badly. The management and the act were changed and Air Canada is doing very well today.

• (2120)

CN is now going through a similar phase which could be key to the success of jobs and industry. Mr. Bandeen has gone. Some say that he did not leave but was pushed. Some say that he was fired because of some of the deals he had proposed, such as the acquisition of Cast, which was rejected by the board; and the bus company that he purchased in Quebec without bothering to tell some of his directors did not go over too well. Perhaps his previous threats of resignation for a better job in the United States did not wash. Anyway, he is gone, for whatever reason.

Therefore, I am getting a sense of *déjà vu*. I am wondering if we will get one of our former colleagues, Jack Horner or Otto Lang in CN either as chairman or president.

An hon. Member: Heaven forbid!

Mr. MacKay: Maybe we will see Dr. Leclaire, a former mandarin, put into the post that Pratt, occupied in Air Canada! Maybe we will be reading "Horner for Mackasey". I recall now the hon. member for Lincoln (Mr. Mackasey) was put in at one point to look after Air Canada, or maybe we will be reading "Leclaire for Pratt". I hope not, because this Crown corporation is too important to be managed by failed politicians. Surely the welfare of the CN and of our great transport network, which, in turn, is so important to our economy, will be held more important than to be used as a repository for people who, while they may be very capable in their own right, have no business running a large, complex corporation which requires special expertise.

Some hon. Members: Hear, hear!

Mr. MacKay: Let us then look at some of the key industries which this government has manipulated or tried to help. We will give the government the benefit of the doubt. Maybe it meant well however. Let us look at de Havilland and Canadair. Let us look at the debacle which is shaping up there. I have had questions on the Order Paper since last November asking some very simple questions about Canadair, such as, "How many planes have been delivered? What was the cost? What are the projections? When will we ever have a break-even point?"

The situation is very bad, and everyone knows that, but no one wants to talk about it. Massey-Ferguson is another great Canadian multinational. However, the problem is that despite all the money put in to create jobs, very few of the jobs, comparatively speaking, are in Canada and, as a matter of interest, since we have been discussing economic nationalism from time to time, and have been justifying our national energy policy with it, to the detriment of our whole economy in jobs. The United States does not take kindly to what this government is doing, and they are going one way and we are going another, and we have also thrown metrication in to further commplicate it. I used to think that freedom to measure was a measure of freedom, but now we are being prosecuted for using imperial measurements.

However, to come back to the situation with Massey-Ferguson, and the fact that very few of its jobs, comparatively speaking, are in Canada, it is interesting that even its chief executive officers have a very international flavour, too. I mean, the head of engineering, Mr. Ramsey, hails from South Africa; Mr. Porter, head of finance, from the United Kingdom; and Mr. Laurenzo, who hails from the United States, is supposedly the president and runs the company. But what has he ever run before? Where is the management expertise that we need to protect the interest of the people of Canada and the Government of Canada's interest in this great corporation? Victor Rice, the chief ex-officer also hails from the U.K.

We would be very foolish, and it would be fallacious, to say that because people are not Canadians, they are not capable of running a corporation. But surely we have Canadian executive talent here, and if we are going shopping for a good operations officer, do we get a man like Mr. Laurenzo, who has never run anything and whose background is as a comptroller? Would it not be advisable to get a good operations officer from John Deere or someone who has run a successful company, to protect the interest and market and ensure the viability of this corporation? I would think so.

Then we see another area of our technology which creates a lot of jobs. We are looking at Northern Telecom and Bell. Again, we are going the other way. The United States justice department had sense enough to indirectly make AT&T divest itself of part of its integrated operation to open up industry and to create jobs. Here again we are going the opposite way. We are paying 25 cents for phone calls in parts of Canada which cost 10 cents in the United States. Northern Telecom makes money in Canada and spends it in the United States. The whole concept is wrong. All we have to do is to look across the border to see what the Americans are doing. However, again we never learn.

All of these matters are relevant to jobs and employment, I suggest, because we cannot have a healthy and expanding economy in this country until we get our economic act together. We should not persist in manipulating and intervening in the marketplace, and we should not persist in imposing bureaucratic structures or our primary industries. Why, in Nova Scotia, right now, despite the well meaning approach of the Minister of Fisheries (Mr. LeBlanc), I know of fishermen who have not filled their quotas, who would like to catch fish and who have markets for them in the United States, and truckers who are anxious to put their vehicles to work and create jobs by hauling these fish to the United States, but cannot do it because of the bureaucratic regulations. I am told that, while the situation is serious and they recognize the problems, the regulations cannot be changed for several months. Another instance, which is very important to some of the fishermen involved, is that one cannot even pass certain kinds of fishing licences from father to son, which had become a tradition in the family for lifetimes, because of bureaucratic regulations.

We must make up our minds as to what kind of an economy we will have in this country. Will we have an economy which makes sense, which gives people incentives to do things, to save money and to create jobs, or will we move toward a state-owned economy, such as we see in some of the eastern European bloc countries where the governments, their mandarins, their technocrats and their *apparatchiks* intervene in all the fabrics of their industrial, social and economic life? If that is the kind of economy that we want, well, that is certainly the kind of economy that we are creating today. It has not come overnight and it has not come by stealth. It is the end result of a deliberate economic theory which has been propounded by the Prime Minister and his government ever since he came into office. We have seen it in the various interventionist methods he has chosen to follow.

We have now seen the results with our greatest friend and trading partner, the United States. We have seen that the United States has refrained, for the time being, from passing retaliatory legislation about our access to its oil and gas industry. However, we hear with disgust that it will pass legislation restricting Canadian initiatives in acquiring U.S. cable TV licences, which is another field of expertise in which we were once world leaders, but because of the fuzzy interventionist and contradictory policies of the CRTC, now we are lagging behind. Many Canadians cannot understand why there are 60 channels up there on a satellite which they could have for almost nothing but, because of the CRTC, they have to do without them. Some people who would like to have some of these channels must pay very large fees in order to receive them.

These kinds of things do not make sense, and the end result is that they cost people jobs and they cause people frustration. As some hon. members have said, when unemployment is a result, there is a very, very heavy social cost. There is nothing more heartbreaking than for a man or woman not to be able to have a productive job and to do something which is worth while for their country.

I will close by saying this: if we could instil in our people the kind of patriotism, pride in their work and the incentive to do well that the Japanese have instilled in their work force, we would have the Americans backed up against the Mexican border and our economy would be booming. The only suggestion I can make is that if we take some of these dead-eyed guys in finance to whom Allan Fotheringham referred, and some of them in other departments as well, and send them on an exchange program to Japan, maybe then they might come back with a slightly different slant on things.

Some hon. Members: Hear, hear!

Mr. George Henderson (Egmont): Mr. Speaker, in rising to speak to the motion this evening, I would first like to say that I, like the hon. member who spoke previously, represent a riding in Atlantic Canada, in Prince Edward Island. My riding, like most Atlantic Canadian ridings, is heavily dependent on Canada Employment and Immigration for job creation and job-creation programs. The base industries of my riding are agriculture, fisheries and tourism. The secondary industries and small businesses are those which could be classed as

the service industries to the primary industries. I am thinking mainly of service outlets for farm equipment and fishing supplies, welding shops, and everything which is of importance to the agriculture and fishing industries of my area. Therefore, we probably have and will continue to have, simply because of climatic conditions and the seasonal aspect of those industries, certain times of the year when there are high rates of unemployment, especially during the winter months.

• (2130)

We have been fortunate both this year and last year because the Minister of Employment and Immigration (Mr. Axworthy) has used my riding very well. This year we received $1.6 million toward the Canada community development program for projects to be implemented in the riding over the winter and coming spring. These community-based projects will have a significant impact on the future of many of our small villages and communities.

There are projects such as providing assistance to community pastures which will help our farmers and the agricultural industry. There will be projects such as repairs to fishing wharves, supplemented by material supplied by the small craft harbours branch of the Department of Fisheries and Oceans. These projects will help improve the infrastructure of the wharves and ports for our fishermen. There are projects such as clearing scrubland for the development of crops such as blueberries. As well, there will be surveys of historical sites, identifying potential new businesses for these areas and so on. All these projects will help the local community organizations plan for the future.

This government has been contributing in a very meaningful way toward the creation of jobs. There are other interesting statistics on the magnitude of that contribution made in the Atlantic provinces by this government through the Department of Employment and Immigration.

In the fiscal year 1981-82, the Canada Employment and Immigration Commission contributed $187.4 million to the four Atlantic provinces for job training, job creation and economic development through the use of unemployment insurance funds. This money has supported the participation of 80,826 Canadians in a wide variety of programs, 32,908 of them in jobs. To break these figures down by provinces, the $54.9 million which went for training and direct job creation has created 10,749 jobs and supported 12,234 participants in training courses in Newfoundland. Over all, the number of participants in training and job-creation jobs is 25,043. The total number of participants in job-creation programs is higher than the total number of jobs because more than one person may hold that job before the project is completed.

In Nova Scotia, the comparable figures are $48.6 million for training and direct job creation, 6,997 jobs, 16,832 participants in training programs, and an over-all total of 24,887 in training and job-creation programs.

For New Brunswick, the totals are $46.3 million for training and job creation, 8,391 jobs, 15,576 participants in training, and an over-all total of 25,335 participants in training and job-creation programs.

Prince Edward Island has received $12.4 million which produced 2,016 jobs, 3,276 participants in training and an over-all total of 5,561 participants in training and job-creation programs.

Each province shares $25.2 million for the developmental use of unemployment insurance funds; $7.3 million for Newfoundland, $8.2 million for Nova Scotia, $7.6 million for New Brunswick and $2.1 million for Prince Edward Island.

Individual job-creation programs and their effectiveness in creating jobs are: the Local Employment Assistance Program—LEAP—which has created 256 jobs in Newfoundland in the fiscal year, 169 in Nova Scotia, 247 in New Brunswick and 222 in Prince Edward Island.

I might add that in my riding there are a number of LEAP projects which have been very beneficial to the area and the people involved in them.

Summer Canada, Canada employment centres for students and native internship have created 1,924 jobs in Newfoundland, 2,052 in Nova Scotia, 1,988 in New Brunswick and 334 in Prince Edward Island. Round one of Canada community development projects, including the special response feature, created 4,070 jobs in Newfoundland, 1,808 in Nova Scotia, 2,434 in New Brunswick and 579 in Prince Edward Island.

I might add that this project was put together in Newfoundland very quickly to meet the declining fish-processing industry and the inshore fishery of Newfoundland. I am sure all the people of Newfoundland welcome this program and project and will show their appreciation in the years to come.

Round two of Canada community development projects, which have just begun, has to date produced 3,676 jobs in Newfoundland, 1,823 in Nova Scotia, 2,322 in New Brunswick and 617 in Prince Edward Island.

Canada community services projects, which furthers the objectives of non-profit organizations operating under severe financial restraints, has created jobs for unemployed native people, youth, women and disabled persons; 92 in Newfoundland, 80 in Nova Scotia, 80 in New Brunswick and 37 in Prince Edward Island.

The direct job-creation element of the Industry and Labour Adjustment Program—ILAP—has created 114 jobs in Nova Scotia, and as the number of designated communities for this $350 million initiative of the federal government increases, its effect will be felt in the other Atlantic provinces.

The new technology employment program designed to create jobs for highly educated graduates in scientific and technical fields who are unable to find employment in their disciplines, has placed 28 in Newfoundland, 38 in Nova Scotia, 16 in New Brunswick and 9 in Prince Edward Island.

The Local Employment Assistance Program is operating in four Atlantic communities, and while it will be some time before the full effect of this pilot program may be known, it

has already created 16 jobs in Newfoundland, 14 in Nova Scotia, 18 in New Brunswick and 14 in Prince Edward Island.

I thank the minister and his department for designating my area as the area in Prince Edward Island for a LEDA project. I have talked with the people involved in setting up and administering the program. They seem to be quite confident and are enthusiastic about its future. We look forward to greater things in the years ahead through programs such as these.

The program for the employment disadvantaged, which is an employment incentives program rather than direct job creation, has placed 515 physically and mentally handicapped and other seriously employment disadvantaged in continuing private sector jobs; 240 people have been placed in Newfoundland, 135 in Nova Scotia, 110 in New Brunswick and 30 in Prince Edward Island. All members will agree that anything we can do for our disadvantaged and handicapped should be supported wholeheartedly.

In the fiscal year, the employment tax credit program placed 447 in subsidized jobs in Newfoundland, 764 in Nova Scotia, 1,176 in New Brunswick and 174 in Prince Edward Island. Although this program was terminated March 31, 1981, contracts with employers were signed right up to the last minute and the jobs can last for up to 52 weeks, many of them continuing beyond the period of subsidy.

● (2140)

The total sum for training program participants by provinces are as follows: Newfoundland, regular institutional training, 8,216; industrial training, 3,988; critical trade skills, 30. Included in these totals are 19 native Canadians in institutional training and two in industrial training. A total of 86 women receiving training in non-traditional occupations, and this is also included.

Nova Scotia, regular institutional training, 11,695; industrial, 4,957; critical trade skills, 180. There are 76 native Canadians in institutional training and 26 in industrial. Training in non-traditional occupations was provided to 53 women.

New Brunswick totals show 9,474 in regular institutional training, 6,012 in industrial training and 90 in critical trade skills. There are four native Canadians in industrial training and 112 women in training for non-traditional occupations.

Prince Edward Island has a total of 2,069 in institutional training, 1,177 in industrial training and 30 in critical trade skills. Three native Canadians were placed in industrial training and 44 women took part in training for non-traditioanl occupations.

In all instances, institutional training data reflects full-time trainees. The government recognizes the necessity for rendering all possible aid to the Atlantic provinces in job creation, training and economic development. The figures quoted for the fiscal year 1981-82 are comparable to expenditures for previous years and undoubtedly will be compatible for those of future years.

This evening I have listened to the speeches by members of the opposition. I found that many of their comments were rather pessimistic, to say the least. I believe that our government has made a good start toward job-creation programs. Not only are we in difficult economic times in this country, but in all the western world. I think all members should recognize this fact.

Almost daily, during question period and in debates such as this, we hear innuendoes from those members opposite about how disastrous things are. We do not hear many proposals for answers to the problems they seem to identify.

An hon. Member: You do not listen.

Mr. McDermid: You do not hear, either.

Mr. Henderson: We do not hear many solutions. The hon. member for Central Nova (Mr. MacKay) in his speech mentioned the number of Canadian executive offices being staffed with foreigners. Well, those boys over there had nine months—it took them five to call the House into session—and did nothing about that.

Mr. McDermid: We got rid of Mackasey, though.

Mr. Henderson: The first thing the Conservatives did when they got into my area—the people have never forgotten them and never will—was to freeze everything that moved. That seemed to be their motto: freeze it if it moves, and if it does not move, pension it.

They had plenty of time when they formed the government to take action on some of the things they are mentioning now. Fortunately for the Canadian people, they were turfed out of office.

There is no question that we are in difficult times, but I think that Canadians are satisfied that they would sooner have the group which is here now than the group they got rid of on February 18, 1980.

An hon. Member: That's not what the polls say.

Mr. John McDermid (Brampton-Georgetown): Mr. Speaker, it is a pleasure for me to wind up the debate on the consideration of the motion introduced by my hon. friend from Rosedale (Mr. Crombie) and seconded by my hon. friend from Yukon (Mr. Nielsen). I think that it is worth while to remind the House of that motion. It reads:

That this House condemns the government for its deliberate failure to create job opportunities for Canadians.

I have been sitting here all day listening to the debate and I think I can sum up what the government has said in three points. First, the Minister of Employment and Immigration (Mr. Axworthy) said, "I am right. I am doing the proper thing, trust me. Support me, we will get the job done." That was the first point made by the government. Second, the point which came through loud and clear from those on the government side was, "It is not our fault. It is the other guy's fault, the provinces' fault, the municipalities' fault. It is the United

States' fault. It is Europe's fault. It is somebody else's fault, but not ours. Please do not blame us. We are struggling along but we have to do what is dictated to us by somebody else", that is to say, whoever that somebody might be. The third point which came across loud and clear was, "If we were not here, it would be a lot worse." That is probably the most unbelievable explanation the government has tried to give all day.

We should review some of the statements made by some hon. members. The Minister of Communications (Mr. Fox) stated that he deplores the complete inaction of the government with respect to the creation of jobs. He regrets the cutbacks in Canadian work programs which eliminated hundreds of communities across Canada which have been suffering from high levels of unemployment, and condemns the government for its failure to date to bring forward a comprehensive employment strategy for the coming year. That statement was made after we were in the House for about four weeks.

This particular government has been in power for two years now. We have not seen an employment strategy. As a matter of fact, we have not seen any strategy. Earlier today we listened to the Minister of Employment and Immigration and to the Minister of Industry, Trade and Commerce (Mr. Gray), or whatever he may have been demoted to now—I am not sure what he is. That may have been part of his resignation program which he promised if interest rates rose. This may be a way of easing him out. We have heard members on the back benches tell us today how much money they take out of their pockets to throw around. They spend $15 million here, $20 million there.

The hon. member for Louis-Hébert (Mr. Dawson) spent 15 of his 20 minutes reading off a list of industries that the government helped in Quebec. If we asked him for a list for Ontario, it would take him approximately 30 seconds to read it. It is not there.

I can tell you, Mr. Speaker, that if the government gave me a bank guarantee of $5 million, I could create 200 high technology jobs in my community tomorrow. Would the government listen? No. It is going to give a small business development bail-out bond to help people in dire straits. But it will not give a hand to production in Ontario. That is where the government should be looking to create jobs. Certainly there should be help for those in financial trouble, but those who are productive now and have high technology operations going should also be receiving money. They are ready to proceed with viable programs and the government does not see fit to help them.

● (2150)

There was another statement, this time by the hon. member for Longueuil (Mr. Olivier), who, I believe, is still Quebec caucus chairman. He said: "In an affluent society such as this, suggestions that a 7 per cent or 8 per cent unemployment rate is acceptable are simply shameful." He is absolutely right, but where is he? Where is that great defender now that we have an unemployment rate of 7 per cent or 8 per cent? We have not heard from him since he got back into office. We have not heard a word from him.

Then we hear about the creation of many jobs. Hon. members opposite can tell the unemployed of this country about those creative jobs. I can tell hon. members about those 100,000 creative jobs about which the minister brags. How long do those jobs last? They last eight months or ten months, and then the people are out. Then the minister brings in another batch, spreads a few more dollars around and perhaps pleases a few more people. In my constituency of 168,000 people, eight jobs were provided for 40 weeks, and that is all. I will give hon. members statistics respecting how many in my community are collecting unemployment insurance right now. The number was 8,724 as of January 31. In January, 1981, there were 5,500. There has been an increase of over 3,000. That is what is going on, and these programs are nothing but a facade to try to fool the people into thinking the government is doing something. The minister knows this. Members of his own staff say the same thing. They say they are slowly working out of these programs and getting into more meaningful ones. I say it is about time. God bless the minister if that is what he is doing, but I have not seen any signs of it yet.

Hon. members opposite always like to stand up and talk about the programs the Tories cancelled, but they never talk about the programs we brought in to take their place. Those were programs which created meaningful, full-time jobs and not jobs which lasted ten months, eight months or six months. We created permanent jobs which gave individuals opportunities to develop careers for themselves. We created jobs in the volunteer sector, which needed help very desperately. There were all kinds of programs. We would have created twice the number of jobs in the private sector with the same amount of money, with some help, as the number the minister brags about being created in the public sector.

That is the story of this government. Every government member likes to stand up and say, "This is what has been dealt out in my riding", but how many of those jobs are permanent? How many of those jobs the government creates in those ridings will be there ten months from now? There will be very, very few.

I can say to the minister that some of the permanent jobs created for the handicapped are welcome. I think such programs are good and are working to a limited extent. I congratulate the minister for that, but he should not hand us all this malarkey about all the other jobs he is creating, because the statistics he is using are phony, and he knows it. The people are not buying them any more.

As of December, the unemployment rate in Ontario was 7 per cent, up half a percentage point from November, and rising. Lay-offs and closures have put 21,565 people out of work permanently. Those statistics relate only to firms with 50 or more employees. They do not relate to employers with fewer than 50 employees. Those statistics are not gathered unless they are volunteered. They reflect a sad state of affairs. The highest concentration of lay-offs has been in the transportation

industry and in industries which produce equipment involved in transportation such as aircraft and auto parts. Fifty-seven establishments have been affected, and 8,846 employees have been laid off. There have been complete closures. The doors have just been locked. Employees have been told, "Forget it; that's it". That has affected 569 employees. That is a very sad, sad commentary on the economy today.

I hear the hon. member for Scarborough Centre (Mr. Kelly) at it again, Mr. Speaker. How many individuals has his brother's firm laid off? The hon. member should not say "none" because I know otherwise. The hon. member sits there and thinks this is a great joke, but it is not. It is a very serious situation.

Mr. Kelly: For a person who heckles a lot, you are pretty thin skinned.

Mr. McDermid: I can hand it out, and I can take it.

Mr. Kelly: I doubt the latter part of your statement.

Mr. McDermid: There are a couple of things of great concern to me which I want to bring to the attention of the minister in the very few minutes I have left. He has talked about a new training program for the money he spends on manpower training.

An hon. Member: He is always talking.

Mr. McDermid: That is right, but I welcome this initiative because he has followed many of the recommendations in the report of the parliamentary task force on Employment Opportunities for the '80s, with one significant exception. As usual, like a banty rooster the minister stood and announced the great programs he plans to introduce and threatened the provinces, just as hon. members opposite threaten everyone else. They are always threatening the provinces with something. If the provinces do not agree with their programs, they will get them anyway, and tough luck! That is what the minister said. In chapter 12 of the report of the parliamentary task force on Employment Opportunities for the '80s entitled "Federal-provincial relations" I remind the minister that one of the most important recommendations contained in this report was that there must be better co-operation and co-ordination with provincial programs. The report said that to this end there should be a national council of employment and training ministers with a secretariat; that the national council should develop a national employment and training plan to be implemented at both the federal and provincial levels and that, where possible, the national council of ministers should work to avoid unnecessary duplication between the federal and provincial levels of jurisdiction. But what happens? The minister says, "Here it is, boys; take it. If you don't like it, tough; it is coming in anyway." That is not the Canadian way. Perhaps it is the way the minister likes to operate, but I do not think he will get anywhere with that.

Mr. Scott (Hamilton-Wentworth): That is the way his leader operates.

Mr. McDermid: My colleague says that is the way his leader operates. Perhaps it is rubbing off on him a little bit. The provincial manpower ministers with whom I spoke—and I spoke with most of them—and the ministers of education with whom I spoke certainly are prepared to co-operate. They are prepared to co-operate; they are not prepared to be dictated to. This is probably one of the most important things to come down the pipe in a very long time. It can mean the future of Canada. There are over one million unemployed, people are screaming for skilled labour and the provincial ministers want that, but they want the method to be proper. They do not want to be dictated to from on high. They want a blended proposal, and I beg the minister to co-operate with the provinces. I ask him not to dictate and wield a big club.

I will close by asking the government to listen to the people who sent it here. I ask hon. members opposite to listen to what is being said. Not once today in this debate have I heard hon. members opposite talk about what they are hearing back in their constituencies. All I have heard from them is that the Minister of Finance (Mr. MacEachen) is right, the Prime Minister (Mr. Trudeau) is right and the Minister of Employment and Immigration is right. Hon. members opposite seem to be saying, "To heck with what the people say, because they are all wrong." That will be the downfall of this government. We are prepared to form a new one right now.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Blaker): Order, please. It being ten o'clock, pursuant to Standing Order 58(11) proceedings on the motion have expired.

• (2200)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

EXTERNAL AFFAIRS—McDOUGALL REPORT—QUERY RESPECTING DEPARTMENTAL REORGANIZATION. (B) ROLE OF MINISTER

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, my question of February 2 to the Secretary of State for External Affairs (Mr. MacGuigan), which can be found at page 14555 of *Hansard* for that date, to which I received an unsatisfactory answer about the reorganization of his department, was set against a background of a decade and more of rapid and often purposeless organizational and functional change within that department. I was thinking, for example, of the redrawing of the lines of reporting responsibility and the consequent redesignation of all positions in the Department of External Affairs to conform, presumably, with an organiza-

tional chart that must have been found in a Harvard business school text. The changes were of such moment as changing individuals from divisional heads to directors general. But, in addition, the conventional line arrangements were superimposed upon the geographic line arrangements.

I was thinking also of the imposition, for example, of collective bargaining and of the program "budgeting", which has since been replaced by some other kind of budgeting, and the imposition of bilingualism on a department which, I venture to guess, was more bilingual than any other department of government as far back as the 1950s and 1960s, as well as of the requirement to absorb first the foreign support staff and then the entire body of personnel serving abroad, except CIDA officers who staunchly refused, for as long as I was in the department, to report through the ambassador; and finally, only a year ago, the move to consolidate the foreign service—whatever that means—a move which was followed immediately by the establishment of a royal commission to inquire into the conditions of the foreign service. That is an admission, I suggest, of there being something wrong with the conditions in that foreign service.

Each of these remouldings or investigations of external affairs was imposed from above with the minimum of consultation with those immediately affected, and each was imposed, which was perhaps worse, before the preceding one had had a chance to be properly absorbed and put through its paces.

These successive and overlapping waves of organizational and functional change took their toll on the morale of serving officers and staff. They were traumatic years; few will forget them, and all, I suppose, because the Prime Minister (Mr. Trudeau) has never really had any use for the foreign service, as he admitted as far back as 1959.

Now we hear of even further changes. On January 12 of this year the Prime Minister announced the creation of what he called a "triumvirate" of equals as ministers for the department. I describe them as a tricephalous monster; an outrageous creature with three heads.

From his comments to the press the Prime Minister on that day provided little indication of how to determine who is to wear what hat, at least as between two of the heads, or which among the equals is to be the most equal or more equal than the others. We do not even know whether they are ministers or ministers of state. We have both versions in *Hansard*, one on January 27 and the second on February 3. Even the organizational chart accompanying the press release of January 12 now seems to have used improper designations.

Not only are designations in doubt, Mr. Speaker, so also are duties. The Secretary of State for External Affairs, the press was told, "will be . . . responsible for Canada's external relations". That appears at pages 2 and 3 of the press conference transcript. We find on page 3 that the same responsibility is laid upon the new minister or minister of state, whichever it may be, for external affairs. Furthermore, the new minister or minister of state has been assigned a task by the Prime Minister, at page 11 of the transcript, for "the development of a strategy of our relations with foreign countries and the role of Canada in francophonie, in Africa in particular, and so on". Where does that leave the Secretary of State for External Affairs? What is he supposed to be doing? If you think you are confused, Mr. Speaker, when trying to distinguish between ministers, ministers of state and secretaries of state, I leave you to imagine the state of confusion which must affect those three hon. gentlemen themselves. What about officials in the Department of External Affairs; to whom do they report and on what?

• (2205)

In addition to all these changes, we find that the Department of External Affairs has been endowed with a second tricephalous monster, a second triumvirate of deputy ministers and assistant deputy ministers. Not one of them has had any experience whatever in the diplomatic service of Canada overseas. I suggest that in these circumstances it is small wonder the Department of External Affairs is in a state of utter confusion, not knowing where it is going, to whom it is reporting, or whether it is really wanted at all.

Mr. Russell MacLellan (Parliamentary Secretary to Minister of Regional Economic Expansion): Mr. Speaker, I believe the hon. member for Esquimalt-Saanich (Mr. Munro) has a deep and sincere interest in Canada's foreign service. Therefore, I understand his interest in the McDougall report and in the recent reorganization of the government, particularly as it affects the foreign service.

The hon. member knows that the McDougall royal commission was established by the Prime Minister (Mr. Trudeau) as head of the government. As such, the eventual disposition of the report lies in his hands and to the present time he has not taken any final action in this respect, nor has he yet delegated to any minister responsibility for follow-up on Miss McDougall's report. I assure the hon. member that the Secretary of State for External Affairs (Mr. MacGuigan) is very interested in the report and that the report is being analysed and studied with a positive spirit. The government and the Secretary of State for External Affairs is determined that the report and its recommendations will be given the earliest possible and closest attention.

I should like to remind the hon. member that Canada has a very fine foreign service where generally morale is high and efficiency is good, considering that many members of the foreign service are called upon to serve in very difficult circumstances. The hon. member may remember that Miss McDougall herself said both in the report and in her press conference that the over-all morale in the department was high and efficiency was very great.

Turning to the question of the reorganization of the government, I assure the hon. member that reorganization is intended to improve the efficiency of government in dealing with economic problems which face Canadians. It has, as one of its consequences, increased the relevance of the Department of External Affairs by making it, in its new broad sense, an economic department as well as a political one. This change

means that the department will be able to represent a wider range of Canadian interests abroad.

I do not believe there can be much doubt about the reorganizational structure and function of the Department of External Affairs. It is comprised of a Minister of State for External Relations (Mr. De Bané), whose primary concerns are in the area of the francophonie, cultural and humanitarian affairs and other responsibilities he will be asked to take on by the Secretary of State for External Affairs; the Minister of State for International Trade (Mr. Lumley) whose primary concerns are in the area of trade relations and trade promotion; and the Secretary of State for External Affairs who is responsible for the entire range of Canadian foreign relations abroad and who embraces the entire department.

INDUSTRY—EFFECT OF HIGH INTEREST RATES. (B) CANADIAN ADMIRAL CORPORATION IN RECEIVERSHIP. (C) IMPORTATION OF FOREIGN MANUFACTURED APPLIANCES

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, approximately three months ago, on November 6, I asked the Minister of Industry, Trade and Commerce (Mr. Gray)—I do not know what he now calls himself; he is certainly a gasbag minister in the House—about problems in connection with the Canadian Admiral Corporation which earlier in that week was placed into receivership. The company's basic reason for going into receivership was the inordinately high interest policy of the government, and this minister said on television in the 1980 election that if interest rates went up he would resign. Of course they went up and, of course, he stayed on. There is not a thing this minister says that has any sense of credibility at all.

• (2210)

For example, in answer to my particular series of questions to the minister he said with respect to the Admiral Corporation that they had been in touch with various companies which are developing proposals that could well lead to the resumption of operations of Canadian Admiral. That was three months ago. The minister gassed along, but he did nothing. This is a do-nothing minister who really owes an apology to the people of Canada for ineptness.

Canadian Admiral is probably the most efficient producer of refrigerators in this country. Indeed, its share of the home refrigeration market was increasing dramatically. However, it had difficulty because of high interest rates. Because of the interest rate policy of the government, home purchases declined dramatically. People could not afford to finance the purchase of new appliances. The government refused to do anything about foreign import competition, particularly in the microwave line, which the company was producing, the television line, which the company once produced, or in the washer and dryer line.

The company could not make it for two reasons: First, because of interest rates, and second, because of foreign competition. Regarding foreign competition, I asked the minister what he was going to do. I asked him if he believed it was proper to fight inflation on the backs of Canadians out in the street walking and collecting UIC. The minister said he would not do anything. He said if there was dumping of appliances by the Japanese, the Taiwanese and so on, he did not care. He would not do anything unless somebody applied to the anti-dumping tribunal, and then maybe the Minister of National Revenue (Mr. Rompkey) would do something about it. He was not going to be, like the Minister of Industry, Trade and Commerce, there to protect Canadian jobs. He was there to gas on behalf of the government. He said he was there to be in touch with various companies that are developing proposals.

Three months have passed and 2400 productive people, people who were doing solid industrial work in Canada producing a very good product, have been put out on the streets with a couple of hours notice of lay-off. They received no separation pay and no termination pay. Some of them worked for as many as 27 years for the company learning the skills and doing the things that have made Canada a nation that can produce first-class appliances.

What is the minister's attitude? Well, he gasses on and gasses on. He does not give an answer. The previous questioner, my colleague, the hon. member for Simcoe North (Mr. Lewis), was given the answer that it was the minister's hope that the budget would add thrust to job creation. This minister stands indicted as a minister of trade and commerce who has lost more jobs in Canada on a permanent basis than any other minister in our history since the beginning of the Great Depression.

• (2215)

Mr. Russell MacLellan (Parliamentary Secretary to Minister of Regional Economic Expansion): In relation to the hon. member's comments on November 6 regarding the dumping of mircrowave ovens, an anti-dumping investigation was started in April, 1981, and a decision to proceed to an anti-dumping tribunal hearing was recently made by the Department of National Revenue.

As far as a receiver operating a mass rapid disposal of the assets of Admiral, let me advise this House that the banks' agent has assured ITC officials that he is endeavouring to sell the inventory in a manner as close to normal as possible. However, because warranty cannot be assured, the sales conditions are being renegotiated. No fire sale disposal of inventory has occurred as yet.

In the long run, attempts to save the company have to recognize that the Canadian appliance industry has to become more internationally competitive because of the scheduled decline in tariffs starting in 1983—the present 20 per cent tariff is scheduled to decline to 12.5 per cent by 1987—and the increasing automation occurring in Japan and the United States. Bearing that in mind, Mr. Speaker, a takeover by another Canadian appliance company would appear to be the best solution since this would lead to an increased production scale that would justify investment in more efficient capital equipment. I am aware that Inglis has been negotiating with the receivers of Admiral since November, 1981. Officials in

my department have monitored the progress of these negotiations. I am concerned that as many of the former Admiral employees as possible be re-employed and certainly the Inglis interest could be one of the quickest solutions to this problem.

Every reasonable effort is being made to avoid liquidation of the company which would result in a total loss of employment, and the dumping of $50 million worth of inventory on the appliance market at fire sale prices. This would be highly disruptive for the rest of the appliance industry. Government action has to be taken into account in relation to its impact on the rest of the appliance industry which is also in trouble at the moment and experiencing large lay-offs.

On January 28 the Minister of Industry, Trade and Commerce (Mr. Gray) announced a $15 million aid program for the major appliance and parts industry under the industry specific restructuring program, part of the industrial and labour adjustment program. We are exploring ways of using this program to assist this particular situation as well as, more generally, to assist major appliance companies to restructure as necessary and ensure the ongoing viability and strength of the industry.

The Acting Speaker (Mr. Blaker): Order, please. The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 11 a.m.

At 10.19 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, February 5, 1982

The House met at 11 a.m.

• (1105)

ROUTINE PROCEEDINGS

[*English*]

THE BUDGET

PROVISIONS AFFECTING FARMS AND SMALL BUSINESSES—MOTION UNDER S.O. 43

Mr. Len Gustafson (Assiniboia): Madam Speaker, I rise under the provisions of Standing Order 43. The budget has only confused the matter of capital gains tax for farmers and small-business men, complicating it with drastic changes in annuities, forward-averaging reductions and RRSPs, to the point where it challenges the very survival of the family farm or business. I therefore move, seconded by the hon. member for Wetaskiwin (Mr. Schellenberger):

That the government take immediate steps to make fair and equitable changes dealing with valuation day and capital gains taxes on farms and small businesses.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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AGRICULTURE

QUESTIONNAIRE CIRCULATED TO BEEF AND DAIRY PRODUCERS—MOTION UNDER S.O. 43

Mr. Stan Schellenberger (Wetaskiwin): Madam Speaker, the national beef marketing questionnaire produced by the Department of Agriculture late last year was sent only to those beef and dairy producers listed in the 1976 Statistics Canada census. There are now 267,000 questionnaires in circulation to 193,000 beef and dairy producers, and yet some producers are still not in receipt of them. Recognizing the need for a clear distinction between beef and dairy producers and the need for an accurate analysis, I move, seconded by the hon. member for Assiniboia (Mr. Gustafson):

That the Minister of Agriculture immediately consult with beef producer organizations to ensure that all farmers who sold cattle in the past year receive this questionnaire and that the results clearly differentiate between dairy and beef producers.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE ECONOMY

CONDEMNATION OF GOVERNMENT POLICIES—MOTION UNDER S.O. 43

Hon. Jake Epp (Provencher): Madam Speaker, more than one million Canadians are out of work. Additional thousands fear the loss of their jobs, homes and security. These Canadians were entitled to see leadership from the Prime Minister (Mr. Trudeau) and the Minister of Finance (Mr. MacEachen) based on compassion and concern during the first ministers' conference on the economy, but were subjected to a federal government whose position was based on stubbornness and intransigence. I move, seconded by the hon. member for Simcoe North (Mr. Lewis):

That the Prime Minister and his colleagues be condemned for their bad faith bargaining, their political selfishness and stubbornness; that this House urges the Prime Minister and his colleagues to put an end to policies which have removed incentives from the private sector; and, further, that this House encourages the Minister of Finance to withdraw his ill-conceived budget and introduce a new economic package based on incentives, job creation and development of the potential to which Canada and its citizens are entitled.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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MUNICIPAL AFFAIRS

CALL FOR REINTRODUCTION OF COMMUNITY SERVICES CONTRIBUTION PROGRAM—MOTION UNDER S.O. 43

Mr. Cyril Keeper (Winnipeg-St. James): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Given the record high level of over one million unemployed and the failure of the government to take adequate measures to recompense municipalities for the loss of the Community Services Contribution Program, which allowed $1.5 billion for construction each year, I move, seconded by the hon. member for Mission-Port Moody (Mr. Rose):

S.O. 43

That the government take immediate action to reintroduce this essential program.

If the minister will wake up!

Some hon. Members: Oh, oh!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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CANADIAN NATIONAL RAILWAYS

EXPLANATION SOUGHT FOR LAY-OFFS—MOTION UNDER S.O. 43

Mr. Tom McMillan (Hillsborough): Madam Speaker, Canadian National's decision yesterday to eliminate 1,800 jobs on the heels of mass lay-offs in CN Express and VIA Rail demonstrates that the federal government supports the dismantling of Canada's railway system at the very time when soaring energy costs render this energy-efficient mode of transport more relevant than ever. I therefore move, seconded by the hon. member for Richmond-South Delta (Mr. Siddon):

That this House demands that the Minister of Transport explain to the House and to the Canadian people how he can justify such a massive body blow to Canada's rail network in the name of austerity after Canadian National has reported a total net profit of some $400 million over the last two years.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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● (1110)

PETRO-CANADA

ADVERTISEMENT FOR WORKERS PLACED IN OVERSEAS NEWSPAPERS—MOTION UNDER S.O. 43

Mr. Albert Cooper (Peace River): Madam Speaker, I have in my hand an advertisement demonstrating that Petro-Canada is now going to Great Britain to look for workers to fill Canadian jobs. At the same time that this ad has been running in London, England, the number of young people seeking jobs in Canada has increased by 142,000 this past year. I move, therefore, seconded by the hon. member for Wetaskiwin (Mr. Schellenberger):

That the Government of Canada and its Crown corporations do their part in providing opportunities for Canadian young people who are desperately seeking jobs.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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INCOME TAX

DEPARTMENTAL DELAY IN MAILING REFUNDS—MOTION UNDER S.O. 43

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, I also rise on an urgent matter regarding the mailing of pension and child tax credits, and I would ask for unanimous consent in the presentation of my motion.

Thousands of pensioners and low-income families who urgently need their income tax refunds and child tax credit allowances will suffer from delays in the mailing of cheques because Revenue Canada has instituted a freeze on the hiring of casual labour to help process income tax forms. In order to avoid this unnecessary hardship on people who are suffering severely from economic conditions, I move, seconded by the hon. member for Nanaimo-Alberni (Mr. Miller):

That this House instruct the government to begin hiring adequate staff to process income tax forms as expeditiously as possible.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE ECONOMY

DEMAND FOR RESIGNATION OF GOVERNMENT—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, the economy of Canada is sick unto death. Close to 2,000 businesses have gone bankrupt since the budget was read on November 12; millions of dollars of capital have left the country, together with expertise and equipment; over one million people are unemployed, and this figure is growing daily; the failing beef industry is sent a questionnaire; farmers and businessmen who want to expand are threatened with capital gains that would ruin them; even the elderly are refused the chance to invest in IAACs; and the budget has killed confidence and initiative. Therefore, I move, seconded by the hon. member for Assiniboia (Mr. Gustafson):

That this House reflect the thinking of the people and demand that the government resign before Canada is completely in ruins. The Prime Minister has no mandate to reign over the dissolution of Canada.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

THE PRIME MINISTER

MOTION UNDER S.O. 43

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, it is increasingly apparent that the government is using high interest rates, higher taxes, and, soon, wage and price controls as part of a plan to push our economy into a deflationary period, otherwise known as a depression, and that this is part of an organized conspiracy to destroy individual initiative and the free market system. I move, therefore, seconded by the hon. member for Red Deer (Mr. Towers):

That the Prime Minister be required to come clean with Canadians by admitting to the Canadian people that he and his troika are using high interest rates, increased taxation, mass unemployment and, ultimately, wage and exchange controls, as tools designed to force Canada into the status of a state-controlled society.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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HEALTH

CONGRATULATIONS TO UNITED STATES AUTHORITIES ON ELIMINATION OF INDIGENOUS RED MEASLES—MOTION UNDER S.O. 43

Mr. Stanley Hudecki (Hamilton West): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In response to the announcement of the United States' success in eliminating indigenous red measles in that country under its compulsory immunization program, I move, seconded by the hon. member for Niagara Falls (Mr. MacBain):

That this House congratulate the American authorities on this notable achievement and urge the provincial and federal health officials, as recommended by the Canadian Medical Association and the Canadian Pediatric Association, to commit this country to a similar goal of elimination of indigenous red measles.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Madam Speaker: Does the House agree to the said motion?

Some hon. Members: Agreed.

Motion agreed to.

• (1115)

ORAL QUESTION PERIOD

[*English*]

THE BUDGET

REQUEST FOR CHANGES TO STOP LOSS OF JOBS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is directed to the Minister of Finance who will know that Statistics Canada reports today that more than a million Canadians, 1,096,000 Canadians, are out of work. That is the highest number since the Great Depression. The minister will also know that the seasonally-adjusted rate would be up a third of a per cent except that 68,000 Canadians grew so hopeless last month that they gave up even looking for jobs. Despite that suffering, the government remains committed to a doctrinaire budget based on figures it has admitted are false and that everyone in the country knows will make things worse.

This January 117,000 fewer Canadians were working full-time than a year ago. It was the first time we have had a year-over-year drop in employment in 34 years. Will the minister put aside his stubbornness, this pride of his which is throwing Canadians out of work, and propose changes in the budget which will stop this massive loss of jobs for Canadians?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker—

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Munro (Esquimalt-Saanich): Have you no shame?

Miss MacDonald: Ask John Evans what he thinks of the budget.

Mr. MacEachen: —the Right Hon. Leader of the Opposition asked me to put aside what he considers to be personal pride and to change the budget provisions in order, as he said, to improve the unemployment situation in the country. I assure the Right Hon. Leader of the Opposition that my concern for the unemployed is as great as his. The reason I have established the stance which I have adopted in the budget is to ensure that we can do something to reduce inflationary pressures in the economy which, in my view, are the main cause of unemployment.

It would be tempting, but I think foolhardy, to undertake short-term palliatives or quick fixes which might give the appearance of action but which, down the road, would add further to the unemployment situation. I assure the Right Hon. Leader of the Opposition that any proposal which can be brought forward that would be compatible with that basic objective would be very seriously considered by the government.

Some hon. Members: Hear, hear!

Oral Questions

EFFECT OF PROVISIONS ON FEDERAL DEFICIT

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, the minister just indicated that he intends to propose nothing, nothing at all, to help Canadians who are out of work or who face the prospects of going out of work.

Mr. Cousineau: What do you propose, Joe?

Mr. Clark: We heard Liberal backbenchers obediently applauding him. I can say that the 1,096,000 Canadians who are out of work were not applauding, and that the millions of others who face the prospect of having their families and their security interfered with by unemployment were not applauding. We have had experience on this continent with other governments that, for reasons of stubbornness and pride, pursued a policy which they knew was wrong. The House will not stand for the government leading Canada into an economic Vietnam.

Some hon. Members: Shame, shame!

Mr. Clark: The minister claimed that his policy is designed to reduce inflationary pressures. Yesterday his own colleague admitted that the unemployment figures on which the budget was based were wrong and that unemployment this year will be 100,000 above the budget projection. Since that means much lower tax receipts and much higher unemployment insurance payments, will the minister admit that the consequences of his budget may, in fact, reduce the revenues of the Government of Canada—that deepening the recession as his policy is doing may well lead to an increase in the federal deficit rather than a reduction in that deficit which he claims to be a keystone of his policy?

● (1120)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, it is self-evident, at least to most people, that if there is a weakening in economic activity there is bound to be a decline in governmental revenues and there is also expected to be an increase in governmental expenditures. These are the automatic stabilizers that we have built into our system to respond to a decline in economic activity. There is nothing unusual about that. If it is the case, as I believe it to be the case, that the downturn is deeper than was projected in the budget, then obviously our revenues will decline and our expenditures will increase, and that will influence the budgetary situation. The underlying thrust of the budget still remains intact because these stabilizers adjust themselves with an upturn in economic activity.

REQUEST THAT MINISTER WITHDRAW BUDGET

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, what we had yesterday was an admission by the Government of Canada that its estimate of unemployment on which it based its budget was wrong. What we have had now from the lips of the minister is an admission by him that the deficit forecast in the budget is likely to be wrong. What we have here is a budget that is proven wrong on every count. The premiers indicated their unanimous view that it is wrong. Every Canadian you talk to, whether they have already lost a job or are going to lose a job, and knows that prospect hangs over their families and their futures, knows that this budget is wrong. Why does the minister continue stubbornly to impose this budget simply to protect and preserve his personal pride, when he knows the harm and the damage it is doing to hundreds of thousands of Canadians across this country? Why does he not put his country first?

Some hon. Members: Hear, hear!

Mr. Paproski: The minister laughs.

An hon. Member: The minister smiles.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I must say, as the hon. member said, that the minister smiles.

Mr. Paproski: He laughs.

Mr. MacEachen: I can only smile at the rather contrived indignation and histrionics of the Right Hon. Leader of the Opposition.

Mr. Mazankowski: You had all the answers two years ago.

Mr. MacEachen: If he thinks in his mind that if he can come on strong like that he is going to make an impression, he is very much mistaken.

Once again the Leader of the Opposition has talked about economic projections. It is absolutely clear, as I have said so often in the House of Commons, that one of the most difficult things to do in an uncertain economy is to project events with any certainty. Public forecasters and private forecasters have been wrong on many occasions. That is one of the disadvantages of projecting for a long term down the road. I would ask the Leader of the Opposition to take a look at the projections on unemployment, on the exchange rate and on inflation that were put in the short-lived budget of his government, to look at them now and see how many of those projections, which were honestly made, proved to be far from reality.

Some hon. Members: Oh, oh!

Mr. Epp: What kind of a turkey answer is that?

Mr. MacEachen: That is the case very often. I ask the Leader of the Opposition not to create these artificial issues because they are much too trivial in the face of the real economic difficulties we have in the country.

Mr. Baker (Nepean-Carleton): Trivial?

• (1125)

EVIDENCE NEEDED TO FORCE CHANGES

Right Hon. Joe Clark (Leader of the Opposition): The Minister of Finance is now saying that 1,096,000 Canadians out of work is trivial. Trivial, that is what he is saying.

An hon. Member: He did not say that.

Mr. Clark: He is saying he will not believe me, he will not believe the premiers, he will not believe the Economic Council of Canada or any of the literally thousands of people who have pointed out what is bad about this budget, and how destructive it is to this country.

Let me ask has the minister talked to the 1,800 employees of CN being thrown out of work? Has he talked to the 50 workers in Timmins-Chapleau thrown out of work just the other day? Has he talked to any of these people affected by this budget?

Madam Speaker: Order, please. I am afraid I have to ask the Right Hon. Leader of the Opposition to keep to questions.

Mr. Baker (Nepean-Carleton): He was putting a very good question.

Mr. Clark: Madam Speaker, I apologize for letting—

Mr. Cousineau: Apologize to Canadians.

Mr. Clark: Yes, I apologize to Canadians for this government. I apologize to Canadians that we have not been able so far to force this government to change its policies.

Let me ask the minister one simple question. Just how much evidence of the disaster he is causing does he need before he will change this budget?

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the Right Hon. Leader of the Opposition has now asked four questions on the economy—

Mr. Huntington: And you have not answered one of them.

Mr. MacEachen: —and I would draw to your attention, and to the attention of the House, that in all of these questions he has not put forward one single constructive proposal—

Some hon. Members: Oh, oh!

Mr. MacEachen: —in order to deal with the economic situation. He is treating this subject as an occasion for rhetorical outbursts without any relevance whatsoever to the seriousness of the situation.

Mr. Beatty: You have no ideas. Resign, MacEachen.

Mr. MacEachen: I ask the Leader of the Opposition, if he has sound ideas, if he has alternatives, to bring them forward, and we will examine them.

Some hon. Members: Resign.

Mr. MacEachen: He has asked four questions and we have had nothing but indignation and rhetoric.

Some hon. Members: Hear, hear!

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THE ECONOMY

REASON FOR INTEREST RATE LEVELS

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, let me put a very precise question to the Minister of Finance. The first ministers this past week have been demanding a made-in-Canada interest rate policy. Well, Madam Speaker, we have had a made-in-Canada interest rate policy for the past six months. During this period the target range set by the Bank of Canada for M1 in its monetary policy to fight inflation has been far higher than the actual results, and normally you would expect the bank to reduce interest rates to force the level of money supply back into the target range. For some reason the bank has not done so and the result is that, while we have had some drop in interest rates, they have been about two percentage points higher than they need be.

My question to the minister is very simple. Would he explain why we have had interest rates 2 per cent higher than they should have been?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): First of all, Madam Speaker, I do not accept the validity of the hon. member's observations—

Mr. Epp: You never do.

Mr. MacEachen: —that we have interest rates higher than we should because of the monetary aggregates. It is true that M1 has been below the target range because of obvious lags. During that period of very high interest rates the M1 decreased; it will increase as a result of the lower interest rates which have prevailed in the last number of months. That is the major reason, the question of lags, and it is not a desire on the part of the central bank's management to stray away from that basic guide. It is merely a question of lags.

QUERY RESPECTING GOVERNMENT POLICIES

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, I do not think the minister understands what has happened. I suggest to him the main reason for this shortfall is because the dollar has been under pressure as a result of Canadian and foreign investors' total lack of confidence in the government's policies, the energy, foreign investment and budget policies. It is for this reason the dollar has been under pressure and the Bank of Canada has been forced to keep interest rates much

higher than they should be just to maintain the level of the Canadian dollar. I say to the minister that that has probably cost about 100,000 of the jobs lost this past year.

Again, my question is very simple. Will he consider changing these policies, and will he explain to the home owners, businessmen and farmers who have lost their businesses, and the people who have lost their jobs as a result of this, why he is continuing these policies?

• (1130)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, once again the hon. member is very vague when he speaks of continuation of these policies. He asked a question about the monetary aggregates.

Mr. Beatty: You are making a fool of yourself, Allan. Sit down!

Mr. MacEachen: I gave an answer to that question, and the hon. member dropped it and began to talk about the Canadian dollar and the impact of that on interest rates.

Mr. Wilson: That's one you want to sidestep.

Mr. MacEachen: He drew in the National Energy Program, he drew in the Foreign Investment Review Agency, and he then drew in the budget. One has attempted to give an answer to this melange of ill-assorted economic nostrums that the hon. member has mentioned.

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LABOUR CONDITIONS

BURDEN CARRIED BY UNEMPLOYED—REQUEST FOR CHANGE IN GOVERNMENT POLICIES

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I also have questions for the Minister of Finance. It is becoming more clear every single day that one cannot bring about economic recovery on the backs of unemployed people in Canada and that it is fundamentally wrong to ask 1.5 million unemployed Canadians, or whatever the actual figure may be in numbers of millions, to carry the burden of this social and economic exercise that the Liberal government of the country is pursuing.

I simply ask the minister, given that unemployment figures today are now in excess of one million, as Statistics Canada defines them, and given that there is hidden unemployment which now ranges upwards to 745,000 Canadians who have given up looking for work and who do not appear in the statistics, and given that that is now 15 per cent of the work force of Canada, how much longer will those people carry the burden of this exercise of government? At what point in time will the Minister of Finance be prepared to admit that it is fundamentally wrong to ask those people to carry the burden? When will he change, and bring a policy into the House of Commons which will begin to put this country back on the road to prosperity?

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): The hon. member has asked a serious question. Let me tell him that the unemployment rate, which is seasonally adjusted, has dropped this month from 8.6 per cent to 8.3 per cent.

Some hon. Members: Oh, oh!

Mr. MacEachen: It is still a very high level, but I should remind the hon. member that in the United States the unemployment level is 8.9 per cent, and that every one of our industrial partners—

An hon. Member: It's their fault.

Mr. MacEachen: —is experiencing abnormally high levels of unemployment.

Mr. Nielsen: Stop trying to catch up!

Mr. MacEachen: The reason is that we are in the midst of an international recession. The hon. member is now asking me, in order to overcome an international recession, to undertake in Canada a major stimulus and to spend $5 billion to $10 billion now, in order to have a short-term effect. I think that if that were done it would take about six or seven months to work through the economy, at a time when we expect an international recovery. At that time we would be able to participate in the international recovery and have more jobs and more growth than if we took action at the present time, which would add to our difficulties and make it impossible for us to share, as a country, in the recovery which is bound to come.

Mr. Baker (Nepean-Carleton): Allan, you are all by yourself.

Mr. Nielsen: Don't you feel lonely?

MEASURES TO MEET NEEDS OF CANADIANS

Mr. Ian Deans (Hamilton Mountain): I want to say to the minister, through Your Honour, that he cannot seasonally adjust the hardship that unemployment is creating for those people.

Some hon. Members: Hear, hear!

Mr. Deans: I suggest to the minister that if there is an international economic recovery then we will benefit from it, in any event. However, the fact is that within the confines of this country there are any number of projects which could be undertaken now which will ultimately have to be undertaken, anyway.

I ask the minister, given the housing shortage, given the real problems in the farm implement industry, given the difficulties in the forest industry, and given the difficulties from coast to coast in areas which affect the domestic economy of Canada, is there no measure at all that the government can promote

which can meet both the need of Canadians, on the one hand, for those services and products, and meet the need of Canadians, on the other hand, for jobs?

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member has asked another question.

Mr. Nielsen: Glad you noticed it!

Mr. MacEachen: In his question, he has not even mentioned the fact that Canada has a very high inflation rate at the present time. Our inflation rate is higher than the United States. Our wage settlements are higher than the United States; they are increasing while wage settlements in the United States are decreasing. In all his questions the hon. member has not yet realized that the main reason we have high unemployment in this country today, and the reason the world has high unemployment, is because we have been unable to bring down inflation. Every item he has put forward at the present time—

Mr. Huntington: Tell us how you would bring it down, Allan.

Mr. MacEachen: —and every proposal is intended to add to inflation and to make our unemployment problem more difficult.

Miss MacDonald: That's what you are doing.

Mr. MacEachen: That is the result of the hon. member's proposal today.

Some hon. Members: Hear, hear!

Mr. Baker (Nepean-Carleton): Your policies are doing the same thing, Allan.

REQUEST THAT MINISTER RECONSIDER DIRECTION OF GOVERNMENT POLICY

Mr. Ian Deans (Hamilton Mountain): I want to suggest to the minister that the results we are seeing today are the results of the dogmatic attitude of the minister. It is not a matter of whether it adds to inflation. How, in heaven's name, does building a house, that people need and that they can afford to buy, add to inflation?

Some hon. Members: Hear, hear!

Mr. Deans: I suggest to the minister that the inflationary policy and direction that he is pursuing have not brought down inflation. All they have done is to make it impossible for Canadians to buy the products that Canadians manufacture.

There is now a wide range of political opinion, from all of the premiers, to the opposition parties in the House of Commons, and the commentators who watch politics, that the policy which the minister is now pursuing almost relentlessly, without any concern for the effects on individual Canadians, is not an appropriate policy. Given that fact, I simply ask the minister that he reconsider the direction he is taking in this country. I ask that he consider the effects on those 1.8 million Canadians. I ask that he no longer pursue his policy and that he find, in our domestic economy, the necessary tools to create the kind of employment that people want, in order to get this country moving again.

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member has asked me to reconsider the policy. What I am constantly doing—

Some hon. Members: Oh, oh!

Mr. MacEachen: —is listening to viewpoints, as I have done for the past three days at the first ministers' conference.

Mr. Wilson: Sure showed it!

Mr. MacEachen: The hon. member is asking me to consider the plight of the currently unemployed. I really am doing that. However, what he is asking me to do now is to adopt policies which would not reduce unemployment; rather, he is asking me to introduce policies which would add to the unemployment list.

Mr. Deans: No, no!

Mr. MacEachen: That is precisely what the hon. member is doing.

Mr. Deans: Not so!

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MINES AND MINING

WITHDRAWAL OF SPECIAL RESOURCE ALLOWANCE

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, my questions, as well, are directed to the Minister of Finance. Investment capital is flooding out of this country from the resource of exploration sectors of the mineral industry. The major mining giants of Canada are declaring record losses. Lay-offs and pending lay-offs in the mining sector will amount to hundreds and even thousands if corrective action is not taken soon. We now see that the withdrawal of the northern living allowance will cost mining personnel thousands of additional dollars in cities, like Labrador City, in coming years.

An hon. Member: It's not withdrawn.

Mr. Siddon: Why has the government proposed to withdraw the 25 per cent special resource allowance, which would discourage Canadian mining companies from upgrading iron ore to the pig iron stage, iron ore which is heavily used and

consumed in Canadian industries? This will lead to an additional excalation of the cost of steel to the automotive industry and every other Canadian manufacturing industry, because that 25 per cent resource allowance induced Canadian iron industries to supply our domestic demand for iron. Why has that been included in the budget? Does the minister not realize the tremendous increase in unemployment which that will create?

• (1140)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): No, Madam Speaker. If the hon. member is referring to the steel industry, as I think he is, if the steel industries continue, as I expect it to do, to invest in the industry, the changes in the resource allowance will not for quite some time in any way affect their taxable situation.

Mr. Siddon: Madam Speaker, the minister is totally wrong. The Canadian Mining Association has made that point quite clear. The inflationary pressure on the steel industry is going to be of tremendous magnitude and will lead to additional unemployment in the automotive industry. The minister knows that.

RETRAINING OF DISPLACED MINERS

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, I wish to direct my supplementary question to the Minister of Employment and Immigration. Why is there no immediate strategic program to begin to retrain young people being displaced from the mining sector, when the mining association and others are predicting that within three years we will need some 3,000 to 5,000 additional trained and skilled people in that sector, and these young people are presently contemplating going on UIC and welfare? Why does the government not come forward with a program at the mine sites where they are presently employed in so that they can learn new skills and be prepared when that demand comes within two years time?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, the hon. member is obviously mistaken when he says there are no proposals to do that. If he had been watching more carefully he would have recognized that in the early part of January we put forward a very extensive set of proposals for a new national training program that will allocate our training funds to those areas of the economy where the jobs are. We met with the provincial governments. We received agreement from those governments to begin studying how we can revise that program. We hope to have a new program by this spring. Therefore, those proposals are well in hand and are proceeding very well. In the meantime, we have introduced a number of supplementary measures, particularly as they relate to the mining community, to provide for alternative employment and for additional training places. I will be glad to provide the hon. member with that information so that he can bring himself up to date.

Madam Speaker: I ask hon. members to try to be shorter in their questions. We are a little over ten minutes late in the usual progress of our question period. I would like to get more members in. That is the choice for members to make.

Mr. Nielsen: And the answers, too.

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AGRICULTURE

QUERY RESPECTING STATE OWNERSHIP OF LAND

Mr. S. J. Korchinski (Mackenzie): Madam Speaker, Communist leaders boast that they can take over a capitalist country without firing a shot. May I ask the Minister of Agriculture whether there is a policy within his department by which he encourages state ownership of land?

Hon. E. F. Whelan (Minister of Agriculture): No.

ADVICE GIVEN TO FARMERS IN SASKATCHEWAN

Mr. S. J. Korchinski (Mackenzie): Why then is an official in the Farm Credit office in Prince Albert telling farmers who are appealing to them for cash, after the $50 million being offered to them, to sell their land to the land bank?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the land bank is a provincial land bank. I have no knowledge of any Farm Credit official giving that advice. If he is doing that, he must have good evidence that it is probably the best way for them to recoup some money for the land. I cannot imagine that happening in Saskatchewan. When one looks at land values, how they have increased and how valuable land is becoming in Saskatchewan, why would anyone turn it over to the land bank in Saskatchewan to sell it? I cannot imagine that because purchases of land there are higher than they have ever been. There is a demand by other farmers for land in Saskatchewan.

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THE ECONOMY

FIRST MINISTERS' CONFERENCE—PROPOSAL TO INTRODUCE WAGE CONTROLS

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, my question is directed to the prime minister. It concerns the first ministers' conference this week. This week the provinces rejected the Prime Minister's proposal for wage controls to be placed on public servants. I would ask whether he would be prepared at this time to give this House an assurance that neither now, nor in the months ahead, will he impose wage controls on federal public servants, or on anybody else unilaterally, as he did once before.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker—

Some hon. Members: Hear, hear!

Mr. Paproski: Lumley and Axworthy didn't applaud.

Mr. Trudeau: Only two? I think it is important to set the record straight. When the hon. member says I imposed wage and price controls unilaterally, that of course is not the way it happened. He will recall that in the summers of 1974 and 1975 the ten premiers had assembled. They lamented the inflationary state of the economy and begged the federal government to take action. The action we took was only possible because it was judged by common opinion in Canada, notably that of the premiers, that we were in a crisis situation. The hon. member knows enough about the Constitution to know that we cannot control wages and prices nationally unless there is a crisis. That crisis, as it was defined by the courts, was accepted as a crisis because the provinces had, generally speaking, supported our action. Indeed, they co-operated with the federal government in applying wage and price controls. So much for the record.

I want to point out to the hon. member that the objective of our proposal yesterday was to show collective leadership in Canada, hoping that the ten premiers and the federal government would take some action collectively to come to grips with the danger of a wage explosion, and to do it in such a way that we would not penalize those at the low end of the wage scale, since we offered that they would have compensation in line with the increase in the cost of living, but those at the top end, those who, I believe, have caused some complaint in the House, would be absolutely frozen. We were hoping at this time of economic leadership that we would also have the support of the opposition parties, since it would have the effect of tackling the cause of our economic malaise. It would have the effect of—

Mr. Nielsen: How about the length of the answers?

Mr. Trudeau: The hon. member for Yukon is distressed with the length of the answers. He would prefer the histrionic shouting of his leader, I guess, when it comes to having exchanges in the House of Commons.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Trudeau: My answers are answers to questions. The histrionics of his leader are speeches that should not be made during the question period.

QUERY RESPECTING PROFIT AND INTEREST CONTROLS

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, the Prime Minister's response was notable for its omissions. I would point out that he did not reject the unilateral imposition of wage controls on federal public servants. I would also point out, as he implied that wages were the cause of inflation, that workers' wages have fallen behind inflation for four years in a row. So much for that argument.

Since the Minister of Finance talked about a principle of equity in his budget, can the Prime Minister explain where is the fairness in the concept of imposing wage controls on public servants but no price control or excess profit controls on the banks, or any corresponding controls on interest rates which are killing the home owners of this country?

• (1150)

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member is right, of course. I did not answer his question about controlling the federal public service. I was told by members opposite that my answers were too long, and that is why I interrupted my answer.

If the House will hear me out, I would like to deal with that question. It is not the intention of the federal government—that is the reassurance the hon. member is asking for—to freeze or impose wage controls on its public service. The intention for which we asked the co-operation of the provinces was to give a collective sign that we wanted to keep the wage pressures down.

Now, the reason we, as the federal government, talked about that aspect was that it had been raised by three premiers in their opening statements. I repeat to the hon member, that is why my setting the record straight was important, that in normal circumstances we do not have jurisdiction over the control of prices, wages and profits. That is under provincial jurisdiction. That is the law of contract that comes under Section 92, property and civil rights. We do not have that jurisdiction.

The only way that prices and profits could be controlled, and I pointed this out to the Premier of Saskatchewan who raised the same objection as the hon. member, is if he would decide in his province to keep prices and profits down. He is not doing it in areas of his jurisdiction, nor is the Premier of Manitoba. They are both socialist premiers and they seem to disagree with the approach suggested by the hon. member. They are more apt, as are members on the opposite side of the House, to blame the federal government because it is not doing something about interest rates. However, they are not prepared to undertake the control of the cause of inflation in their own provinces. That is the point I want to make.

Some hon. Members: Hear, hear!

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NUCLEAR ENERGY

REQUEST FOR STATEMENT ON GOVERNMENT POLICY

Mr. G. M. Gurbin (Bruce-Grey): Madam Speaker, my question is for the Minister of Energy, Mines and Resources. In recent months it has been clear that decisions have been made by cabinet which would indicate the government's nuclear policy and its position as far as the Candu system is concerned. There have been decisions such as the agreement on uranium with Europe, the Mexican tender, and the dia-

logue about electricity exports to the United States. What is of concern is that this is a back door technique taken by the government.

Would the minister explain to the House, and to those of us who understand the importance of the Candu system and recognize the failing high technology Canadian industry, what his nuclear policy is, or will he tell us why he is afraid to expose that for public review?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, at the first opportunity I would be happy to make the statement for which the hon. member is asking. As a matter of fact I appeared before the parliamentary committee a few weeks ago and there was not one question on the issue. I will find opportunities to give the hon. member any information he requires. Question period may be an appropriate opportunity to do so if he wishes to ask a specific question.

INTEREST RATES APPLICABLE TO EXPORTS

Mr. G. M. Gurbin (Bruce-Grey): Madam Speaker, my supplementary question is for the Minister of Finance. In the spring of 1981 he indicated in a public forum that he was not prepared to consider specifically lowering interest rates in deals for nuclear exports. In the past few months it has become very clear that the Minister of Energy, Mines and Resources has encouraged and convinced him to reconsider that position. He is now offering a Mexican deal which could cost Canadian taxpayers $300 million a year.

If the Minister of Finance was able to reconsider this and understand the need for support of that Mexican deal, why will he not recognize and reconsider the needs of 350,000 Canadian farmers, hundreds of thousands of Canadian home owners, and thousands of Canadian businessmen who are being crushed by the weight of his high interest rate policy?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, with regard to the particular business transaction to which the hon. member referred in his introduction, he should address that question to the Minister of Trade.

I would say to the hon. member that I did attempt in the budget to provide relief to farmers in financial difficulty through the Farm Credit Corporation. I attempted to provide relief to home owners who were in a very difficult situation as a result of high interest rates, and I attempted to provide relief to small-business men in financial difficulty through the Small Business Development Bond. These were serious efforts to meet the problem which the hon. member has mentioned.

Indeed, if I recall clearly, he was one of the members of the House of Commons who urged me some time ago to apply the Small Business Development Bond to farmers and unincorporated businesses. I took his representations to heart and included those provisions in the budget.

EMPLOYMENT

REQUEST FOR INFORMATION ON NATIONAL TRAINING PROGRAM

Mr. Albert Cooper (Peace River): Madam Speaker, my question is for the Minister of Employment and Immigration. Petro-Canada is now trying to fill Canadian jobs with workers from England while at the same time 142,000 desperate young Canadians have been trying to find employment during this past year. When can we expect some detailed information, and I emphasize "detailed", about the new National Training Program?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, as I explained to the hon. member's colleague earlier, we have already put forward a very detailed set of proposals which were issued on January 6. We have had very extensive discussions and consultation with the provinces which deliver many of those programs through their training institutions, and with industry, as the hon. member knows.

We are now awaiting the response from the provinces so we can proceed with the introduction of a bill and the signing of new agreements under the training program.

We do have very clear guidelines for oil companies in Canada. They must give preference to Canadian workers when they are available, when they have the appropriate skills. We have been particularly stringent in ensuring that the major resource companies which are developing the big projects give that sort of preference. However, we cannot stand in the way of progress if we do not have the skills here. We must allow them to import workers from abroad. That is why we feel it is important to convince the provinces, and I would ask the hon. member to aid in that respect, to urge his provincial members to work with us in developing a revised training program so that we can ensure that young Canadians will have the necessary skills for existing jobs and so that we do not spend money on training for jobs which do not exist.

ADULT OCCUPATIONAL TRAINING PROGRAMS

Mr. Albert Cooper (Peace River): Madam Speaker, I have looked at the detailed information which has come from the minister's office. I have looked at the proposals which were sent to the provinces. There is not the detail necessary to determine how effective the program will be.

Information which I have received from Statistics Canada indicates that from 1971 to 1980 unemployment insurance benefits increased by almost 500 per cent. Over that same period adult occupational training programs decreased by 75 per cent. How does the minister justify that?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I do not justify it because I do not believe that those statistics are correct. The fact is that we have been adding a substantial number of positions under the occupational training program. This year alone we will be spending close to $860 million and training close to 300,000

Canadians under the support of the federal government, which makes us the largest supporter of training than anyone in the country, including the provinces. I do not think the hon. member's figures are accurate.

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TRADE

ACCESS TO UNITED STATES MARKET FOR TELEPHONE EQUIPMENT

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, my question is for the Minister of Industry, Trade and Commerce. Last year Canadian telephone equipment manufacturers sold approximately $800 million worth of telephones and related equipment to the United States. Is the minister aware that at the present time there are two bills before the U.S. Congress which could have the effect of severely restricting, or closing down, the American market to Canadian sellers? What is he doing to protect Canadian interests?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, officials of both External Affairs and my own department, under the direction of the Minister of State for International Trade and myself, are keeping closely in touch with the situation. We are prepared to see that appropriate representations are made to protect Canadian interests.

PROTECTION FOR CANADIAN MANUFACTURERS

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, what assurances can the minister give to Canadian workers and telecommunications manufacturers that their interests will be protected and that there is no possibility of their losing several hundreds of millions of dollars of sales per year?

• (1200)

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, at any one time in the United States Congress there are hundreds, if not thousands, of bills, and I think that to say that any one of them will actually become law is carrying things somewhat too far.

I want again to give the assurance to the House, and to the workers in question, that the Minister of State for Trade and I have instructed our officials to be in close touch with the situation and to make all necessary representations.

* * *

CANADIAN NATIONAL RAILWAYS

ANNOUNCEMENT OF LAY-OFFS—GOVERNMENT POSITION

Mr. Bill Blaikie (Winnipeg-Birds Hill): Madam Speaker, yesterday the CNR announced it was laying off some 1,800 people across the system, including over 200 in the Transcona shops, as a result of a downturn in revenues, a downturn which can be attributed to the slowdown in the economy brought on by the high interest rate policy of this government.

My question is directed to the Minister of Transport. What does the Minister of Transport have to say to all those young people in my riding who are losing their jobs just at a point when their mortgages have either come due or are coming due and when things would have been difficult anyway? Are they to be lectured by a cynical, burned out Prime Minister in the same way the premiers were last night, and is it the policy of this government to allow Crown corporations which are making profits to lay workers off and leave undone the considerable amount of work waiting for willing hands to do?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, the first thing I would tell them would be to read what I said yesterday on this same subject, which was a bit more nuance than what the hon. member is saying now.

The other thing I would tell them—

Mr. Clark: Let them eat nuance.

Mr. Pepin: —is that we are on the verge of a major railway main line development in western Canada. I would tell them that there is $1.35 billion in the budget for that, so my message would be extremely encouraging, and I am sure it would be very well received.

* * *

THE ADMINISTRATION

DESIGNATION OF MINISTERIAL PORTFOLIOS

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, yesterday the Right Hon. Leader of the Opposition (Mr. Clark), his House leader and his former House leader—the three of them—raised a point of order and expressed concerns. I told them I would look into their concerns, which I did not share and still do not share, and come back to them with some answers.

I am prepared today very briefly to tell those hon. members what the situation is. I suppose the Right Hon. Leader of the Opposition followed my recommendation—

Mr. Clark: On motions.

Mr. Pinard: Would the right hon. member prefer to hear this on motions? It is a point of order, Madam Speaker. I prefer to speak now.

Mr. Clark: No, no. It is a statement on motions.

Mr. Pinard: I suggested to the Leader of the Opposition yesterday that he look at the statute and have someone explain it to him. I am sure he has done his homework, but nevertheless—

Mr. Clark: On a point of order, Madam Speaker—

Mr. Nielsen: Madam Speaker—

Madam Speaker: Order, please. I cannot hear two points of order at the same time.

Mr. Clark: You don't have one now.

Madam Speaker: The minister rose on a point of order, and I am listening to his point of order.

[*Translation*]

Mr. Pinard: Thank you, Madam Speaker. Having risen on this point of order, I believe it is necessary to provide some clarification and allay the ill-founded fears of the Leader of the Opposition, his House leader and his former House leader.

He implied that the new ministers of state were acting more or less illegally, and I immediately referred him to the Government Organization Act, 1970, and related matters. I invited him to look at the relevant provisions, to read them very carefully and to have them explained if necessary. I shall, if I may, add further clarification. I am referring to Chapter 14, Sections 13 to 24, of the *Revised Statutes of Canada*, 1970, 2nd Supplement. Two things are regulated under this act. First we have the creation of ministries of state, usually followed by formal appointment of ministers responsible for the new ministries. Such decisions require the approval of Parliament. In order to properly interpret an act, we must read all its provisions, and reading further, we find that Section 23 is concerned with the second type of action, namely, the appointment of ministers of state with the responsibility of assisting other ministers. Thus, we have here two distinct types of decisions: 1. the creation of new ministries of state, which requires the approval of Parliament; 2. the appointment of ministers of state with the responsibility of assisting other ministers, which does not require parliamentary approval.

As a result of the latest reorganization announced by the Right Hon. Prime Minister of Canada (Mr. Trudeau), two cases were raised by my colleagues opposite, concerning Mr. Lapointe and Mr. De Bané. Mr. Lapointe was appointed Minister of State under Section 23, with responsibility for assisting the Minister of Industry, Trade and Commerce in matters relating to tourism. There is also the case of Mr. Lumley, who was appointed Minister of State under Section 23 with responsibility for assisting the Minister of State for Industry, Trade and Commerce (Mr. Gray), and we had Mr. De Bané, who was appointed Minister of State under Section 23 of the same act, with responsibility for assisting the Secretary of State for External Affairs (Mr. MacGuigan). However, it has become regular practice, a practice that was in fact followed by the Leader of the Opposition when he was Prime Minister—

Madam Speaker: Order, please! I am very much tempted to interrupt the minister. He rose on a point of order to provide clarification that was requested yesterday. That is fine. If there is a brief exchange and it takes place in a normal fashion on both sides of the House, I think I can allow it to continue. But if the minister intends to discuss the subject at length, I am sorry, but I feel a fairly short statement would settle the matter quite satisfactorily. If the minister intends to be brief, I shall allow him to go on. Otherwise, I shall have to ask him to find some other procedure for providing the information he wants to give to the House.

[*English*]

Hon. Erik Nielsen (Yukon): May I speak to that point, Madam Speaker?

Mr. Pinard: Madam Speaker—

Mr. Nielsen: Madam Speaker, I submit to the Chair that it has always been the practice that when extensive changes, or even minor changes, are made in the ministry the Prime Minister makes a statement on motions which then can be responded to by opposition parties. I suggest to the government House leader in all sincerity, and in a spirit of co-operation, that this kind of thing should have been done in this instance, and could still be done, on motions, and that would be the proper way.

[*Translation*]

Mr. Pinard: Madam Speaker, I was recognized on a point of order. I intend to be brief and to finish my statement in a few moments. I am merely answering a request for clarification of a matter that was raised yesterday. In concluding, I simply want to say that the procedures criticized by my colleagues opposite were in accordance with Section 23 of the act I just mentioned. The procedure consisting in creating new ministers of state will be subject to parliamentary approval, but meanwhile, the situation is as follows: Mr. Gray is Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion, as shown on the list appended to *Hansard*, and Mr. Lumley and Mr. De Bané are Ministers of State, each with specific duties designated as is customary and as the Leader of the Opposition did himself when he was Prime Minister.

Finally, Madam Speaker, until legislation is passed to ratify the creation of new ministries of state, the ministers are designated as they appear in *Hansard*, to which reference was made yesterday during the debate on this subject. I should like to say once and for all that there is nothing illegal about all this. The procedure is based on the legislation in question, *Revised Statutes of Canada*, 1970, Chapter 14, Sections 13 to 24, and in the case of ministers of state with responsibility for assisting other ministers, they were appointed under Section 23. The latter procedure does not require parliamentary approval, and I hope I have succeeded in taking away any lingering doubts among my colleagues opposite.

[*English*]

Mr. Nielsen: Madam Speaker, I had no idea the government House leader would raise this matter today.

Mr. Cousineau: You asked questions yesterday.

Mr. Nielsen: I am glad the hon. member who interjected is awake and alive—for a change—to the fact that these questions are being put.

The government House leader has given a rather lengthy and, I must say, complex reply, including the citation of numbered sections of the Government Organization Act. I would like to read what he has said in *Hansard*, and I trust I will be allowed the liberty on Monday to respond, should I choose to do so.

[*Translation*]

Mr. Pinard: Madam Speaker, I object. Yesterday, these people got upset, they raised a point of order claiming that they were aware of the situation, and now they want time to look into it—

Madam Speaker: Order, order!

ROUTINE PROCEEDINGS

[*English*]

PETITION

MISS MACDONALD—POLAND—IMPOSITION OF MARTIAL LAW

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, I have a duty to present a petition on behalf of my constituents. The purpose of this petition, which is signed by 125 concerned Canadians primarily of the Polish community in Kingston and the Islands, is to protest in the strongest way possible the statements made by the Prime Minister of Canada (Mr. Trudeau) regarding the imposition of martial law in Poland, statements which they feel give aid and comfort to the enemies of democracy in Poland.

• (1210)

The nature of this petition is to demand a retraction of these statements and to urge that the Prime Minister join with other western leaders to denounce the imposition of martial law and the influence being exerted by the Soviet Union to suppress the fundamental rights of Polish citizens.

It is my hope that the Prime Minister will be attentive to these pleadings and that he will carry out the proposals put forward by the petitioners.

Some hon. Members: Hear, hear!

[*Translation*]

BUSINESS OF THE HOUSE

CHANGES TO WEEKLY STATEMENT

Mr. Pinard: Madam Speaker, contrary to what I announced yesterday concerning the order of business in the House, today we shall proceed immediately with consideration of the Canagrex bill. The bill was on the agenda for today, but I had indicated that before considering this bill, we would be bringing in Ways and Means motions. I had also promised my fellow House leaders to give them a copy of the bill so they would be able to look into it during the weekend. However, I am unfortunately unable to meet this very legitimate request. Therefore, as a courtesy to the House, we shall not bring in the Ways and Means motion today. We shall be doing so next week, and consideration of the borrowing authority bill will be postponed at least one day to enable my opposition colleagues to examine it. The order of business is therefore as follows: today, we shall be considering the Canagrex bill; Monday, as announced, the House will be considering a bill to amend the National Housing Act; Tuesday, we shall continue consideration of the National Housing Act, and if the borrowing authority bill has been tabled and the Ways and Means motions approved, we shall probably be starting consideration of the borrowing authority bill on Wednesday. Thursday, as I just said, we shall be resuming debate on the National Housing Act. Actually, the only change is that today we shall not be bringing in Ways and Means motions, and instead of considering the borrowing authority bill on Tuesday and Wednesday, it will probably be only Wednesday.

[*English*]

Mr. Baker (Nepean-Carleton): On the point of order, Madam Speaker; now that we are on House business, I wonder whether the hon. gentleman could tell me if it is the intention of the government to introduce the new Crown corporation act before the end of February or, if not by that date, when?

[*Translation*]

Mr. Pinard: I shall consult the President of the Treasury Board (Mr. Johnston) and my other cabinet colleagues, and I hope to be able to provide further clarification within the next few weeks.

* * *

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 2,700, 2,989, 2,990, 3,004 and 3,548.

Order Paper Questions

[*Text*]

UPDATING OF SNAVELY REPORT

Question No. 2,700—**Mr. Mazankowski:**

1. Is the government updating the study originally commissioned by the government to Mr. Carl Snavely into the actual costs of moving grain and, if so (a) what is the name of the person or firm hired to conduct the study (b) on what date did it commence and what is the expected completion date (c) what is the anticipated or final cost (d) in which year does the update apply?

2. Did the Prime Minister on February 13, 1981 state "We have made a decision not to deal with the Crowsnest Pass freight rates until there is a very strong demand from the representatives of western farm groups and other groups to touch the Crowsnest rates" and, if so, in light of the statement and in light of the government's current fiscal restraint program, for what reason is the government proceeding to contract out a study to update the actual costs of moving grain, which will touch upon the Crowsnest Pass freight rate?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): 1. Yes.

(a) Snavely, King, Harris and Associates, Inc.

(b) May 1, 1981—started; December 31, 1981—completion.

(c) $155,500 (final cost).

(d) 1980.

2. Yes. In relation to western railway capacity and the railway financial situation it is important to have accurate, up-to-date figures on losses related to statutory grain rates. The current study will maintain the three-year update interval and will be directly comparable to the two previous studies. The study will also identify changes in railway system efficiencies that have occurred since 1977 update.

POST OFFICE IN MALLORYTOWN, ONT.

Question No. 2,989—**Mr. Cossitt:**

1. Was a Post Office constructed in the village of Mallorytown in the constituency of Leeds-Grenville and, if so (a) on what date (b) what was the name and address of the contractor and the amount of the contract?

2. Were tenders advertised publicly and, if so, what were the names of all those who tendered and the amount of each tender?

3. Were tenders invited rather than publicly advertised and (a) if so (i) who decided the identity of those invited (ii) who submitted tenders and in what amount (b) if not, for what reason?

Hon. Paul J. Cosgrove (Minister of Public Works): 1. Yes.

(a) Contract was awarded February 23, 1968.

(b) Contractor: A.L. Strigley Construction, Ontario Street, Gananoque, Ontario

Contract amount: $29,300.

2. Tenders were advertised publicly, and following is a list of tenders received in an answer to public advertisement:

Alfred Louis Strigley (A.L. Strigley Construction, Gananoque, Ontario, $29,300; I.H. Bradley Construction Ltd., Prescott, Ont., $35,915; Fort Construction & Equipment Ltd., Prescott, Ontario, $37,500; Raymond Riis Construction, Brockville, Ontario, $37,618; Baldock Engineering & Construction Ltd., Ottawa, $39,747; D.C. Snelling Limited, Prescott, Ontario, $40,178.

3. Not applicable—See part 2 above.

POST OFFICE IN DELTA, ONT.

Question No. 2,990—**Mr. Cossitt:**

1. Was a Post Office constructed in the village of Delta in the constituency of Leeds-Grenville and, if so (a) on what date (b) what was the name and address of the contractor and the amount of the contract?

2. Were tenders advertised publicly and, if so, what were the names of all those who tendered and the amount of each tender?

3. Were tenders invited rather than publicly advertised and (a) if so (i) who decided the identity of those invited (ii) who submitted tenders and in what amount (b) if not, for what reason?

Hon. Paul J. Cosgrove (Minister of Public Works): 1. (a) Yes, a building was constructed as a built-lease project during fiscal year 1970-71.

(b) Kigiak Management & Development Company Limited, 88 Metcalfe Street, Suite 605, Ottawa, Ontario. $6,060.60 rental per annum with a 15-year lease commencing June 1, 1971, with two five-year options.

2. Public tender call—date of opening: 1970-09-10. Only one offeror: Kigiak Management and Development Company Limited—$6,060.60 rental per annum.

3. Not applicable—See part 2 above.

LOCK BOXES IN POST OFFICES

Question No. 3,004—**Mr. Cossitt:**

Does the government intend to extend the leases for box holders who had boxes in locked box lobbies closed during the 1981 postal strike for the same number of days as the length of the strike in order to compensate the box holders for money paid to the government for a service not available to them and (a) if so, on what date will this be announced (b) if not, for what reason?

Mr. Gary F. McCauley (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Instructions were issued by Canada Post that leases for boxes in lock box lobbies closed during the 1981 postal strike were to be extended in accordance with the Manual of Financial Procedures, Part III, Chapter 19, paragraph 16 (2) (a) and (b), which are as follows:

16. "(2) In such cases the rental period may be extended

(a) by one month if the elapsed time is from 15 to 30 days' duration only; or

(b) by one month for each 30 days of elapsed time and an additional month for the remaining elapsed time, provided it exceeds 15 days."

(a) No announcement was necessary because all customers who qualified were given the above-mentioned extension.

(b) Not applicable.

MORTGAGE INTEREST COMPONENT IN CPI

Question No. 3,548—**Mr. McGrath:**

1. Is the mortgage interest component of the consumer price index based on a five-year moving average of mortgage interest rates?

2. Is Statistics Canada aware that a significant number of mortgages that have been taken out or renewed in the past five years have terms of less than five years?

3. To the knowledge of Statistics Canada, what is the current average term to renewal of a typical mortgage?

4. In the opinion of Statistics Canada, does the mortgage interest component of the Consumer Price Index adequately reflect movements in mortgage interest costs?

5. What would be the impact on the (a) mortgage interest component (b) consumer price index, of using a (i) one (ii) two (iii) three (iv) four year moving average?

6. Will changes be made to the mortgage interest component in the near future and (a) if so, what will be the nature of the changes (b) if not, for what reason?

Hon. J.-J. Blais (Minister of Supply and Services): Statistics Canada reports:

1. The mortgage interest component of the consumer price index is based on a model which uses a five-year moving average for calculating changes in mortgage interest costs. These costs are affected by changes in both mortgage interest rates and dwelling prices during the 60 months which precede the current month.

2. Statistics Canada is fully aware that in recent years there has been a growing incidence of mortgages being renewed with terms which are shorter than five years. Such mortgages, on the other hand, would constitute only a small proportion of mortgages used in the CPI because the CPI is supposed to reflect changes in all mortgages. (Refer to part 4 of question.)

3. There are no complete current statistics on mortgage contracts which would allow for computation of the average term of new (or renewed) mortgages. According to our knowledge, the most recent information available is that which is compiled by the Canada Mortgage and Housing Corporation which is presented as a table below. This information does not yet include 1981 data and covers only loans approved in conformity with the National Housing Act (i.e. excludes conventional mortgages). Please note that changes in the distribution of new or renewed mortgages, according to terms, are not representative of changes in the distribution of all mortgages currently existing, even though they affect the latter (Refer to parts 2 and 4.)

4. The treatment of owned accommodation is likely to be the most complex and controversial problem in the field of consumer price indexes. There is not and likely never will be, an ideal and universally satisfactory solution to this problem. Particular statistical offices apply various approaches and some even entirely exclude the owned accommodation component from their CPI.

The Canadian approach is based on the assumption that the CPI should reflect, as well as possible, the price-induced changes in the purchasing power of urban consumers. The purchasing power of home owners changes when, among other things, the mortgage interest costs which they assumed change, which are in turn determined by price changes in mortgage credit (i.e. interest rates) and for mortgaged dwellings. These are affected, however, not only by current prices but also by former prices and their mix depends on the distribution by age of all mortgage contracts currently in force.

According to Canadian practice, the above mix is approximated by a 60-month moving average of interest rates and dwelling prices, with inter-month proportions being kept constant from one CPI weight update to another (presently, four years). Mortgages older than five years are not taken into account, because they amount only to about 25 per cent of the total outstanding mortgage debt (according to both the 1974 and 1978 family expenditure surveys). On the other hand, a shorter moving average would eliminate a substantial proportion of mortgage contracts in force and could result in quite volatile price indexes.

Therefore, while it is true that the share of mortgages having shorter renewal periods is increasing, the impact of this not being reflected in the current CPI is to an unknown extent offset by the fact that the CPI does not include mortgages assumed more than five years ago, some of which have fixed rates for the entire life of the mortgage.

The approximation technique used for calculating changes in the mortgage interest is certainly not perfect, this being mainly attributable to the unavailability of appropriate and timely data. Statistics Canada is confident that this approximation technique is nonetheless adequate for measuring a very complex phenomenon.

5. Because of the complexities and enormity of the task associated with recalculating the mortgage interest component of the CPI as stipulated in part 5 of the question, the answer will only become available in two or three months.

6. As part of its continuing effort to incorporate refinements to the CPI, Statistics Canada has and will continue to review new alternatives to the treatment of home ownership in the CPI. With specific respect to the mortgage interest component, the feasibility of using average mortgage interest rates which would vary according to the current mix of mortgages, by age, is in fact currently being studied.

Because of the extremely complex nature of the problem it is not possible at this point in time to specify the exact nature of the changes which will be brought about, nor their implementation date.

Year of the Contract	Full-Term	Five Years	Four Years	Three Years	Two Years	Total One Years	Number of Contracts
			New Mortgages				
1968	35,300	—	—	—	—	—	35,300
1969	27,155	7,341	—	—	—	—	34,496
1970	20,214	31,352	—	—	—	—	51,566
1971	8,242	59,148	—	—	—	—	67,390
1972	6,051	57,544	—	—	—	—	63,605
1973	2,566	42,755	—	—	—	—	45,321

Year of the Contract	Full-Term	Five Years	Four Years	Three Years	Two Years	Total One Years	Number of Contracts
			New Mortgages				
1974	1,386	30,807	—	—	—	—	32,193
1975	664	61,366	—	—	—	—	62,030
1976	131	69,230	—	—	—	—	69,361
1977	220	53,815	—	—	—	—	54,035
1978	177	31,258	—	—	—	—	31,435
1979	2,484	14,077	5	2,326	3	146	16,561
1980	2,922	8,957	33	1,807	101	981	11,879
			Renewed Mortgages				
1979	13	43,960	96	19,428	11	163	43,973
1980	—	23,522	156	9,545	1,301	8,170	23,522

Source: Canada Mortgage and Housing Corporation

* * *

[*English*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if question No. 2,511 could be made an order for return, this return would be tabled immediately.

Madam Speaker: Is it the pleasure of the House that question No. 2,511 be deemed to be made an order for return?

Some hon. Members: Agreed.

[*Text*]

PERMANENT FISHERIES PROTECTION OFFICERS

Question No. 2,511—**Mr. Crouse:**

1. What is the number of permanent fisheries protection officers for (a) Yarmouth (b) Shelburne (c) Queens (d) Lunenburg (e) Halifax County and, in each case, what is the number of additional personnel required by season?

2. What is the total (a) yearly budget for salaries (b) yearly budget for expenses (c) figure for fresh and salt water surveillance for each County?

3. What was the number of trout stocked in each County for each year 1975 to 1981?

4. Are proposals being considered for the relocation of staff or for the jurisdiction of duties from one office to another in each County and, if so, what are the proposals?

5. (a) Has an amount been budgeted to make improvements to the Mersey River fishways and, if so, what amount (b) are there plans for improvements in the number of fish provided to stock the Mersey River and, if so, what are they?

6. Are studies being set up to monitor the Ph levels of rivers, brooks and other tributaries in Queens County?

7. Is the Department of Fisheries and Oceans considering plans to place limestone in any water on the Mersey system other than the Lower Great Brook and, if so, what are the plans?

8. (a) Is the Department planning an expansion to the Mersey Fish Culture Station (b) is trout-rearing to be re-established at the Station?

Return tabled.

[*English*]

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

Mr. MacKay: Very briefly, Madam Speaker, I should like to inquire through you of the parliamentary secretary the reason for the long delay in answering my question which was put on the Order Paper on November 23. It is question No. 3,461 with respect to Canadair. I am informed and have reason to believe it is correct that these answers have, in effect, been prepared but are being held back because of the situation at Canadair, which is rather embarrassing to the government.

Mr. Smith: Madam Speaker, I will make inquiries into that matter.

Madam Speaker: Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

CANAGREX ACT

MEASURE TO ESTABLISH

The House resumed, from Wednesday, February 3, consideration of the motion of Mr. Whelan that Bill C-85, to establish a corporation called Canagrex to promote, facilitate and engage in the export of agricultural and food products from Canada, be read the second time and referred to the Standing Committee on Agriculture.

Hon. Don Mazankowski (Vegreville): Madam Speaker, I am pleased to have this opportunity to participate in this debate on a bill to establish a corporation called Canagrex which is aimed at promoting, facilitating and engaging in the export of agricultural and food products from Canada, because it does give us an opportunity to discuss agriculture and the direction in which this industry is heading, the importance of agriculture, and particularly the approach of this minister and government with respect to addressing the various important issues that affect agriculture at this point in time.

Let me say at the outset that I have read the minister's opening remarks and I agree with him when he says that food and agriculture will be increasingly important in the 1980s. He also made reference to the fact that the opportunity and the objective to increase production by two thirds in Canada is clearly within our grasp. That challenge and the desire to meet it is something shared by all Canadians, particularly those within the agricultural industry.

We have looked at the minister's document, which has been distributed, entitled "Challenge for Growth: An Agri-food Strategy for Canada". It does contain some very lofty challenges and proposals. We have considered the potential of annual farm cash receipts growing to $35 billion in today's dollars by the year 2000 from the current level of $15 billion. The minister talks about the thousands of jobs, not only directly related to agriculture but, indeed, in relation to the processing, distribution and transportation of agricultural products, which can be created, and the importance of the agricultural industry to Canada's balance of payments position.

I think we all agree that we have the potential and clearly the desire, as well as the people who are engaged in this industry who can put their shoulders to the wheel to produce, providing we have the right climate the right set of fiscal and monetary policies and the kind of incentives and markets necessary to ensure a continuity of supply.

I agree with the minister when he stresses the importance of trade in agricultural products, and to the extent that the creation of this organization will assist in promoting agricultural trade, to the extent it will strengthen the welfare of the production segment of agriculture, to the extent that this organization can strengthen our penetration abroad, we are naturally encouraged and will support the concept. To the extent it will provide greater opportunities for our farmers and to the extent it will provide greater equity, strength, stability and a better return for our farmers, we will support the objective.

We know at this particular time that the outlook for the agricultural industry is not very promising. Commodity prices have levelled off, in fact have decreased, while input costs are continuing to rise. We note that in the recent reviews of the agricultural industry it is predicted that net agricultural farm incomes will fall by 15 per cent in the next year. That is not a very healthy prospect. I note that the minister does not argue with that figure. I am sure and know he is concerned about this, but one has to change the agricultural policy in relation to that backdrop.

Many question the need for the creation of another Crown corporation, particularly when we already have a myriad of Crown corporations, government agencies and departments. If any criticism can be levelled at the export of agricultural products, it is the fact that they have not utilized these various agencies in an effective and co-ordinated fashion. Many Canadian farmers are becoming increasingly concerned about the creation of Crown corporations, government boards, task forces and advisory boards in order to create vacancies which can be filled by political appointments.

● (1220)

In last week's edition of *Agriweek*, notice was given to the effect that provincial marketing directors criticized the creation of Canagrex. They claimed that the food export agency will duplicate what private firms and federal departments are already doing. A critique said that the agency is bitterly opposed by many private exporters and not supported by most Canadians. I am not sure whether the case has been made for the need. Certainly we are not arguing about the desired objective with respect to agricultural exporting, but we should seriously question whether the mechanisms are in place now and whether we lack leadership and co-ordination.

The Department of Industry, Trade and Commerce has voiced some fears about the creation of this Crown corporation. It has commenced a campaign extolling the virtues of the work the department has done and is able to do to facilitate the export of food and agricultural products. While the objectives may be lofty and desirable, we really wonder whether the creation of another bureaucratic monster will serve the ultimate purpose for which it is intended.

A very distinguished Canadian who has spent his lifetime in agriculture had something to say about the continual encroachment of government within the production, marketing, distribution and transportation of agricultural products. I suppose these comments could apply to all industry in Canada, but Mr. Mac Runciman who led the United Grain Growers for many years spoke bluntly and openly. He suggested that the continual encroachment upon the lives of farmers, and indeed upon the lives of all people in the agricultural industry, will have grave and serious consequences with regard to their economic freedom in the future. He has signalled a warning which I think we should all heed.

The government seems committed to downplaying the worth and need of the private sector. I detected in the minister's remarks that in many respects the government is giving up on the private sector and that its major thrust is directed toward centralized government control. This was clearly evident in the opening remarks of the minister when he said, as reported on page 14288 of *Hansard*:

> —I am convinced we will not be able to open up the necessary markets for food which Canada is ideally situated to supply unless we have a Crown corporation such as Canagrex to represent Canada in the world marketplace.

This statement is somewhat strong. He is really saying that we have been an absolute failure in the past and that without this bureaucratic monster we will never be able to achieve our place in the sun. I think that statement can be challenged, particularly when one looks at the remarks to which I referred wherein provincial marketing directors take issue with this corporation and make reference to the fact that many private exporters are bitterly opposed to it. This is a clear indication that they will be very seriously and directly affected by the role of the organization in the export of agricultural products.

We almost heard the same when the government brought in the bill to establish Petro-Canada. Members of the government said that we could never achieve oil self-sufficiency in Canada without Petro-Canada. This creature has cost Canadians approximately $4 billion, and today we are more reliant upon imported oil than we were last year. Last year we were more reliant upon imported oil than we were the year before, and next year we will be even more reliant. Now we find that Petro-Canada is increasing its imports by 25,000 barrels per

day and paying $41 Canadian per barrel when it could purchase oil from Alberta for $23.50.

Mr. Epp: But it is Alberta oil.

Mr. Mazankowski: I suppose that has something to do with it, but probably it has something to do with mismanagement of a bureacratic monster. Petro-Canada has not acquired one additional barrel of oil which we would not have otherwise had. What is Petro-Canada doing? I checked with representatives of the corporation yesterday and asked about their international operations. They said: "We are looking at feasibility studies to become engaged in international operations". I asked: "What countries?" They said; "We cannot tell you". I said: "Is it Tanzania?" They said: "Yes". I asked: "Is it Senegal?" They said: "Yes". I said; "What other countries?" They replied: "Countries such as Kenya, Jamaica, Bangladesh, Pakistan and many others".

Mr. Epp: What about Canada?

Mr. Mazankowski: Yes, what about Canada? The Crown corporation was established to be the answer to Canada's energy needs—self-sufficiency, reasonable prices, security of supply, ensuring that everything would be run in a smooth fashion. What do we have? The National Energy Program, Petro-Canada and the government's economic policy have resulted in the destruction of one of the most dynamic growth sectors of the oil industry in the history of the country, and that is the drilling and servicing industry. We are all aware of the rigs which were forced to move to the United States, as well as the exodus of capital, men, equipment, machines and expertise. What benefit has this massive federal government intervention provided? It has caused dislocation of Canadian workers. It is interesting to note that this sector of the oil industry is almost totally Canadian-owned. Canadian workers have been driven south of the border, 235 rigs are now drilling in the United States and over 100 service rigs are now operating there. Certainly it has caused disruption and dislocation. Families have been uprooted and, most of all, investor confidence in the country has been destroyed and megaprojects delayed. Alsands is now delayed further, two companies have now pulled out and perhaps another one will do so in the not too distant future. It has had a negative ripple effect upon businesses associated with and dependent upon the oil industry. It has caused fuel prices to rise beyond reason and created a massive government rip-off, resulting in fuel prices being the major component of the massive increase in the cost of farm inputs, about which I will have more to say later.

Let us look at the government policy paper entitled, "Economic Development for Canada in the 1980s". Its major pivot is the concept of massive government intervention. Obviously the major thrust of the document is to de-emphasize incentives to the private sector, de-emphasize profits, and de-emphasize the worth and necessity of the private sector. These are substituted by the philosophy of massive revenue grab; in other words, more revenue in the form of taxation flowing into the central coffers of the federal government, so that it can increase regulations and provide selective grants and subsidies to industries located in certain areas. All of these programs and gimmicks will be authored by the government and administered by the bureaucrats.

• (1230)

If we look at the $350 million three-year program that has been announced, we see that this money will be spent on designated industries, such as auto parts and others. That is a clear example of what is going to happen. There is the creation of more government task forces, advisory boards, councils and Crown corporations. We are going to have a massive proliferation of governmental, bureaucratic mechanisms that will not all be centred in Ottawa; that is the difference. They will be situated throughout the whole country.

By looking at that document I can see at least six new little government bodies that will be created. For instance, the industrial opportunities program, the office of industrial and regional benefits, the Canadian industrial renewal board which will comprise 16 members and the export trade development board. We have trade and export development boards, but here we are creating another one. The Canadian industrial renewal board has 16 members. They are to look at a program to adjust the textile industry. There is only one person appointed to that board who has any experience in the textile industry.

Canagrex will have 11 directors and a support staff. We do not know how many salesmen will be hired. We really do not know what its sales strategy will be. It will be very interesting to know that. There is mention of a national trading corporation. A committee toured the country. This committee heard many people's views. The majority report of that committee recommended the establishment of a national trading corporation. How many trading corporations do we need in this country?

An hon. Member: None.

Mr. Pepin: One good one.

Mr. Mazankowski: I hear the Minister of Transport (Mr. Pepin) say one good one. Perhaps he has the right answer; that is a very thoughtful interjection. I said earlier that if there is a problem, as I see it, it is a lack of co-ordination and leadership. We have many bodies and mechanisms which can be harnessed to do this job. But there has been a sad lack of co-ordination and leadership.

The Canagrex organization will have a committee of 26 members. It will be filled by loyal Grits. I do not know how many people will be selected from western Canada because the Liberals have some difficulty out there. But if they cannot find one, they will buy one.

Some hon. Members: Oh, oh!

Mr. Mazankowski: This whole approach seems to be aimed at nothing more than a massive bureaucracy-building program to reward friends of the Liberal Party of Canada, to create more obstacles, more interference and more frustration. What

is disappointing, if you stop and think about it, is that for more than a decade now government intervention has been increasing in the production and marketing sectors of the Canadian economy. It has been increasing in the name of equity and in the name of efficiency, but without any noticeable success. The direction which this government has taken has not helped things, it has made things worse. We are heading further and further in the wrong direction.

What troubles many Canadians is the fact that the government will be deciding who will be the winners and who will be the losers. If you are in an industry friendly with the government and situated in an area which is friends with the government, you might be all right. But if you are not, it is just tough luck.

I submit that this approach will clearly suppress the spirit of creativity. It will suppress innovation and will damage productivity. I submit to you, Mr. Speaker, that this philosophy is a recipe for further economic stagnation. It will discourage initiative. It will penalize thrift and it will smother the entrepreneurial spirit of Canadians, which is still alive and well but requires a hospitable environment within which it can function.

My submission to you, Sir, is that the route that we are on will clearly accelerate the demise of the private sector in this country, the major engine and thrust of job-creation activity in this country, particularly the small enterprisers. I am told studies reveal that in North America more than two thirds of all jobs created over the last ten years have been created by small business. It is also interesting to note that 80 per cent of those jobs have been created by small businesses that have been in business for less than five years.

This budget and this approach is killing the incentive for new business and for new small business to start up.

Mr. Fennell: They are all starting up in the United States, not here.

Mr. Mazankowski: What is happening is that we are replacing the private enterprise economy with a controlled economy which will be steered by an army of bureaucrats and political manipulators.

It was interesting to note that Mr. Blakeney and the new socialist Premier of Manitoba liked the document very much because it conforms to their belief that the more government intervention the better, the more control the better. It really is a product of a government that has some very deep socialistic convictions.

It is within this context that we do have some very legitimate concerns about this piece of legislation. It provides for a number of things that we will have to examine very closely when we get into committee. It raises the point of who will be in and who will be out, who will be a winner and who will be a loser.

If you take a look at the food sector in the communist countries and their centrally controlled economies, their dictates are run by the bureaucracy in the capital cities of their countries. But that system does not work. There is only one country that produces more food than it consumes domestically, and that is Hungary because it has moved away from that centrally controlled approach. Hungary seems to be attempting to move away from a centrally controlled thrust, but Canada is moving toward it.

The Minister of Agriculture (Mr. Whelan) has travelled a great deal. I am sure he has seen what has happened in those countries. But he must be on the same road as these socialistic tendencies that are not working in other countries, and I find that very sad.

Mr. Whelan: It is wrong.

Mr. Mazankowski: He says it is very wrong. But look at the powers. Look at the bill.

Mr. Wilson: Tighten up the powers.

Mr. Mazankowski: The bill permits Canagrex to make contracts, enter into joint ventures, provide grants and contributions, give loans, make loan guarantees, charge for services; also to hold property, purchase, package, process, store, insure, import and export agricultural products.

The bill in Clause 14(c) allows Canagrex to enter into contracts with Canadian individuals, with firms and marketing boards. It permits Canagrex again to enter into joint ventures. Here is the clincher. With respect to grants and contributions, the bill states again in Clause 14:

—subject to conditions of general application prescribed by the governor in council—

In other words, grants and contributions will be provided at the political whim of the cabinet. That is how grants and contributions will be handed out. Canagrex will be able to buy and lease property, warehouses and containers. We had a briefing yesterday. The minister's officials were very keen on building warehouses under joint ventures in Third World countries. That is certainly very interesting.

Now we come to loans and guarantees. Here again, subject to conditions of general application Canagrex will make loans and guarantees. Here is another one. This bill gives the governor in council directive powers over Canagrex and will ensure that the operations of Canagrex will be consistent with Canada's over-all trade and foreign policy objectives. My God, here again is a very fundamental point: Canagrex can be directed specifically at the political whim of the cabinet. Given this government's foreign policy, and especially with the attitude of the Prime Minister (Mr. Trudeau) toward Poland, you really wonder just where that might lead us.

● (1240)

There are some serious questions, Mr. Speaker, about this particular piece of legislation. Rather than standing alone, it has to be viewed in the context of the government's over-all approach to manipulating and managing the economy. There is no question that we need to export more. Agriculture accounts for, I believe, roughly 13 per cent of our total exports.

However, we also need to import less, particularly in the area of fruit and vegetables. It is inexcusable that we spend as much on imported food as we do, something like $5.8 billion or $6 billion, I believe. It has been suggested that we have the potential for producing probably $3 billion of that right here, and I would be much happier if the Minister of Agriculture came before this House with a program to encourage Canadian producers to produce more of that food right here in Canada.

Mr. Whelan: We have got it.

Mr. Mazankowski: Well, bring it on. It would strengthen the total agricultural sector and help our balance of payments situation.

Mr. Whelan: If trade was doing such a good job, why do we have to export—

Mr. Mazankowski: If it were not for the sale of grain and oilseed, our agricultural trade picture would be very dismal. As a matter of fact, it has been worsening since this minister came in.

Mr. Whelan: Not at all.

Mr. Mazankowski: Not at all? Well, facts and figures will bear me out.

Mr. Whelan: Horticultural products exports are up 32 per cent in two years.

Mr. Mazankowski: I have read many of the minister's speeches where he was crying about the fact that we were spending 25 cents of our food dollar on imported food, and it is probably up to 30 cents now. That is really a sad commentary on a country like Canada which has such a tremendous and significant agricultural potential. I reiterate that we need to export more, yes, but we also have to address this situation by importing less. To the extent this bill helps in that regard, I would certainly support it; but I must tell you, Sir, in all sincerity, that I am not sold on the fact it will do that.

As I said, this bill will require full committee consideration. I mentioned the joint ventures and the potential of integrating them into the production sector. While it may not be intended, I submit they can be included. The minister has great faith in this corporation. He suggests it will be the major catalyst in establishing Canada as a major trading nation. I hope he is right. He says it will expand food production and processing. He said it will mean increased income for farmers. In short, he says it will be a major shot in the arm for the economy. Well, I hope that is true because, as I said earlier, this industry is in serious trouble.

This measure may help us in the long term, but I will have to withhold judgment on that until we have further committee study. If it does help, it will be simply in the long term. What we need is some short-term assistance.

I hate to repeat this again, Mr. Speaker, but it is true and the minister knows it; the budget was a cop-out. Farmers are hurting. They are caught in a squeeze of high interest rates, high inflation, high input costs and low commodity returns. We know farmers cannot pass on the effect of these increased costs to the consumer because a good portion of agricultural production is exported and we have to compete in international markets.

I have a letter that was sent to the minister from Peter Brown and family of Tofield. Now, the minister may not have seen it but I think it pretty well crystallizes the difficulties facing farmers in my riding. It reads as follows:

> Perhaps the government could investigate the feasibility of providing long term financing for farmers at a more reasonable rate than banks, who seem to care little for the fact that farmers are the backbone of this country and that our loans are more than secured by the land and sweat that goes into it.
>
> Surely the time has come to pay attention to the industry responsible for feeding this country but as time progresses we become more and more aware that government has put the agricultural industry on the back burner. Indeed farming in all its meaning has taken a back seat to urban development. Far too much prime land is being buried under a sea of concrete, a sea that can never be harvested again for anything productive.
>
> Year after year farmers lose money and as in any business how long can it continue to be a losing proposition before everyone bales out and if you have no farmers you have no sustenance.
>
> We think that Liberal government taxing policies create more and more jobs and positions for Liberals with high wages and benefits, adding new meaning to the old adage, "the rich get richer and the poor, poorer". Surely this has contributed to the poor and tarnished image of the Liberal Party.

This person recognizes what will happen with Canagrex. It will just mean more jobs for Liberals. He goes on:

> We would prefer no government intervention in the beef industry. The government's track record indicates that their meddling breeds disaster with cost and inefficiency hitting all time hazard levels.

Mr. Whelan: I would think this man is a Liberal. He wrote me a letter that he wanted to be appointed.

Mr. Mazankowski: He goes on:

> We fail to comprehend the Liberal views of high interest, high fuel costs, high fertilizer costs and high taxation and their apparent blindness to the chaos it is causing the average Canadian. These policies have brought the country to her knees. How can you expect us to believe that you fully comprehend a situation when it is obvious that politicians, in their salary range, have never had to worry about financial stability. If they don't know how we live how do they hope to understand and correct it?
>
> Agriculture is a prime industry in this country and here is a farmer's view of 1981. Our beef prices dropped from $84 per hundredweight to $64 per hundred, our grain prices have varied little in almost ten years, our expenses have changed dramatically. Fuel used to cost us $400 to $500 to fill our tanks, now the same tanks cost $1600 to $2000 to fill. Our fertilizer and spray bills are now close to $25,000 to $30,000 or more in some cases. Our land taxes have doubled, repairs on machinery or the cost of replacing machinery will soon put us in the poor house. New tractors used to cost $8,000 to $12,000, now it is common to have to pay $40,000 to $120,000. Interest at the bank for operating costs have risen from 8 per cent or 10 per cent to 17 per cent and 23 per cent.

He then goes on to the Minister of Agriculture's questionnaire where he says:

> In your questionnaire you ask if we'd like reduced imports of beef and beef animals and we answer that with a firm no, but when you consider that beef is imported from Australia, New Zealand and Argentina at very reduced prices compared to ours, how can we compete. Their beef is raised primarily on cheap grass with cheaper labour and when our beef is forced to compete with theirs it is chaotic and unfair. This must be changed. The farmer of Canada must receive at least as much consideration as a foreigner.

Agriculture is my life, the life and breath of my family, it is our passion. If you eat you should be concerned about our future, because our future determines the very existence of yours.

I think, Mr. Speaker, that really summarizes the plight of the agricultural industry.

Mr. Whelan: A lot of inaccuracies, too.

Mr. Mazankowski: Well, the minister says there are many inaccuracies. The Minister of Finance (Mr. MacEachen) says there are many inaccuracies. However, he has not proven that his position is correct. The minister suggests there are many inaccuracies; I say prove it. The fact of the matter is that farmers are not accustomed to writing letters. They write only when they are in difficult circumstances and dire straits.

You and I know, Mr. Speaker, what has happened to grain prices over the last year. I just picked out one grain and oilseed price. On January 19, 1981, export wheat was $270 per ton. In December it went down to $218 per ton.

Mr. Evans: That is the government's fault?

Mr. Mazankowski: No, I simply point that out. I am not suggesting it is the government's fault. The government has some control over input costs; it does not have control over the international marketplace. But I will get to some specifics and offer some suggestions, if the parliamentary secretary will simply wait.

• (1250)

I am simply trying to put this matter into perspective. Barley sold for $187 a ton in January of 1981, and $120 a ton in December. I could go on. The same thing is true with pork prices.

While we are discussing the beef industry, a beef producer in my riding has been losing an average of $80 per head on the raising and feeding of his animals. He lost $80 per head in 1981, with a loss of about $67 per head in 1980. In 1969 he showed a profit of about $68 per head. It is very difficult for producers to face those types of consequences.

We know there are bankruptcies. There have been over 260 registered bankruptcies. The formula is that for every one who goes bankrupt, there are probably ten who voluntarily liquidate or go out of business.

This budget has been a complete cop-out as far as agriculture is concerned. The government has gutted the Small Business Development Bond. It is of absolutely no value to the small businessman and the farmer. I do not know of one individual who has applied for a Small Business Development Bond who is not in dire straits, who is not in financial difficulty. If the government cannot make it effective, it should withdraw the darn thing, because it has raised false expectations. It is a measure which this party, when we were in government, brought in to provide some relief to the farmers and the small business sector of this country.

Capital cost allowance is another concern. It is rather ironic, and I am saddened by the fact, that the Minister of Agriculture allowed a measure like that to go through, because the capital cost allowance has a direct reflection upon the industrial heartland of Ontario, the automobile and machinery manufacturing industry. Walter Tilden, the president of Tilden Rent-A-Car Co., says that it will cost some 40,000 car sales in the car rental companies.

This government has not provided any assistance for the farmer. It has pulled out any modicum of relief which was contained in the last budget. As suggested by my colleague, the hon. member for Elgin (Mr. Wise), the Farm Credit Corporation is simply an illusion of action. There is no immediate relief contained in that measure.

Mr. Whelan: Don't you want the private sector?

Mr. Mazankowski: Yes, we do. The farmers—

Mr. Whelan: They have certainly looked after the banks.

Mr. Mazankowski: The farmers need help now.

Mr. Epp: Which government controls the banks?

Mr. Whelan: Pardon?

Mr. Epp: Which government controls the banks?

Mr. Whelan: They loaned the money, and they loaned it in a phoney way.

Mr. Mazankowski: This minister talks about the high interest rates of the banks. What about the Farm Credit Corporation? Its rate is around 16.75 per cent, which is pretty high. Why does the minister not bring it down to a reasonable and tolerable level? The minister has some control over it.

Mr. Whelan: Six per cent below the regular lending rate.

Mr. Mazankowski: Fine. But that is still too high for the farmers who are in need.

Mr. Whelan: You want government intervention.

Mr. Mazankowski: I want to bring in the Small Business Development Bond.

Mr. Whelan: You want government intervention.

Mr. Mazankowski: I want the government to bring in the Small Business Development Bond to help the farmers.

Mr. Whelan: That is the job of the Farm Credit Corporation.

Mr. Mazankowski: The government set the interest rate. The herd maintenance assistance program is another program which raised false expectations. The Small Business Development Bond would provide the kind of relief which is necessary to bring farmers out of their current financial difficulties. Three hundred and fifty million dollars is being allocated for industries in certain selected areas. What is wrong with the agricultural industry?

Mr. Whelan: It is healthy.

Mr. Mazankowski: The minister has no clout in the cabinet.

Mr. Epp: It's healthy?

Mr. Fennell: He is a pussycat in cabinet.

Mr. Mazankowski: A pussycat in cabinet, that is right. The minister could do something, if he had any clout and if he were concerned about the agriculture industry, but he is almost talking the same line as the Minister of Finance.

Fuel prices to the farmer have risen by 41.8 per cent from 1980 to 1981, and 21.6 per cent—

Mr. Evans: How much did they rise to everyone else?

Mr. Mazankowski: Oh, that buffoon over there says that ours would have been more. We provided relief for the farmers.

Mr. Evans: I said: "How much did you provide for everyone else?"

Mr. Mazankowski: We provided relief to the farmers. We provided an energy tax credit to the home owners. During the last two years, fuel prices have increased by 63 per cent.

Mr. Nielsen: Economic Vietnam!

Mr. Mazankowski: The bulk of that is in the form of federal government tax of about 57 cents. If the minister wants to bring some relief to the producers of Canada, he can petition the Minister of Finance to reduce the level of that federal government tax, which is nothing more than a massive rip-off at the expense of the producers.

Some hon. Members: Hear, hear!

Mr. de Jong: Mr. Speaker, I wonder if I can call it one o'clock.

Some hon. Members: No, no!

Mr. Wilson: No, five minutes!

The Acting Speaker (Mr. Ethier): There is not unanimous consent. The hon. member for Regina East (Mr. de Jong).

Mr. Simon de Jong (Regina East): I am prepared to speak, Mr. Speaker. Unlike the hon. member who previously spoke, I wish to state that our party supports this bill.

Mr. Huntington: Of course! You are socialists!

Mr. Ittinuar: I am glad you noticed!

Mr. de Jong: It is indeed ironic—

The Acting Speaker (Mr. Ethier): Order, please. The hon. member for Regina East has the floor.

Mr. de Jong: Indeed it is ironic, Mr. Speaker, that the members of the Conservative Party, on the one hand, ask for increased government assistance and involvement in the field of agriculture, yet, on the other hand, when things do not work out, they always blame the government. In part, I agree with them when they blame things on this particular government. If anything, what the Liberal Party does is to give government a bad name.

I appreciate some of the concerns of my colleagues in the House. However, it is irresponsible for them to draw the conclusion that there is no role for a public body in the field of agriculture in this country. I think it is very naive for them to suggest that the free enterprise system alone will ensure that sufficient food is on the table of the Canadian consumer at a proper price and that Canadian farmers will be able to get a decent return for their labour and investment. There must be some government involvement.

I do not know of one country in the world, including the United States, which does not have active government involvement in its agricultural sector. Agriculture is simply too important to be placed in the hands of increasingly fewer and larger corporations. Indeed, over the past number of years we have seen this trend toward fewer farms and larger corporations, such as food producers and distributors. It is a trend which we in this party quite honestly view with great alarm. Any country, including our own, puts itself in a bad position if it allows a small group of multinational corporations to form a monopoly over such a necessity as food, so that it can control payments to farmers and the price to consumers.

A cliché, but one which bears repeating, is that this country is a truly gifted nation. We have the gifts and the resources which God has given us, such as vast tracts of land, very fertile fields and a very experienced farming population. Our farmers have a desire to produce good food at reasonable prices. Surely these are things we have going for us. Yet as, I will mention in my continuing remarks—

The Acting Speaker (Mr. Ethier): Order, please. It being one o'clock I do now leave the chair until two o'clock p.m.

At one o'clock the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

The Acting Speaker (Mr. Ethier): When the House rose at one o'clock, the hon. member for Regina East had the floor.

Mr. de Jong: Mr. Speaker, before the luncheon adjournment I was discussing the role that governments can and should play in the agricultural sector, something my Conservative friends to my right at times have difficulty accepting. Agriculture in this country has always been a mix of public, private and co-operative involvement.

In my part of the country, the Regina plains, there has always been an important role for co-operation, from the early days when settlers came and helped each other build their farms to the present day of marketing their produce through the largest producer co-op in the world, the wheat pool.

The government has always played an important role. It helped settlers establish themselves on the prairies, guaranteeing transportation and marketing systems, all the way through to developing better strains of wheat and other crops. Of course, there is the private initiative of the farmers, taking the risks, adapting different crops to varying soil conditions and so forth. In short, the individual farmer makes the types of individual decisions that no large organization, whether it be a large, central state-planning bureau or the boardroom of a multinational firm, can ever make.

For my Conservative friends to suggest, as they often seem to do, that we can get along without the involvement of the public sector is sheer madness. Surely we cannot do without public support and involvement, orderly marketing, co-operative and collective action by our farmers. To suggest that we can is foolishness and madness.

The whole trend towards privatization and what I feel is overplaying the importance of the private sector was driven home to me last week when I had the opportunity of looking at the American space program. In the present atmosphere in Washington, there is a strong desire to have the data collected from the remote-sensing satellites turned over to the private sector. The data available from the pictures taken by the satellites tells what crop conditions will be like, the maturing process of the crops and how much crop can be expected at harvest time. For this type of information to be turned over to the private sector for its exclusive use is a frightening indication that the public sector is no longer considered to be important. I am sure an outfit like Cargill Corporation woulds love to have monopoly control over such data so that it can corner and control the commodity market. This I mention as an indication of the inappropriateness of having the entire agricultural sector turned over to private industry.

In my view, Bill C-85 is a way for government to make an important contribution in supporting our agricultural community. Of course, it has to be done in a co-operative manner. For the government to set something up and attempt to jam it down the throats of individual farmers is unacceptable to those in this party, as it would be unacceptable to members of the Conservative party and the farmers of this country. The key, of course, is co-operation. We need co-operation between the public sector, the private sector and the operators, in mutual assistance with each other. Whatever role the three sectors play, only through co-operation with each other can agriculture remain a healthy industry in our economy. Only through that co-operation can our farmers be assured that what they produce will be sold at decent prices.

● (1410)

There are a number of fears which we have about this bill. One of those fears has to do with the composition of the board. I suggest to the government that this co-operative principle is essential if this new organization which will be created by Bill C-85 is to flourish and do the proper job for which it was envisioned. Canagrex must co-operate with the farmers, those growing the crops, along with the workers in the industry. Therefore, we suggest strongly that the producers, farmers and workers should have an input as to who sits on the board.

We are concerned about the fact that the budget for Canagrex is only $12.3 million and not the $60 million which the Minister of Agriculture (Mr. Whelan) earlier promised. Is this an indication that what is really before us is a window-dressing attempt by the government to make it appear that it is actively trying to export our farm produce? Is a budget of $12.3 million adequate for this new corporation to do its job properly? These are some of our doubts. In time, I am sure that the track record of this new corporation will show whether it is just window dressing or whether it is the real intention of the government to become active in this area.

We are also concerned about the capabilities of Canagrex. We believe that Canagrex should become a promotional body and a source of specialized information about the trading of agricultural products. In this way it can be of assistance to the farmers. All too often, farmers cannot wade through the various regulations, departments and agencies which exist. If Canagrex is able to offer these various services to farmers in a simplified manner, it will be performing a useful function.

Another disturbing factor about government involvement in programs such as these is the fact that time and again public money is used to develop new markets or new products, and when profits are finally realized the government turns around and offers them to the private sector. Very often this is the larger component of the private sector. If Canagrex becomes profitable in the future, we suggest that those profits be returned to the farmers and not turned over to some multinational corporation. This is something which we will be watching very closely in the years to come. If Canagrex in fact turns out to be a handmaiden for the large food distributors in the agri-business that has been created, the government will hear more criticism from us about Canagrex.

It is our hope that Canagrex will provide service and assistance to farmers for their benefit. At this point I would like to point out the importance of developing new markets within Canada. Other members have mentioned the eroding state of food self-sufficiency in which Canada finds itself. Indeed, we are importing more produce every year. For example, in 1970, 83 per cent of all the vegetables consumed in Canada were produced here. By 1977 it had dropped to 74 per cent. That is a decline of 9 per cent.

This same fact is true for fruit. In the period 1967 to 1971, 32 per cent of the fruit consumed in Canada was grown here. In 1977, that had dropped to 24 per cent. An example of this is canned peaches. Only 18 per cent of the canned peaches which are consumed in Canada are produced here. I think that the ideal of Canadian self-sufficiency in food is important. It is an ideal that I hope Canagrex will address itself to.

I would like to expand further on the subject of imports. Up to the end of October, 1981, we imported approximately $77 million worth of fresh tomatoes as well as $43 million in tomato products. This represents a very big loss in foreign exchange to our country as well as a loss of many jobs.

The same is true for many other products. As of the end of October, 1981, we imported $42 million worth of potatoes, $2.6 million worth of frozen broccoli, $21 million worth of onions and $9.5 million worth of green onions. We had a surplus of onions last year in Canada yet we imported $9.5 million worth of them. We imported $14 million in carrots, $23 million in green peppers, $12.5 million in cauliflower. The list goes on, Mr. Speaker.

The government should be encouraging the Canadian consumer to purchase frozen vegetables which were grown in Canada. The Department of Agriculture should be involved in consumer education, perhaps through displaying special labels and posters. DREE, or whatever the program is now, should be working with the Department of Agriculture in the establishment of processing plants in Canada. The Department of Agriculture should be twisting the arms of the food chains to promote the sale of Canadian produce.

In Moose Jaw, not far from my riding, there is a very successful little greenhouse. It started out by employing people who were on social assistance. In its own little way, it has been able to provide employment for these 12 people who were previously on social assistance. They made use of their waste heaps. It has helped to make the city of Moose Jaw and the surrounding area self-sufficient in food. This greenhouse is an example of the great possibilities which exist for Canadian agriculture. I would encourage the government to consider further research and development in this area so that the fresh produce which we need can be grown in Canada.

As a result of new discoveries from investment in research and technology, many more of these greenhouses could be established in rural areas to enable self-sufficiency in green produce, even during winter. The trap that agriculture in Canada is now in—although it is a cliché—is that producers' costs of fuel, fertilizer, land, machinery and the cost of borrowing money are going up while the return on their investment and labour is reversing. As a result of these increased costs, the farmers' actual return on their investment has declined during the last number of years. The small producers in particular are being squeezed out. We are becoming more dependent on the large multinationals and foreign producers and farmers.

We must explore new directions for self-sufficiency in food if we are to cease being totally hooked into the international agricultural network which makes us dependent on those over whom we have no control.

It is my hope that this corporation which we are helping to establish today will play a role in exploring new ways to grow agricultural products in Canada. I hope Canagrex will play a role in making Canada self-sufficient in the food products we need for Canadians to survive.

At some stage we truly must begin to see how absurd our situation is. For example, we are buying tomatoes which are grown in Mexico and shipped up to Canada in huge semi-transports. They are then stored in huge warehouses with large cooler and freezer compartments. They are sold in huge supermarkets on some of the most expensive real estate that exists. It is a wasteful way of getting tomatoes on our table. It is not energy efficient. It is not capital efficient, and it does not provide employment to Canadian producers.

• (1420)

Surely the capital which is now put into buying that semi-trailer and buying huge warehouses and huge shopping centres, if redirected to such operations as local greenhouses, could provide employment for Canadians and make us more energy and food self-sufficient. I suggest it would also produce more nutritious food. That is a new direction which must be explored.

I hope the government, and particularly Canagrex, can play an important role in developing this alternative system of agriculture, turn away from huge multinationals and from highly capital intensive forms of agriculture and toward a form of agriculture which is based on local conditions and needs. Such a form of agriculture would not be so energy and capital intensive and would produce the food that is immediately needed in and about communities. Such a system, as I mentioned before, could make small towns in Saskatchewan self-sufficient in produce during the winter.

I and other members of my party will say more about this line of thinking in various other debates to come. On the whole, we welcome the legislation before us. We hope it will do what it is hoped it will do. We will, however, be paying attention to make certain it will indeed be of benefit to the farmers and consumers of Canada and not just to some multinational corporation.

Mr. Stan Schellenberger (Wetaskiwin): Mr. Speaker, I am pleased I am able to speak in the debate on this bill brought forward by the Minister of Agriculture (Mr. Whelan). I have been reading about this in his speeches for about a year and a half now. The minister was even so kind as to come to the great constituency of Wetaskiwin and tell the good people there about some of his plans. I think he even mentioned Canagrex there.

Mr. Whelan: I missed you. You didn't show up.

Mr. Schellenberger: I thought I would leave the good citizens of Wetaskiwin to deal with the minister in such a way as not to need my help.

The speaker who just sat down mentioned that it is sheer madness—I think that is the term he used—to turn over much of the marketing and other operations which are now run by government to the private sector. I think many farmers on the prairies would question that term. They also would question whether we should be heading in the direction we are now with much of the legislation being proposed and some of the

propositions the Minister of Agriculture is constantly making as a solution. I refer to supply management marketing boards, Canagrex and so forth which the minister thinks are solutions to farm problems. These methods are not dealing adequately with the very serious problems farmers and small businesses are facing today. They are not a panacea. We are saying to farmers, "Boy, are we ever acting here in the House of Commons to solve your problems"; but their problems are more economic than anything else, and they need some real help.

What we are talking about here today is a philosophy. Farmers have been traders for centuries. They have traded the produce they have grown on the land for other items they have needed. However, as they became more efficient, they found they could grow more than they could trade and, as a result, we have had to send envoys into other parts of the world to try to move their produce. Today farmers, particularly in this nation, are again attempting to trade their produce for some of the things they need. This is being done because of high costs. Farmers trade grain or concentrate. They trade beef for electrical work and so forth. Part of the reason for this is the tax system under which they are living. However, external trade becomes a very important factor when we take into account the capacity and the capability of the farms of this nation.

Farmers have two options. They can simply produce for the Canadian market or produce more than the market of this nation needs and get into export markets. For as long as I have known this minister, he has felt that because much of our export trade is failing, supply management marketing boards are what are needed. The minister goes to Alberta and the prairies and talks about the beef industry being in difficulty, and his solution is control of the market. But he always forgets to talk about protein substitution. It is very easy to control the supply of milk because there is no substitute for it. It is easy to control the production of eggs. People like eggs in the morning, and there is no substitute. When it comes to protein, if we control the supply of beef in an attempt to increase the price, the consumer will buy pork. If we control the supply of pork, the consumer might buy poultry, which is already controlled. There is also fish. In addition, we are now capable of producing protein from soybeans and other plants of that nature. That is another substitute, and many people in restaurants cannot tell the difference. The solution offered by the minister to the difficulties our red meat industry on the prairies is facing is much too simplistic, and producers on the prairies ought to be questioning the minister about this type of solution.

The other and more interesting solution, as far as the farmers of western and eastern Canada are concerned, is the export solution. Farmers are accustomed to using technology and their own initiative and abilities to produce more and more off the land year after year, and they want us and both private and public corporations to go out into the world markets where people are hungry and sell their produce—at a profit, wherever possible. I have said before that as our world population increases by 1.8 per cent per year, some 80 million people, there is a growing need for food. There are markets for what we can produce, and there are very few nations in the world which have the capacity to produce more than their own needs.

Agricultural exports have proved to be very good for Canada. Some 40 per cent of our farm cash receipts come from exports. That is one of the highest ratios in the world, and this industry needs encouragement. We in the cereal production areas of Canada find that we have the capacity to produce a tremendous crop, but we have not the rail capacity or the necessary capacity at ports to satisfy the demand there is in the world. In 1980 we exported $4.9 billion worth of grain, and the value of our total agricultural produce exported was $7.8 billion. That represented some 10 per cent of our total exports, our second largest single export. We exported some 120 million pounds of dressed beef—mainly to the United States—and $140 million worth of live cattle. We exported some 282 million pounds of pork to the United States and Japan. I could go on and tell of the many crops and livestock we are presently exporting. We need to expand the markets we have. The minister says that is the purpose of this bill.

Mr. Whelan: But at a fair price, Stan.

Mr. Schellenberger: At a fair price, and there are many countries which can afford to pay more, and would, if we had co-operation between exporting nations.

As hon. members who have spoken before me have said, we also have a food trade deficit. If we discount our grain sales we have a very large trade deficit. Members here are saying to the Minister of Agriculture that there is room for improvement in that picture. Members have described the possibility of expanding our greenhouse operations and our frozen food capacity. We have a capacity in this nation that is unbelievable because of our cold climate, in that there is a lot of waste heat being blown off into the cold air which does not even help to warm up this country. If you had lived in Alberta for the past four weeks you would hope that we had some capacity to use this waste because it has been 40 degrees below.

● (1430)

We need the direction and the encouragement of this government because of the cost factors involved in researching the ability to use waste heat from nuclear power plants, coal-generated electrical plants and pumps which move natural gas and oil across this country. There is a tremendous capacity there and it is also a very labour intensive industry. If we were putting some of the funds we are proposing for this purpose into that sort of thing, we might in the long run find this more beneficial to the nation.

This brings me to the Canagrex budget. The minister wanted to create a large corporation. He was asking for some $60 million and a staff of 175. What he got was $4.1 million and a staff of 12.

Mr. Mazankowski: He lost another battle in cabinet.

Mr. Schellenberger: Is this small amount of money to be used in setting up Canagrex going to be well spent? The director will probably need two or three secretaries and he will only have a staff of 12. If we consider the 115 world trading missions we have, we will find that in those missions we only have ten agricultural specialists, and we only have one in the Third World where a quarter of our food and grain exports are presently going.

Mr. Whelan: We do not have one in Russia yet and that is our biggest buyer.

Mr. Schellenberger: The world trade missions Canada had around the world in the 1950s and 1960s were the envy of the world. The Secretary of State for External Affairs (Mr. MacGuigan) is in his seat and I would ask him what has happened to this envy of the world we enjoyed in the 1950s.

Mr. MacGuigan: It is still there.

Mr. Schellenberger: No, it is not, and part of the reason is that the Department of External Affairs has been reorganized and reorganized and we do not have specialists in trade missions around the world with the capacity to sell the produce of this nation.

Mr. MacGuigan: Indeed we do, and we are selling more.

Mr. Schellenberger: The Secretary of State for External Affairs should be asking the Minister of Agriculture to give up this budget of $4 million in order to place some agricultural specialists in those trade missions with the capacity to sell our products. Then that money might be better spent. That is the way to spend money in a manner which will help the farmers of this nation.

Mr. Whelan: That is not what the United States is doing.

Mr. Mazankowski: You do not follow the States in other policies; why are you suggesting it here?

Mr. Whelan: They followed us on this one. We suggested this one and Bergland put it into practice.

Mr. Schellenberger: The Minister of Agriculture constantly makes speeches, even though he does not rise in his place to defend his department as often as he ought to.

If we look around the world at many of our competitors, we see that they are moving more and more to the use of private export traders in attempting to sell the surplus products their farmers are producing. The same is the case in Australia, which used automatically to purchase all its grain through the Autralian Wheat Board. They are now putting into place commission sellers, and if you look at their record you will find they are taking over more and more of what used to be the traditional Canadian market for export sales.

I think we ought to look at this very seriously in committee. We are setting aside only this amount of money to set up a corporation which will attempt to sell the surplus products of this nation. Perhaps we would be far better off to put that money into the better operation of our trade missions around the world with more expertise to in fact sell our products.

I believe the Minister of Agriculture is losing his grip.

Some hon. Members: Oh, oh!

Mr. Whelan: Come on over here.

Mr. Schellenberger: It is not just from age either, Mr. Speaker. He wants to have control of the export markets, but the Prime Minister (Mr. Trudeau) has set up this new triumvirate or troika under the control of the Secretary of State for External Affairs. The minister for international trade has been given some responsibility, and I think also the minister for external relations, although none of us really knows what his responsibility involves, is within this triumvirate. I wonder just how long the Minister of Agriculture can hold on to Canagrex before the minister for international trade states that it should really be under his control. Many of us in this House would possibly recommend that, because if he had responsibility for international trading around the world, perhaps he should also have control of whoever Canagrex will be able to hire with its small budget.

I have a little article by Richard Gibbons from *The Manitoba Co-operator* which states in part:

> —with a lean budget, Canagrex will be forced to use existing government personnel both in Canada and abroad whenever possible to promote Canadian farm goods.

It is becoming obvious already that it will be impossible to set up any decent kind of trading corporation with this size of budget. All the minister is really doing is setting up a corporation that will be reaching into the department of international trade for personnel. It would make more sense, to repeat myself, to hire personnel directly under the auspices of the minister for international trade in the agriculture field and place them in those nations where we have the greatest potential for export markets. It would make a lot more sense to spend that money in that manner.

The article continues by stating that the minister's job will be:

> —to shake up external affairs to ensure Canadian embassies and diplomatic personnel give top priority to seeking out possible new markets for Canadian goods in future. That's good news for Canadian farmers who are depending on new foreign markets to sell their agricultural produce.

It seems to me if that is the case perhaps we will have a conflict of interest here. The Minister of Agriculture wants his little trading group under his auspices and control. The minister for international trade will have a little group under his control. Perhaps he will lend a few people to the Minister of Agriculture. If we consider the Department of the Minister of Industry, Trade and Commerce, (Mr. Gray) we might find there are people in that area who are running around the world attempting to sell some of our products. Perhaps there is a need, as this gentleman mentions in his article, to put this all under one minister and give him a decent budget so he can get out and do the job, rather than creating a new Crown corporation which is to be controlled by different ministers.

We have a need to promote Canadian agricultural knowledge, expertise and food production. If we send the proper people into the markets of the world, many more markets could probably be found for various Canadian products than is presently the case. The department of agriculture of the United States sent some experts to the Middle East who found there a tremendous potential market for food products, and by creating the proper industrial capacity for processing they were able to open up a tremendous market for the farmers. They provided loans in order that these countries could purchase these food products on a long-term basis.

● (1440)

Until we begin to follow the example of some countries in the world, as we did in the 1950s when we were leaders in finding new markets, we may find that once Canagrex is operating it will not be able to compete with those countries who are now doing the job properly and competing with us.

There are very many capable farm commodity groups and agricultural exporters in the nation which are operating under very restrictive budgets at the present time. For example, the Alberta pork marketing board has had some success under a very restrictive budget.

Mr. Whelan: A pork marketing board in Alberta?

Mr. Schellenberger: It is a true marketing board, not a supply management board. It has been able to obtain contracts with Japan for the sale of hogs. It has sent a representative to New Zealand who found a market for a shipload of pork. We have been importing substantial amounts of lamb from New Zealand for years, but there has been no *quid pro quo* in terms of Canadian products such as pork going into that market.

Mr. Whelan: We have always sold pork to New Zealand.

Mr. Schellenberger: If we funnelled some funds into the management of these boards that have experienced some success under the direction of our better private exporters, they could expand their operations and assist Canada's trade embassies around the world in finding additional markets for our products.

We ought to question very thoroughly the amount of funds which are being set aside under this bill, as to whether they can be better spent for the benefit of farmers. I am somewhat concerned when I read Clause 14, which sets out the various purposes and powers of Canada. They seem far more than what is necessary for a trading corporation. If Canagrex does not like the produce of farmers, under these regulations it could become involved in the business. For example, Saskatchewan now has 165,000 quarters in the land bank. If Canagrex felt that the products of farmers of that province could not be sold, under the bill presumably it could take over the land and farm it. Clause 14(1) provides that Canagrex may:

(a) purchase agricultural products and food products and package, process, store, ship, insure, import, export or sell or otherwise dispose of products purchased by it;

Under the philosophy that centrally controlled is best Canagrex could become competitive with private co-operatives, crushers, processors and packers. I do not know whether we as a government should allow it such latitude. The clause continues by providing that Canagrex may:

(g) purchase, lease or otherwise acquire and hold real and personal property for actual use by Canagrex in the operation and management of its business—

"Otherwise acquire" obviously means expropriate. Approximately 20 opportunities have been provided in the bill for Canagrex. They have included everything but the kitchen sink, so that the corporation can do almost anything if, in its wisdom, it feels it will better operate as an export agency. All parties should take a close look at the various latitudes being offered this corporation.

In conclusion, we require some long-term leadership in the direction of our agricultural industry. There are serious difficulties facing farmers in being able to balance their budgets at present. Farmers are required to produce more and their costs are rising faster then their receipts. If we do not have the leadership faster than their receipts. If we do not have the leadership we require in transportation, even if farmers are capable of producing they will not be able to ship their products to port. We are importing more and more food into Canada, but we have the capacity and research capability to produce most of it in the nation. We require leadership, but we are not obtaining it from the Minister of Agriculture or the government. I hope a viable industry will be in place when we take over and provide leadership in the next few years.

Farmers realize the need for export capacity. They know it is in their best interests to increase exports, but as has been the case over the last number of years, if we allow our capacity to decrease to only eight or nine representatives in the world, undoubtedly farm groups will say that we should give Canagrex a try. This is why the minister has been able to raise some support for the bill. We in this party will study this piece of legislation very thoroughly in committee and attempt to amend it where necessary.

Hon. Michael Wilson (Etobicoke Centre): Mr. Speaker, I wish to address two particular aspects of Bill C-85 to establish a corporation called Canagrex, in particular, the role of Canagrex, its wide powers, its impact on the entire Canadian food producing industry and its relationship to consumers.

We in this party have never opposed Crown corporations just for the sake of opposing them. On many occasions in the past we have supported the incorporation of Crown corporations and in fact were instrumental in the creation of the Bank of Canada, the CBC, CNR and so on. It is essential that there be a very clear role for a Crown corporation before being subjected to the expense and potential disruption which can be caused by its creation.

Within that context I should like to look at the role of Canagrex, particularly in relation to existing export mechanisms and facilities. What can Canagrex do that the private sector is not doing or cannot do, if the correct policy environment is in place? Carrying it a step further, how can Canagrex

complement and build upon the successful operations of the private sector in the export of food products at the present time?

I do not think there is any question in anyone's mind that Canada should export more Food. When we look at Canada with its vast geography and compare it with other countries in the world, we see that we should produce and export more food and back-out more imports. But the question we must ask ourselves is whether the creation of a Crown corporation like Canagrex is the correct way in which to address this problem, or whether there are better ways of doing it without the disruption of introducing a new and possibly very powerful entity that would be competitive with existing mechanisms.

● (1450)

I have to question whether the right way of building the export business in this country is through the supply management method of which the minister has been very much in support over the years, or whether we should not be looking at what a marketing board is. We should look at the words "marketing board" and ask ourselves whether we should be emphasizing the marketing element as opposed to the supply management element of a marketing board. In many instances we have seen that if industry has the capacity to produce the products at the other end, that markets will open up, not only within our own country but within other countries, provided the wherewithal and the incentives are there for them to expand.

Obviously, if the industry is capable and is encouraged to produce to a greater extent than is the case today, all Canadians will benefit—not just the producers, not just the exporters, but the consumers as well. We will be spreading those costs over a much broader volume of production and, therefore, lowering the cost of food to Canadian consumers.

But the minister has not justified the reasons for creating this new organization. The minister has said that there are deals being missed. I am sure there are deals being missed. Deals are always being missed. I think even the minister would have to say that Canagrex will miss a few deals even if it is the best organization in the world. Nevertheless, taking that into account, the minister has not made a case for stating that there is a significant amount of business being lost that could be won by an organization like Canagrex.

I ask him whether the type of deal he thinks has been missed is the deal which the Canadian Dairy Commission had with Mexico in which it lost $2.1 million. Is that the sort of deal which Canagrex would not miss? Is that the sort of deal Canagrex would win and win regularly? If that is the case, who would pay for it? Would it be a different arrangement than under CDC at the present time? Would that loss be borne by all taxpayers in this country?

If a private sector exporter lost $2.1 million on a deal, that exporter would not be there now. He would be out of business. That kind of loss cannot be handled by the private sector. What concerns me as a taxpayer and speaking on behalf of my constituents is whether a number of those sorts of deals will be made by Canagrex under the guise of expanding exports, but in effect making mistakes that should not be made and passing on the cost to the taxpayer.

Where has the private sector fallen down in the course of the last five, ten or twenty years in the development of food exports in Canada? The minister has spoken about the success of expanding our export sales in this country. Where has the private sector fallen down? What markets are we missing? What countries are we not selling to as effectively as we could be?

It is sometimes argued that the private sector is unwilling to accept the upfront market costs in developing these export markets. I wonder whether that statement is entirely accurate. I know of a number of companies in this business that have spent a lot of money developing the markets which they enjoy right now. These same companies are concerned about losing those markets through unfair competition from an organization such as Canagrex and they will lose the benefit of their investment. Whether these companies will just back out of the marketplace and leave a much greater proportion of the export business to be handled by Canagrex, by one company, one major vehicle in the industry, is a concern. It will have monopolistic tendencies and as a result the cost to the consumer will be greater.

The minister would have to agree that the development of export trade does not happen from matching an existing product in Canada with the demand for products in another country, whether Brazil, Taiwan, Hong Kong, or whatever. The market has to be developed and developed very carefully over time. It is nurtured carefully by individual relationships that sometimes take five or ten years to develop. These long-standing relationships that depend on personal friendships are sometimes a lot harder to develop when there is not the rapport from two organizations working and understanding the importance of developing markets or understanding the importance of profits, as well as the necessity of having profit to develop further already existing markets.

These are the things that concern me. I wonder what the government has been doing. A constituent of mine in this business told me that he gets 20 leads from the U.S. department of agriculture for every one lead that he gets from the minister's own department, from the Minister of Industry, Trade and Commerce (Mr. Gray) or from the embassies. This occurrence was related to me directly. I would be happy to have the person get in touch with the minister if the minister would like to discuss it further. I am sure the individual will wish to present his views to the committee.

There are other areas which government can support in the development of the export business. Some of this type of thing has already begun. For example, the expansion of export insurance for food. I believe that could be expanded even further. But the importance of creating an environment for increased food production cannot be denied. This past year this particular aspect of the export business has been severely damaged, because of the very high interest rates that people have had to endure in the agricultural production community,

and, to top it off, by the total inadequacies and disincentives introduced by the budget brought down on November 12, 1981.

I have to be a little cynical when I see the minister under pressure from the agricultural community. The minister has been unable to convince his colleague the Minister of Finance (Mr. MacEachen) to do anything of substance for the agricultural community, either in the budget or with interest rates. I have to ask myself whether the minister is introducing this bill today so that he can be seen to be doing something when, in fact, he is doing nothing. Is that the reason this bill is here today? Is that the reason we are debating this bill now, to take the heat off the minister for his other shortcomings?

Both the minister and his colleague the Minister of Industry, Trade and Commerce have said that Canagrex will work with the private sector. It is clear that neither he nor his colleague has been able to give any assurance that the Crown corporation will not duplicate existing services, and activities in areas of business that have already been developed and are being provided to the industry today. I ask him whether he cannot confine Canagrex's powers in order to protect existing businesses so that there is not a large Crown corporation, with the vast amounts of money that are available to it, which can smother those very effective businesses already in place. I ask him whether he can restrict this corporation from squeezing out the private sector because, while I am not an expert on this, I think he will acknowledge that the Canadian Dairy Commission in some areas has squeezed out private entrepreneurs who had developed a market in certain countries. Because of its power and its willingness to take a $2.1 million loss, it has squeezed out existing viable businesses. That is the concern.

• (1500)

I asked the minister during the luncheon break why it was that, while the bill does provide for joint ventures, the whole organization could not be established as a joint venture with the private sector. I draw to his attention "Canada's Trade Challenge"; the work of the Special Committee on the National Trading Corporation: which was completed last June. The committee concluded that the Canadian trading corporation should take the form of a shared enterprise, drawing financial strength and support from the public sector and a commitment to sound financial practices from the private sector. They went on to say that the Canadian trading corporation would be up to 50 per cent owned by the federal government, with the other half of the equity held perhaps by ten private sector investors.

Now I ask why that sort of approach could not be considered for Canagrex to ensure that it would be governed by the same private sector discipline as is any other organization. That, I believe, is the way Crown corporations should be established if possible.

I would draw your attention to Atomic Energy of Canada Limited. Canadians are very well aware of the problems there, that this year we will take the final loss on the Argentine contract which was commenced about eight years ago and which will amount to a loss in excess of $250 million. I feel a company like AECL should sell off the international project marketing and management elements of its business to a joint public and private sector organization so that the public sector can draw on the expertise of the private sector in those areas.

I do not know where Canagrex is going to draw its expertise from. Where is it going to get its staff? Will it be able to get the right people, because, again drawing from this trading corporation report, they made the very critical observation that performance and expertise are essential to the success of any venture in international markets because it is tough business out there. It is very competitive because we are competing with the best in the world, and you need the best people. Can the corporation attract the right people in order to compete head-on without losing the taxpayers' or producers' money as was the case with the Canadian Dairy Commission?

In looking further at the role of Canagrex in relation to the private sector, I asked myself about its powers and the abilities of the Crown corporation to do certain things. The minister has argued that these will be carefully controlled, but I ask myself why that cannot be done now rather than by future management. I hate to remind the minister of this, but ministers do come and go and he might not be around to control the operations of Canagrex in the way he now envisages. Bureaucrats in the future may have a minister whom they can influence into doing things in a way that would increase the power of the bureaucracy in what should be a very important private sector element of the economy. So I believe we should constrain the powers of Canagrex to a greater extent than we are because those powers are wide open, and I will come back to that in a minute.

Canagrex must also operate using private sector facilities to the maximum extent, and I am thinking here of the ancillary organizations such as shipping, banking, trading houses, consultants, distributors and others. However, with the broad powers that Canagrex has, I wonder whether in time all of these facilities will be drawn into that organization to make it the bureaucratic monster that the hon. member for Vegreville (Mr. Mazankowski) referred to before lunch. That is the concern anyone must have in watching what happens to the development of government in any country.

Coming back to the Canadian Dairy Commission, I believe that last year it lost $5.4 million on its marketing operations. We have not yet seen the 1981 results. How can the minister come before this House and introduce an operation like Canagrex in the face of that sort of loss in an organization which has existed for about ten years? At a time when we are seeing tax revenues increase by 31 per cent as a result of the current budget, how can he propose this organization when he cannot prove to his shareholders, the taxpayers, that he can manage the operations already in place? In this case its operations are paid for by the producer, but this could well be changed and, I believe, with Canagrex the loss would be borne by the taxpayer? A loss similar to that of the Dairy Commission in 1980 could occur in Canagrex as well, and I believe the minister owes us an explanation on that.

Let me move now to the powers of this corporation, which I believe are very broad. Canagrex is established:

—for the purpose of promoting, facilitating and engaging in the export of agricultural products and services—

However, let us go to some of the other powers of Canagrex. The bill says Canagrex may:

—purchase agricultural products and food products and package, process, store, ship, insure, import, export or sell or otherwise dispose of products purchased by it;

I do not know what that "otherwise dispose of products" means. We have had good examples of eggs and milk powder being disposed of. I hope the operations of Canagrex do not extend that far.

What does the bill mean by "process"? This is an exporting organization, why does it need the ability to process products? Why does it need the ability to store products? What does the minister have in mind when he says "store"? Will we see this as a complement to the supply management so that when that supply management fails, this will be a means whereby we can hive off some of that excess product into storage facilities in other countries so that we do not have eggs and milk powder all over the streets?

Mr. Whelan: So we can assist the entrepreneur, Michael.

● (1510)

Mr. Wilson: I think that the minister is saying one thing, but is opening up a broad range of things on which he has not come clean with us today.

Let us look at another one of the powers under this bill. It provides for entering into contracts with foreign governments. I wonder whether the minister has considered why foreign governments like to operate directly with other foreign governments in this country to country trade. I think there is a very good reason. It is because the people who are buying know that if they have only one place to go, they can deal in one place, that there is no competition and that the government will come to them with the total story of the supply available from that country. They learn much more about the marketplace when they have only one organization with which to deal. I think that that is a shortcoming that the Minister of Energy, Mines and Resources (Mr. Lalonde) and, I believe, the Minister of Agriculture (Mr. Whelan) have not sufficiently considered in the development of the powers of Canagrex.

Finally, what scares me is Clause 14(f), which states:

—make . . . grants and contributions for the purposes for which it is established;

Does that mean grants and contributions to build a silo in Brazil, and grants and contributions to help export? Does that mean subsidies? I know that in parts of the bill, on the surface, it states that there will be no subsidies. However, are there other ways of making subsidies which are not called subsidies and which can, again, cost the taxpayers money?

There is one other major omission in this bill which I think the minister should very carefully consider, that is, the question of profitability. Nowhere in this bill is there any mention that Canagrex should operate at a profit and that this is an objective of the company. There are some good reasons I believe for which that objective should be in the bill. The first is that the taxpayer, the producer, or whoever is to foot the bill in the event of losses, should be protected in that employees of the organization should start off by thinking that they are in business to make a profit. This is also of importance to the private sector businesses already in place which will be competing with Canagrex. If this corporation is set up without any intention of making a profit and if it only comes into existence for the purpose of trading, it will obviously be very unfair competition for those companies which have spent considerable amounts of money in building up trade which is already in place today. That must be a part of the objectives of this bill, and I hope that it will be put in at the committee stage.

While I am making this wide range of comments, I would ask the minister to reflect. When these measures are proposed in committee, will he be prepared to put his own money on the line in Canagrex? Will he have enough confidence in the corporation, considering the way the bill is established? I would ask him to consider whether the corporation will have sufficient potential to attract the right people and to exist in the marketplace in competition with other organizations so that he would be prepared to put his own money on the line. I think that is the bottom line question he must ask himself.

I may be wrong, and if the minister feels that I am wrong perhaps he can correct me, but, as I understand it, this corporation is not meant to subsidize. It is not meant to do business at a loss. I therefore ask why that should not be an objective. It should not be a bail-out place for the inadequate management and performance of the people working in that organization.

Another aspect of the bill on which I would like to comment is the part relating to the corporate plan. In Clause 31 of the bill, there is provision for placing the capital budget before the House after it is approved by the board of directors. I believe that the corporate plan should also be placed before the House because it will be a very significant element with regard to the impact that this organization will have on other participants in the business today. If there are ways in which the private sector can work with Canagrex, that is all well and good. However, in the event that Canagrex desires to do things which are contrary to the objectives which the minister has set out verbally, and not only those objectives contained in the bill, then I think that should be known prior to Canagrex moving in that direction. In addition, I would like to say to the minister that these powers under clause 14 of the bill are very broad and will probably continue to be broad in spite of amendments which I hope will be introduced and accepted in the committee stage. However, what is necessary, not only for Canagrex but also for a broad array of Crown corporations in this country, is that the operating objectives of the Crown corporations be in the mind of the government in place and in power today. Governments change and ministers change. Therefore, the operating objectives will change as those governments and ministers change, all within the operating powers of those

corporations. However, each change will have some impact, or a significant impact on peole who are affected by the industry.

I ask the minister if he might consider taking a positive step which will lay to rest the concerns of a number of people in the private sector who see the Canagrex Corporation as a threat to businesses which are already in place. Will he allow them the opportunity to comment on the objectives of the government in power today? I think that that would be open government. It would give them the ability to respond in the event that the corporation damages their businesses.

A broader consideration here is the entire question of intrusion of government into the private sector, doing things that private enterprise cannot do. I would like to stand back for a minute and consider what is happening, not only in the agricultural area but also in a number of areas in government. I would like to consider whether, in view of the financial strains placed on governments across Canada and in many of the countries of the world today, it is right for governments to continue to move into the private sector. I do not think there is any question but that, in the broad range of matters, the government cannot do as good a job. I am saying that in a pragmatic way. I firmly believe it in a philosophical way. However, in a pragmatic way, governments cannot respond as quickly to changing market circumstances as those in the private sector who have their money on the line and will be hurt if they make a mistake. We have seen many such instances. I guess the CDC is a partial example of someone being hurt by a $2.1 million loss. One hundred and twenty-four million dollars were lost resulting from the ineptness of a series of ministers and bureaucrats who were following this corporation for ten years, I believe. The government finally wrote the corporation off this year at a cost to the taxpayers of $125 million. I asked the Minister of Regional Economic Expansion (Mr. Gray), who was responsible for that loss. I asked him about four or five times, in different ways. Each time he said he would not tell me. I said that that was fine, and that I would not ask him to name the names. But I did ask him whether he had asked who was responsible. Did the minister find out the names of the individuals who were responsible so that he could take action? I asked that question four times. Each time I got a waffling answer. Each time it became clearer and clearer that the minister had not asked who was responsible. That is why I say it is important in a broader sense that we avoid this intrusion of government into things the private sector should be doing.

● (1520)

Politicians, like the minister of industry and regional development and others, including myself, do not know enough about what is going on in the market in a particular area of activity as do those who earn their livelihood in that area.

I guess what is most important is the response when money is lost. The response of the minister of industry and regional development was the best example. He did not care about the money being lost. The only thing to go through his mind was how to sweep this one under the carpet without a lot of publicity and press activity. That was the main concern of that minister. That is the concern that I, not as a member of Parliament but as a taxpayer, have about my tax payments being spent in that way.

This bill must go to committee. There is no question that a lot of work must be done in committee to constrain the activities of that corporation.

My final point is on the impact of an organization like Canagrex on the consumer. Every consumer in this country is concerned about the high cost of food, the large bite that the cost of food takes from his or her budget compared to five or ten years ago.

I had the fortunate or unfortunate experience this past summer of doing some shopping for my wife. I bought some staples such as ketchup, margarine, and other such items which we were going to take with us on a family trip to the west. I did not buy anything substantial, but by the end of that shopping expedition I had spent $162.50. I was floored. For years my wife had been telling me "I need more money for food. I need more money for food". I kept saying, "No, no, no". Now I understand. It is important that members of Parliament consider the impact on the housewife or the husband learning more of what housewives do.

Mr. Baker (Nepean-Carleton): Learning the trade.

Mr. Wilson: As my colleague says, learning the trade. What concerns me about this bill is the broad power to store food, to export and import it, as well as the control of the government over the whole food process, production, sale and marketing.

The minister is dedicated to extending supply management through a broad range of production in this country. When I look at the connection between that and this bill, I say to myself, the government can control supply. If it makes a mistake, it can put that supply, as I said earlier, in a silo in Brazil. We can import, we can export. The net result of this is a loss of competition in the whole food processing mechanism. While the immediate impact of that may be higher costs for the consumer, it will result in damage done to the production side of the industry as well.

If we lose the discipline of competition on the production side, we have a less effective, less productive sector in that part of our economy. For that reason if for no other, we should provide a very careful delineation between what Canagrex can do and what the private sector can do so that there is ample opportunity for competition in the food industry.

In conclusion, I do not think there is any question that this bill requires a lot of work in committee. We need exports of food and fewer imports of food into this country. The objective of this bill is very clear. I do not think anyone in this House could quarrel with that. However, we must be careful to ensure that the concerns I have expressed today are not embodied and fixed in the legislation in a way that they cannot be changed.

I again stress the importance of being careful to ensure the minister is not doing this just to be seen to be doing something

in order to take the limelight away from the shortcomings of the government in the budget and the interest rate policy, which has done such tremendous damage to the agricultural community. Let us try to make this a good bill. When doing that, let us protect the consumer, because the consumer is very important.

Hon. Jake Epp (Provencher): Mr. Speaker, I want to make some comments regarding the bill to form a Crown corporation known as Canagrex. The minister will recall a speech I made earlier on the Farm Credit Corporation. I made the statement at that time that one of the components of agriculture that has to be stressed and modernized is the question of selling.

I believe I made the statement at that time that I wanted to see some hard-nose selling. To put it another way, that is also what I am going to say in part today about the Canagrex bill. We need hard-nosed selling, not only in the domestic market but in the export market, which I understand Canagrex will deal with.

I will not be lengthy. I want to cover some of the reasons the minister gave in the cabinet documents as to why he wanted Canagrex established. I think the minister was being straightforward in what he said. The up-front reason was that he wanted to create a Crown corporation in order that it could be a trading corporation, and an export corporation for the sale and export of food.

He said that Canadians were losing markets, and Canagrex could fill a need in that area. I believe that accurately portrays what the minister said he had in mind with regard to the Canagrex Crown corporation.

I have some questions about that. They will have to be discussed in committee. My colleague who just spoke, the hon. member for Etobicoke Centre (Mr. Wilson), put forward some of the problems Canagrex could face in terms of organizational make-up. When one looks at the reasons the minister used to sell the Canagrex idea to his skeptical cabinet colleagues, it is important to understand what arguments the minister was using to try to convince his colleagues as to the establishment of Canagrex.

In their speeches, my colleagues, the hon. member for Vegreville (Mr. Mazankowski) and the hon. member for Wetaskiwin (Mr. Schellenberger) mentioned that if one takes out the grain component of our exports, the food picture is not as bright as one might be led to believe when looking at the figures. I was looking at the Minister of Agriculture (Mr. Whelan) and every time that was mentioned he appeared to chuckle. He remarked, "Look, fellows, that is not fair, putting it that way."

● (1530)

Let us use the minister's own arguments. What he is supposed to have said in cabinet is that in the late 1970s, for instance, food exports fell to less than 10 per cent of total Canadian exports, even though the 1979 food trade surplus of $1.4 billion was a record. If one takes that further, one finds, by the minister's own figures, that if grain sales were taken out—and I am not for one minute saying that grain sales should not be considered—by Agriculture Canada calculations, Canada's deficit in other food trades is in fact rising. It is rising from an average of $549 million between 1970 and 1972 to a deficit of $1.889 billion in 1979.

Mr. Mazankowski: What a sad indictment.

Mr. Epp: That was for the general period of time that this minister was the Minister of Agriculture.

What we are seeing, and I think this is the minister's own admission, is that our export record could be much better than it is. I think we agree on that.

Although this matter is not before us today, when a member gets up in the House and states that there are changes needed in the Canadian Wheat Board, there is an immediate knee-jerk reaction from some parts of the House. The question is asked, "Why is that member saying this? Does he want to dismantle the Canadian Wheat Board?" That is not the point. Many farmers are saying that they want to preserve the Canadian Wheat Board but they want it to become a better selling agency and they want to have more influence on its decisions. This reaction by the government is happening time after time, and I think it will happen with Canagrex as well. If we are not careful, it will become a corporation which is an entity unto itself and a corporation in which farmers will have very little input.

For example, I noted that the Canadian Federation of Agriculture endorses the concept of Canagrex as a general principle. However, when you read their statement, you find that while they do support it, they are deeply concerned about the amount of influence the producer will have in its operations.

Mr. Mazankowski: The minister agrees with that.

Mr. Baker (Nepean-Carleton): He is nodding his head.

Mr. Epp: I think he would agree with the position I have stated. Therefore, the one point was that we want a Canagrex corporation for exports. Second, we know that the minister had to admit to his cabinet colleagues that our food exports were falling behind. I think the minister would admit, as would those of us who come from rural communities, that we can improve our own production to give Canadian consumers a wide variety of foodstuffs which can be produced in Canada.

One example is the greenhouse trade. Those of us who have travelled through Europe would have noticed that in almost every European country greenhouses could be seen for miles. The hon. member for Western Arctic (Mr. Nickerson) would agree that at one time we had agricultural products in the Arctic. One does not have to travel far to see some of the products in the Northwest Territories, which at this time can only be grown during the long summer days. There is far more production possible in the Arctic, but what have we done? We have discouraged it. People cannot buy land and therefore will not invest money and labour in land which they can only rent.

If they do not have the prospect of eventually holding title to the land, they will not make the effort to have the kind of production which a person who holds title would make. For example, as an experiment, why can we not place greenhouses in the north next to hydrogenerating stations? We are burning diesel fuel by the minute up there most of the year, and there is a lot of excess heat. Some of it has been used for heating purposes. So this would be one possible avenue for the production of food in the north. We should consider some of these methods of agricultural production north of 60°. But what do we do? Some companies send their trucks over 5,000 miles to haul foodstuffs north of 60°. And they are competitive. Why? Because there is no competition. Northerners have to pay whatever price they are asked for these products. I am not saying that all foodstuffs can be produced in the north. However, I know we can do a better job and have, in fact, done a better job in the past.

There is a third reason why Canagrex should be established. This reason concerns me because this minister, who has been in the cabinet for a long time, had to use an argument which he knew would sell his cabinet colleagues on the need for Canagrex. What we have seen with members of this government, ever since they were elected, is a number of themes. One of their themes concerns the whole matter of foreign investment. Whether you see it in the National Energy Program or not, whenever one of them gets up and says they are buying back the economy, again there is almost a knee-jerk reaction. They all bow to that Holy Grail and say that is what they want to do. That was the argument used by the Minister of Agriculture for the establishment of Canagrex, pointing out that Canada's food processing plants, for example, have their output 40 per cent under foreign influence. I take that to mean foreign investment. I agree that the international food processing industry is a highly integrated industry, but I suggest that it has not been all bad. For example, one of the big giants out of Minneapolis—Cargill—has not been all bad for Canada. In fact, some of the best investments we have had in the prairies during the last few years have been from companies like that. They have put in some high put-through elevators in. Would we have had them without that influence? Would we have had the same movement of specialty crops without investments like these such as oilseeds, for example?

These are questions which need to be answered. And what I want to point out to the minister is that foreign investment is having damaging effects on our ability to sell internationally. For instance, I understand that the Minister of Energy, Mines and Resources (Mr. Lalonde) who, incidentally, has a new name—Lalonde of Arabia—says that as he travels he finds that 70 per cent of our trade is with the United States, and that we have to change it. He comes back and says that we will get more petro-dollars from the Middle East. I ask the minister: is his government, of which he is a member, concerned about reducing foreign investment, or it is more concerned about diverting foreign investment?

An hon. Member: Nationalization.

Mr. Epp: If they are diverting from American investment, to let us say, Middle Eastern investment, I do not see how this fits in with a nationalization process or a Canadianization program.

One of the arguments the minister has been using to his cabinet colleagues is that not only do we need an export corporation but that we have to reduce foreign investment in the Canadian food industry. If that is the case—and I agree with him—then why do we not allow Canadian processors to get into that food industry? Why do we not do that? Why does it have to be government?

Let me offer the hon. gentleman an example. The previous administration in Manitoba—and by previous, I must now specify that it was the administration from 1969 to 1977—set up a number of corporations. One was known as Modern Fine Foods, a small vegetable-canning operation in the Pembina valley. It lost money, lost money and lost money. Between 1977 and 1981 the former government sold that company. I am not talking about the fact that the Manitoba taxpayers gave up that company. We sold it at a loss. The person who bought that company is a friend of mine. I know him. He is a small business entrepreneur in a small rural community in Manitoba. Do you know what he did with that company? He turned it around. He got contracts with the local farmers, and last year the production was higher than at any other time in the history of that company. More jobs were created, more sales were made and, more important, there was viability and stability. That is the kind of process I want to see.

● (1540)

I will give hon. members another example. There is a federal Crown corporation now operating in the food business known as the Freshwater Fish Marketing Corporation, or FFMC. The stories about the FFMC and its lack of efficiency are legend.

Mr. Miller: Talk to the fishermen about it.

Mr. Epp: I did. I will tell hon. members what they think about it, if I could be given half a minute. What did the government do first? It built a huge building. Where was it built? The Member of Parliament for St. Boniface at that time has now gone to his reward in the other place, but the government built that plant right in the middle of the prairies so that the fish could be hauled the longest distance possible. That was the first thing the government did. There was a surplus.

Mr. Whelan: Why did they build it there?

Mr. Epp: Let me finish.

Mr. Whelan: Because the railways, highways and airports were closer.

Mr. Epp: That is right. That is the only airport on the prairies—

Mr. Whelan: The only one that size.

Mr. Epp: What is happening with the FFMC today? Does the hon. member for Nanaimo-Alberni (Mr. Miller) know what the fishermen have experienced this year? The FFMC has made money this year.

Mr. Miller: Good.

Mr. Epp: Does the hon. member know what was done with the money? It was withheld from the fishermen. The amount was $2.8 million. Why was it withheld? The fishermen have to get geared up for 1982. The corporation withheld $2.8 million. In the past it held back $350,000 for the next year's operation, but this time the corporation held back $2.8 million and is now telling fishermen it needs it because it does not know what the market will be. That is devastating to those fishermen.

Mr. Miller: Tell us about the Nickersons and the $15 million the government had to bail them out with.

Mr. Baker (Nepean-Carleton): Go back to sleep.

Mr. Miller: I am telling you it failed.

Mr. Epp: Mr. Speaker, if the hon. gentleman wants to speak, would you arrange with his House leader that he be given time?

The point I am making is that Crown corporations can have a function, but there must be constant vigilance because they do not have the bottom line, which was mentioned earlier, of losing their own money. When they start losing their own money, that is when it starts hurting.

I have spoken to a number of provincial people about the marketing of Canada's agricultural products, and I think among the provinces there is a general feeling that we need a co-ordinating body. There has been much work done on this, but what is happening now is that we are sending mixed signals internationally. A province will market pork, for instance, in Japan at a certain price, but the buyers know what the situation is in Canada. They know that another provincial representative will come and offer another price. Pork producers are competing against each other within Canada, so co-ordination is needed. I suggest to the minister that there must be more agreement. Agriculture is a shared responsibility. There must be very close co-operation between his department and provincial agriculture departments.

When the minister announced Canagrex, a constituent of mine who is active in the cow-calf producers' association in Manitoba came to me and we talked about Canagrex. We did not know what is was. It had not been put into legislative form. He told me that contacts had already been made. Small farmers in Manitoba have joined together simply for survival. He pointed out—this was back in May of 1981—that through his association with the cow-calf operators he had had contact with a person in Winnipeg who was in the export business. He was told there was a market for 300 metric tons of kosher beef, which the State of Israel was getting from Ireland. That is a market we could get. The product is grass fed beef. It was calculated that this amount of beef would result in the raising of approximately 240,000 head per year, which is a tremendous number. That market was not necessarily open to Canadian producers only, but we could get into that market, and that is the important thing. My constituent and his farm colleagues, local people, were trying to find some vehicle to get into that market. They wanted to know how they could move their beef and get back into a cash position. We all know what the cash flow position of beef producers is today.

I say to the minister that Canagrex should be in a position to deal with matters of this kind. Canagrex should not take over the operation because "We know what is best for you", but it should give advice and help and facilitate sales rather than take them over. I think it is important that that be considered carefully when we are setting up Canagrex.

I said I would be brief today. When the minister brings this Canagrex bill to the committee, I suggest he looks at our suggestions. If they can improve the bill and the operation of Canagrex, let him accept them rather than go through the turmoil we went through, for instance, in relation to the FFMC. We went through a lot of turmoil. Many people were disappointed until the corporation was shaken down into place. Even today there are problems, but I suggest we should learn from experience. We should learn from the expertise in the private market and also help the private market sell Canada's agricultural products, rather than look at Canagrex as the vehicle which is to do all things for all people in the agricultural field.

Hon. Walter Baker (Nepean-Carleton): Mr. Speaker, it is my intention to wind up the debate for the official opposition—

Mr. Miller: And it was just getting good too.

Mr. Baker (Nepean-Carleton): —in the hope that this matter can go to committee because there are a number of matters which must be examined.

I listened in the House when the Minister of Agriculture (Mr. Whelan) made his speech introducing this bill. I listened to him very carefully. He expressed great optimism about Canagrex and about what it would do in the market. I do not mean to be unkind to the minister.

Mr. Whelan: Not you, Walter.

Mr. Baker (Nepean-Carleton): The minister knows that. My mother-in-law thinks the world of the minister—but she is not a farmer!

I listened to the minister's words of optimism about Canagrex. Afterwards I went to my office, and I received a call from a constituent of mine who had also listened to the

minister's speech. This constituent is a farmer, and a good one. He is having some difficulty, but he believes he will weather the storm. That is not the case for a number of people at the producing end of agriculture. My constituent asked, "Will that boat really float?" He asked why we are doing this and taking this step. I had to say to him that I was concerned about it too. Heretofore, governments have thrown money at problems, but now this government is not throwing money at this problem. The figures my colleagues have cited have set that straight. The government is throwing another Crown corporation at a problem at a time when the government is in the course of reorganizing the external relations aspect of government to commercialize it and to develop the commercial side of it so that the government can reach out for the products of Canadians, whether farmers, business people or otherwise, and sell them to the purchasers of the world.

It has occurred to me that what is happening here is that we are following the usual practice of creating another agency, the salaries of the officers of which will never be published. Responsibility for this agency will not be with the external relations department of government. We are getting a panacea of doubtful validity. It is a bone thrown to the Minister of Agriculture. We will not be utilizing the newly reorganized external trade relations department of government. Why are we doing this? Why is it necessary to create a special agency for agriculture? Why do we dissipate our resources in the export market in the way we do?

• (1550)

Mr. Whelan: Are you suggesting we are just supposed to produce without selling?

Mr. Baker (Nepean-Carleton): Why have we established a program with one of the best deputy ministers in government, Gordon Osbaldeston, in charge of exports?

Mr. Whelan: He supports it.

Mr. Baker (Nepean-Carleton): He supports it because he is going to get it in his department. That is why he supports it, and that indicates the futility of the exercise we have been going through in the last little while. Of course he is going to get it in his department.

Mr. Whelan: No way.

Mr. Baker (Nepean-Carleton): The Minister of Agriculture says, "No way," even if that is good for agriculture. The point is that once again, instead of dealing with the problem directly, the government is throwing a Crown corporation—not money this time—at the problem.

I have never been one to argue about the efficacy, importance and the place for Crown corporations in the economic scheme of things. I think they have a place. The St. Lawrence Seaway Corporation was a Crown corporation established to carry out and manage a project because that followed in the tradition of partnership which had developed in our history. We developed this country from a wilderness, and it is not unusual that, as it developed with populations separated it was necessary for government to intervene. But it is a wise government that takes a look at the point of intervention.

The first question to be asked is whether such intervention is necessary, or are there devices which the government, if properly motivated, could in partnership with the private sector, use to do the job? I suspect there are, and I do not think the minister can sit at the cabinet table and approve the reshuffling of the ministry for trade purposes and at the same time argue that we need the corporation Canagrex to deal with one part of that. Think of that for a moment.

This is what my farmer constituent meant when he phoned me and asked, will this ship really float, and what is going on? I tell the minister in the last few minutes of this debate that this constituent said to me he was selling his products for less while his inputs for agriculture, including feed grain and fertilizer, are increasing in cost. He said he was gradually but inexorably getting less each year for his family and himself. What does he need? He needs cash. He does not need Crown corporations. What else does he need? He needs sales; not domestic sales but export sales. This man pointed out to me that a week ago the Government of Canada reorganized its export sales capacity. We will debate that at some stage, I gather, from what the government House leader has said. Obviously the government thought this out. Quite frankly, I think the Government of Canada did the right thing in bringing that export sales capacity into one place. It ought to examine other areas where that can be done. The government put in charge the best sales oriented public servant in Canada, Gordon Osbaldeston. Why do we bother setting up another organization which must be absorbed under that function? That should not be done if we are really intent on concentrating our exports. What is the difference, if there is expertise in the agricultural area for selling purposes in that government department?

You cannot fool farmers. The reason the Minister of Agriculture says the federation is in favour of this is that the federation, to a large extent, represents people in agriculture who are desperate. I think the government is throwing out a crumb in response to a problem, the solution to which requires a full loaf. If the Minister of Agriculture will put his milking hand down, perhaps I could finish my speech.

Some hon. Members: Oh, oh!

Mr. Baker (Nepean-Carleton): The solution to this problem will require the concentrated efforts of the government, if we are to salvage some parts of agriculture, and the minister knows that.

The farmers of the country like the Minister of Agriculture. They think he is a great fellow. I too think he is a great fellow, but there is no one who thinks he is a great fellow more than the Minister of Agriculture himself.

Some hon. Members: Oh, oh!

Mr. Baker (Nepean-Carleton): He has got that milking hand going again. Great fellow that he is, the farmers and those people who work in the food chain whom he is supposed to serve are wondering what has happened to the Minister of Agriculture in the cabinet. They are wondering where that great voice in agriculture is, because, in spite of all the rhetoric, sales are falling, agricultural incomes are decreasing, and the net is decreasing as well. This is what counts to the farmers.

I want to say this to the government. We are going to look at this bill from the point of view of the operation of Crown corporations. I do not like to see what I see happening all the time under this government. It is creating a parallel super bureaucracy of Crown agencies which is less responsible to Parliament and to the people than to present departments. It will override those separate departments. These agencies from time to time have become havens for political appointment. I hope the Minister of Agriculture does not follow the route of Jack Pickersgill with the CTC. I hope he does not do that.

An hon. Member: I didn't think of that.

Mr. Whelan: I intend to stay here for a long time.

An hon. Member: Maybe the Minister of Agriculture does have a future.

Mr. Baker (Nepean-Carleton): Maybe he does have a future. I hope that does not happen because I think there has to be a strong voice for agriculture in the House of Commons. But what is most important is that there has to be a strong voice for agriculture that can sway the cabinet. I am afraid that is what we do not have.

I think the government is once again establishing a corporation when there should be a direct approach to agricultural problems. The government has given us an approach. Surely to goodness the government was serious when it shuffled the sales aspect of external affairs to give us that approach. Why must we have an approach that in terms of a size of the problem can be likened to a pimple?

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

Some hon. Members: Question.

The Acting Speaker (Mr. Ethier): The question is on the motion in the name of the Minister of Agriculture. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Some hon. Members: On division.

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

The Acting Speaker (Mr. Ethier): It being four o'clock p.m., the House will now proceed to the consideration of private members' business as listed on today's Order Paper, namely, public bills, notices of motions and private bills.

PRIVATE MEMBERS' PUBLIC BILLS

[*English*]

The Acting Speaker (Mr. Ethier): Shall all orders preceding No. 58 stand?

Some hon. Members: Agreed.

* * *

POINT OF ORDER

MR. HERBERT—PRINTING OF BILLS

The Acting Speaker (Mr. Ethier): Prior to proceeding with Order No. 58, hon. members will recall that a point of order was raised by the hon. member for Vaudreuil (Mr. Herbert) on December 3 last concerning those private members' bills that remain listed on the order paper with the notation "text received" in parenthesis and remain unprinted.

• (1600)

Hon. members will recall that earlier this session, on February 19, 1981, as a result of representations made in the House by the hon. member for Vaudreuil those hon. members who had submitted only the title of a bill in the draw were advised by the Chair that they would have to submit to the House within 30 days, or by a day to be fixed, a text of their bill, otherwise their bill, that is the order for second reading of their bill, would lose the precedence given it in the draw. As I said at the time, it was impossible to stand a bill when the bill did not exist. To put it another way, the House had been put in the position of requiring to stand many of its orders for the second reading of a bill where there was no bill to debate, only a title.

Pursuant to the decision of the Chair of February 19, the Speaker subsequently wrote to all hon. members notifying them that those who had yet to submit a text of their bill should do so by April 3, otherwise the order for second reading of their bill would lose its precedence on the Order Paper. After April 3, 1981, the Order Paper reflected the decision of the House, and accordingly the order for second reading of 164 bills, for which no instructions were given, was shown to have lost the precedence that had been accorded them in the draw.

It should be noted that the term "text" adopted by members during the discussion of this matter was required to be given a liberal interpretation because of the fact that members had, for some years, been permitted to include only a title of a bill in the draw, and also because hon. members had been accustomed to giving instructions in various forms to the Law Clerk and Parliamentary Counsel whose duty under the provisions of Standing Order 84 is to assist hon. members of the House in drafting legislation. If a text of a bill is submitted by an hon. member, this would of course also constitute the instructions to draft a bill.

Accordingly, the bills presently shown to have a "text received" include, as a "text", instructions ranging from a short paragraph of instructions for which a draft has yet to be prepared, to the text of a draft bill. It seems to me that this fulfils the requirements of the order of the House adopted with unanimous consent on April 3, 1981.

Hon. members will appreciate that the process of drafting a bill includes research, the extent of which varies a great deal from one bill to another, and that the bill may run through many drafts before it is approved by the member for printing and distribution. Furthermore, after all the research is completed and material is compiled, the actual drafting time will vary depending on the complexity of the subject matter. Accordingly, the stage at which these bills with the notation are in the drafting of process ranges from the research stage and, in respect of nearly one half of those bills, to the stage of a first or a second draft of the bill which has been sent to the member for his approval or further comment.

Finally, hon. members will also appreciate that many bills are also introduced after the draw, and these bills have undergone, or are going through, the process just described concurrently with the bills which were in the draw.

The point of order of the hon. member for Vaudreuil in effect directs our attention to the present practice in respect of the draw for precedence in debate for bills at the beginning of the session. Of the 392 bills in the draw this session, over 200 were not drafted and thus contravened Standing Order 69 which reads:

> No bill may be introduced either in blank or in an imperfect shape.

While it is too late for this session to conform to Standing Order 69, members are now put on notice that in the next session only those bills which have been drafted will be permitted in the draw. For the moment, however, the hon. member may be assured that there has been compliance with the decision of the Chair of February 19 and with the order of the House of April 3, 1981, and that drafting and the printing of these bills is taking its normal course.

* * *

IMMIGRATION

MEASURE TO AMEND

Mr. John Gamble (York North) moved that Bill C-258, to amend the Immigration Act, be read the second time and referred to the Standing Committee on Labour, Manpower and Immigration.

He said: Mr. Speaker, Bill C-258 is designed to amend the Immigration Act in a number of specific technical ways. Prior to dealing with the sections of the act sought to be amended, I wish to address in a general fashion the motives and intentions underlying the preparation of the bill. We in Canada, by the grace of God and the hard work, sacrifice and enterprise of our ancestors, are among the most fortunate people on earth. While it is true that today matters might be improved over what we currently feel and find in society, Canada is still a haven of freedom and liberty in a world of autocratic and dictatorial regimes where individual liberties are subjected to regular denial. Our land mass is rich in resources and, assuming they can be extracted and harvested in a manner beneficial to our population, all Canadians should prosper.

Our most precious resource, however, remains the people of Canada, numbering slightly in excess of 24 million, who have an abiding respect for law and order and are not given to violence. The vast majority of Canadians believe that they should earn their own living, should not depend upon the state for handouts, but should support their families, build their homes and communities, and attend to the needs of our senior citizens and others who through no fault of their own are unable to care for themselves.

Who are the people who are to enjoy this land and the company of Canadians? They are Canadians themselves and those whom we as Canadians choose to welcome into our midst. Canada is our home, and we will invite into our home those whom we choose and reject those whom we find objectionable for one reason or another. Those reasons are to be determined by us. In determining what those guidelines might be, I should think we would have regard to some of the remarks I made earlier.

This Parliament, as a repository of the public will, has passed the Immigration Act to codify the rules for admission, and Bill C-258 is designed to eliminate some of the abuses which we have seen recently inflicted upon Canadians by those who choose, against our will, to enter Canada. Some of the serious problems relating to entry into Canada against our wishes cannot be legislated but can only be remedied through a more alert scrutiny of visitors and immigrants by immigration officials. I find it repugnant to my sense of national pride that a member of the Baader-Meinhof gang of German terrorists should be apprehended in North America, not while entering Canada but by United States immigration officials while leaving Canada and endeavouring to gain entry into the United States. Our passports are reputed to be easily forged, and visas obtained abroad in some cases are acquired with the same difficulty that would attend the purchase of an airline ticket. I would hope that administrative practices within the immigration branch of the Department of Employment and Immigration might be improved to prevent Canadians from being confronted with international terrorists and others who fall into the category of objectionable aliens who have chosen, without our consent, to enter our country.

Finally, I should like to deal specifically with the bill itself. Its main thrust is to expedite deportation of illegal immigrants and to eliminate certain practices which have developed to circumvent the provisions of the act. Specifically, Clause 2 of the bill would amend Subsection 32(6) of the act by adding the following categories of persons to whom a deportation order might apply. In this case I point out that it is simply a matter of adding categories rather than specifically changing the meaning of Subsection 32(6). In the first instance, those persons who, if they were applying for entry into Canada,

would be denied entry under the present provisions of the act. I find it very strange that while we provide a class of prohibited persons who cannot enter Canada, we reward those whom we find in our midst who have circumvented the very provisions of the Immigration Act designed to keep them out. The second category includes those persons who have been convicted of a criminal offence in Canada. Criminals are not among those who are entitled to entry. Surely they must be included among those who are available for immediate deportation.

• (1610)

Next are those persons who have entered Canada as visitors and continue to remain here after their visitor status has expired. In this case, immigration files are filled with cases of aliens who, in defiance of our law, have entered Canada and continue to remain here. It is general public knowledge that persons coming to Canada under an alleged visitor category intend not to be a visitor at all but come simply to gain entry to Canada and thereafter remain, contrary to the provisions of the Immigration Act.

Another category includes those persons who come to Canada with forged or fraudulent documents of entry to Canada. I cannot imagine not taking the swiftest action with respect to people who have entered Canada in that fashion. It is well known that the member of the Baader-Meinhof gang, to which I referred, did in fact obtain documents of that kind at our Paris embassy.

We welcome to Canada those people who are prepared to contribute to the welfare of Canada. I submit to you that we do not welcome those who come to Canada to draw on the welfare of Canada. There is an obligation imposed on parents legally in Canada to support their dependants. People who come to Canada and fail to accept that general principle of Canadian law while not citizens of our country ought not to enjoy the other benefits of remaining within the boundaries of our nation.

A practice has regrettably grown up for multiple adjudications by officials of the department. These numerous adjudications of cases have the effect of delaying a final determination and add immeasurably to the cost of the taxpayers of Canada of administering the Immigration Act.

Clause 3 amending Section 35 endeavours to eliminate several adjudications on the same matter after a deportation order has been issued. Further adjudications have been used for the purpose of stalling or unreasonably delaying the process intended to be established by the act, and the passage of this bill with Clause 3 intact would have the effect of eliminating that general abuse. There is no intention to destroy the basic rights of appeal which continue to exist and in respect of which there is no proposed amendment.

The third substantive amendment would eliminate a practice which has grown and expanded and is now so widespread that it has been given a name. It is called the "Buffalo shuffle." Ministerial permits have been issued to permit otherwise unauthorized persons to enter Canada so long as they follow the practice in complying with the current provisions of Section 37 of departing from Canada and immediately re-entering our country.

One of the recent best known beneficiaries of the "Buffalo shuffle" was a certain gentleman named Calamusa. His name has been mentioned in the House. We will recall that Mr. Calamusa was first deported from Canada in 1972 because of his criminal record in his own country. After re-entering Canada illegally in 1976, he was incarcerated for three months for possession of counterfeit money. He has struck out on three counts with respect to whether or not he should remain in Canada. Despite all of that, armed with a minister's permits, Mr. Calamusa was chauffeur-driven by officials of the Department of Employment and Immigration to the American border in July, 1980, permitted to re-enter Canada, and was then chauffeur-driven back to Winnipeg, all with the consent and under the instruction of the Minister of Employment and Immigration (Mr. Axworthy).

Clause 4 amending Subsections 37(1) and 37(2) would end that practice. Persons outside Canada who had been deported would no longer be entitled to a minister's permit. We will recall that Mr. Calamusa was a gentleman who had in fact been deported from Canada. He is not the most outlandish example of people who have been deported and who have gained re-entry into Canada and stay here, some of whom are ultimately incarcerated for the commission of some heinous offence.

The second amendment contained in Clause 4 would relate to circumstances where persons were in Canada, and in those cases they would be entitled to a minister's permit only under very restricted circumstances. Those circumstances are set forth under Paragraph 27(2)(b). They are not the kind of offences one would find particularly reprehensible. If I might just refer to them, they include those who have engaged in continuous employment in Canada, contrary to the rules, and with respect to Paragraph (i) have not left Canada on or before a date specified in their departure.

Clause 5 provides for the execution of deportation orders within fixed periods of time changing the current provisions of the act which permit execution of deportation orders to refer specifically to the words of the act: "As soon as reasonably practicable."

This clause fixed two time periods. One as it relates to landed immigrants who were inadmissible at the time they came to Canada and should never have entered; criminals convicted of criminal offences in Canada or those who had entered using forged or fraudulent entry documents. In this case, these people would be subject to deportation within a period of five days. All others who were inadmissible under the present provisions of the act, who had engaged in subversive activities, who were convicted of criminal offences, were alleged visitors, but who, in fact, remained in Canada beyond the time permitted, would be deported within a period of 48 hours.

I am reminded of Mr. McCarthy's case, Mr. Speaker. You may recall that he was apprehended in Vancouver on a minor jaywalking offence. At the cost to the taxpayers of Canada,

the authorities endeavoured to deport him on three occasions. The total cost of that little manoeuvre was $10,490. Yet all of this was as a result of the delays in the process involved in deportations. While he was originally apprehended on a jaywalking charge, this gentleman, as hon. members may recall, was a member of the IRA and other terrorist organizations.

• (1620)

Clause 6 would reduce the grounds of appeal, Mr. Speaker, to errors of fact and law. Clause 7, which adds certain classes of illegal immigrants to those already listed in Section 104(2) of the act, is designed to permit law enforcement officers to apprehend additional classes of illegal immigrants, specifically those referred to in Section 27(2)(a) and Section 27(2)(k) of the act's present provisions.

This bill is designed, Mr. Speaker, to put some backbone in the Immigration Act's provisions. At the same time it is designed to eliminate a well-known abuse, which, as I have indicated, has been employed by the department itself for the purpose of circumventing the intention of Parliament. I submit that the provisions of this bill bring about a necessary remedial change to the immigration laws of Canada and I recommend them to hon. members of the House.

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, I am pleased to participate in this debate and I am pleased that a number of members of the House on this side feel so strongly about this issue that I am swamped with prospective speakers. I refer to such champions of justice as the hon. member for Saint-Denis (Mr. Prud'homme), the hon. member for Laurier (Mr. Berger), the hon. member for Mississauga North (Mr. Fisher), and the hon. member for Sarnia-Lambton (Mr. Cullen). They all want to speak so I will try to be brief and, hopefully, they will all have an opportunity.

Canada's Immigration Act, Mr. Speaker, sets forth in very clear terms the objectives of Canada's immigration policy. It enshrines such fundamental principles as non-discrimination, respect for the family, concern for refugees and the promotion of our social, economic and demographic goals. The inclusion of these objectives right in the act serves one very important purpose. The intent of the law is sometimes open to interpretation. By having these objectives in the act itself, it clearly states not only the law but its intent.

The act begins with a clear statement of specific objectives from which flow all of its provisions, regulations and administration. The powers and authority it confers are precisely delineated. The procedures to which immigrants and visitors are subject are clearly set out. Both the public interest and civil rights of immigrants and visitors are protected. It retains that which was valid and useful, and provides enough flexibility to be adaptable to our changing needs. It establishes firm criteria which may be interpreted in regulations as the need arises, but it does not list rigid prohibitions which prevent the use of common sense. I know the hon. member for Etobicoke Centre (Mr. Wilson) is a firm believer in common sense in government, and that is what we are trying to demonstrate in this act.

The act also provides a means to determine the size and distribution of the immigration movement, which is very necessary in a land of increasing unbanization whose resources are now recognized to be more limited than we once believed.

However, at the same time, it leaves the determination of the actual size and distribution of the movement to be set after consultation, and does not establish rigid figures cast in stone. For the first time, demography and immigration are linked in a statute that provides for the views of provincial governments to be taken into consideration, establishing a system whereby the level of immigration to Canada is a matter of open decision-making by the federal government in consultation with the provinces.

We all know how anxious the hon. members opposite are for the federal government to consult with the provinces on issues of concern to them, and this is in the act. These levels, publicly announced on an annual basis, estimate the number of immigrants the government expects to admit over a specified period of time. Furthermore, it links immigration to Canada's labour market needs and population objectives. While Canadians are being trained, immigration will continue to be one of the routes used to ensure the economy is provided with the workers needed for its expansion. However, immigration is only a partial solution to alleviating the constraints on economic growth. It must go hand in hand with improved training for Canadians, careful manpower planning and the migration of workers from other parts of the country.

In the years to come, Mr. Speaker, we will probably have to increase the number of skilled and professional workers brought in from overseas. Given the length of time required to train Canadians, even if we markedly increased our training efforts it is unlikely we could meet the demands projected for 1985. Just today you will remember that a Conservative member was asking us about PetroCan seeking skilled workers from outside the country simply because enough of them were not available here. Of course, that again, I think, demonstrates the wisdom of the recent program announced by the Minister of Employment and Immigration (Mr. Axworthy) to try to meet those needs in Canada.

At the same time we have to ensure that immigration forms only a temporary bridge between labour demand and supply, nothing more. The future development of Canadian industry demands that employers and governments make commitments now which will provide skilled workers for the future. Our training systems must continue to develop and employers must live up to their responsibilities. For these reasons we have built an important safeguard into our immigration policy. Before skilled labour can be recruited from abroad, employers must demonstrate that no Canadians are available to fill vacancies and they must train Canadians to qualify for future openings. I am sure all of us are familiar with the fact that this is pretty well enforced. I am sure very few if any of us have not had employers come to our office and tell us how they had a specific person in mind, but in fact they were obliged to go

through the requirements of trying to find a Canadian to fill the job.

The act also allows us to reunite people in this country with their families living abroad. That is an important thing, and this is a humanitarian government which believes in family reunification. Close relatives of Canadian residents receive processing preference as members of the family class.

The act's humanitarian aspects are also reflected in the provisions relating to refugees. They are an admissible class, based on the UN definition of a Convention refugee, and the legislation confirms in law our international obligations towards refugees within our borders. Further, the legislation is flexible enough so that, when warranted, we can admit people on compassionate grounds even when they do not precisely fit the UN refugee definition.

While this law expresses our concern for families and refugees, it also reinforces our responsibility to protect ourselves from those whose admission would pose a threat to the health or safety of Canadians, or whose purpose in entering the country is not legitimate. For example, to discourage people from coming to Canada as visitors with the intention of staying or working illegally, the act requires every visitor wishing to work or study here to obtain the required authorization from a visa officer abroad before seeking admission. And anyone who wants to come to Canada permanently must apply from outside the country and receive an immigrant visa before arriving here. I know the hon. member for York North (Mr. Gamble) is familiar with that because he was talking about the "Buffalo shuffle".

Protecting Canadian society from criminal activity goes hand in hand with controlling illegal immigration. Aliens who pose a threat to public safety, order and national security are refused admission to Canada, and there are provisions to deal with the threats presented by international terrorism, kidnapping and organized crime. People who are asked to leave Canada have a guarantee of fair treatment through the inquiry process which ensures that the civil rights of those subject to immigration hearings are protected.

Anyone refused entry or asked to leave the country has the right to be heard at an impartial immigration inquiry presided over by an adjudicator. Adjudicators are officers specially trained in immigration law and the relevant parts of civil and criminal law. The adjudicator is there to render an objective decision after carefully weighing evidence presented by both the federal government and the person concerned. That is what I was referring to earlier when I talked about common sense.

If the adjudicator rules in favour of the subject of the inquiry, that person will be allowed to enter or remain in Canada. On the other hand, a ruling in favour of the government will result in the issuance of a deportation order, exclusion order or departure notice.

The act provides for two less drastic alternatives to deportation. Instead of deporting a person at the border for some minor offence like not having all the proper documentation, we can now issue an exclusion order entitling that person to re-apply for admission at a later date. The other alternative is the departure notice, which may be issued to a visitor in Canada who has committed a minor infraction of immigration law and is required to leave. Once the terms of the departure notice have been fulfilled, the person may re-apply for entry at any time.

● (1630)

Despite the act's humane approach, visitors or permanent residents, that is landed immigrants, who deliberately commit serious crimes or major violations of Canadian law are, of course, deported.

The social and demographic realities of a modern world would require an immigration act which recognizes the increasing incidence of threats to our wellbeing, threats such as international terrorism.

However, immigration is a two-way street. Canada's act illustrates how immigration policy can work in the interests of both those who live here and those who wish to do so. There is a balance to be struck, a system which allows reasonable expression in the appropriate circumstances, and allows common sense to be applied. I believe we can do this with the legislation we now have.

Some hon. Members: Hear, hear!

Mr. Wilson: Good reading, David!

Mrs. Margaret Mitchell (Vancouver East): I am pleased to speak to Bill C-258 because it also gives me a chance to comment on the Immigration Act and the immigration policies of this country, many of which cause me serious concern.

The proposal to amend the Immigration Act by closing off legal manoeuvers, removing the discriminatory powers of adjudicators and enforcing immediate deportation causes me some concern, and in that respect, our party does not support this bill. We completely agree, of course, that persons who have committed serious criminal acts should not be admitted to Canada and should be immediately dealt with under the law. However, I think the very rigid changes which have been proposed by the hon. member for York North (Mr. Gamble) would have the effect of dealing in a very rigid and punitive way with people who are not criminals in that sense. I would like to say that we do not condone breaking of the law. One may feel humanitarian sympathy for persons who have broken the law, but they must still be dealt with under the law. What I am saying is that it is absolutely essential that the adjudicators exercise flexibility and discretion when dealing with individual cases.

I would like to give some specific examples from my experience as a Member of Parliament. In my riding we frequently deal with immigration cases. Often there are humanitarian considerations which must be taken into account. People must have a chance to be heard, must have a right to due process of appeal and must have a chance to have legal advice and help as well. There may be a situation where the minister might consider a departure notice rather than a deportation decision.

This is very important in a case where there has not been a deliberate criminal act but, rather, an inadvertent mistake. Some people might be allowed to return to Canada at some future date or at least to apply to bring about family unification.

I would like to refer to several cases to illustrate this point. In my riding, an east Indian woman, 22 years of age, overstayed her visit in Canada on a visitor's visa. She overstayed because she had no place else to go. Her family had applied some years ago to come to Canada, and at that time she was a minor. Because of the lack of immigration officers and the inaccessibility to an immigration office in India, there were long delays, and it took some years before the family was able to come to Canada. During this period, of course, she became an adult. She was no longer allowed to come with her family as a minor, and she was unable to come as an individual adult. In this case, it seemed important to me that there be some discretion shown and that she be allowed time to find an alternate place to go or to perhaps re-apply as a landed immigrant. There was some discretion shown in this case.

The second example I recall is the rather famous case of a Chilean, Galindo Madrid, who applied to stay as a political refugee as his life would have been endangered if he returned to Chile. In this case, the minister did extend his permit to stay in Canada. I might say that, to my knowledge, he has been steadily employed and has been a contributing citizen of our country. I might also say that there are many Chilean patriots who have serious concerns and fears with regard to the Immigration Act. This is because some of the sections define people who advocate changes or the overthrow of governments in homelands as undesirable.

Another case involves crew members of a Greek ship which came into Vancouver harbour last year. The ship's master owed back pay to these men. The master had not sent money to the families, as had been promised. The ship later went into receivership. The captain claimed that these men had deserted. The union actually proved that the men had been locked off the ship. In this case, deportation was delayed. Eventually the ship's master and owners were required to pay the return passage of these men back to Greece. However, a real injustice would have been done here if the case had not been processed.

I would like to refer to domestic workers. I recall one woman from Jamaica who overstayed her working visa. She had worked in Ontario, I believe, and eventually came out to British Columbia. She claimed that she did not understand some of the regulations concerning reapplication for an extension of her visa. However, it would perhaps be more valid to look at the situation from a humanitarian point of view. This woman was supporting elderly parents and several children in Jamaica. There was no chance to gain employment at home and her country was in turmoil at that time. Her skills, on the other hand, were needed here. She had many references stating that she was a very productive worker. As it turned out, she was deported; but present legislation would allow her to apply as a landed immigrant here.

Another case concerns a domestic worker from the United Kingdom. She came to Ontario with confirmation of a job. This job fell through, through no fault of her own. She had relatives in Vancouver, so she came to Vancouver. In this case, it seemed much wiser to give her an extension of her visa so that she could get a job in B.C. as a domestic worker. There was no reason to deport her at that point.

I would like to mention the injustice in the history of immigration law in Canada. This was brought to my mind at a recent meeting with the Chinese community of Vancouver. We know that we have a sad history of prejudice and discrimination against Asian immigrants. This was particularly true in the early parts of the century. Indeed, Asians were not allowed to vote in Canada until 1947, I believe. During this period, many people went underground. I think the country was right to acknowledge amnesty years ago and to allow these people to be recognized and to apply for citizenship at that time. I really illustrate this to show that we must have some flexibility. Of course, we must have enforcement of the law as well.

I would like to conclude with a quick summary of some other points in our Immigration Act and the immigration policy of the Liberal government which should have been included in the revisions. I would like to ask that the government give serious consideration to changes.

The Immigration Act itself discriminates against women. The very language of this bill is "he, he, he", all the way through. Women are not treated as individuals. Many women come in family groups, but they are treated as spouses. They do not have rights in their own names. They are in danger of being deported if they happen to separate from their husbands or if they must go on welfare, for example. Domestics are solicited to come to Canada and jobs are made available, but they have no protection. Even so, changes are needed. Women from other countries, whether they are heads of families or single, do not have the same chance to come to Canada as do men, even though they may have training, education, and speak English, and really should meet the point system. If the same woman marries, she is much more likely to come under her husband's qualifications, but not in her own name.

● (1640)

As I mentioned, there are serious questions with regard to the Chileans and the discretionary powers of immigration agents allowing them to decide who should be allowed to come to Canada and who should not. We know how personal judgments can enter into that kind of decision. A person who is not in Canada has no right of appeal, no chance to have an objective reconsideration of his case.

We talk about people who may be judged to be involved in militant activities. Would unions organizers from another country be judged undesirable? How would FBI agents who have tried to overthrow governments of other countries be treated under this act?

Something else that is very sad in dealing with the many persons trying hard to sponsor relatives who have been separated for a long time is that they are not given any reason why

the relative is refused admission. The person applying is not given any reason. Why not? Surely that is common justice. Quite frequently they are not allowed to show the documents they have, work permits and so on, when coming from Asia, and there is no chance to appeal.

There are repeated examples of people in Hong Kong and India having to pay for medicals and other services in order to ensure that they will receive proper consideration. They offer to pay so that there will not be a long delay.

I have dealt with many cases affecting Asian immigrants. There is no question but that there is still discrimination against Asian women and those from Third World countries, not in law but in fact. This happens because there is only one immigration centre in India, for example. Those in Hong Kong find it difficult to make application. The people of Tonga cannot afford to fly to a distant country to make application. Those in the Pacific region do not have fair access.

I am proud to say that our party is on record as objecting to the visa requirements for Indian visitors. Indian people arriving at Vancouver airport are often forced to stay there for many hours until their relatives come and pay almost a head tax before they are allowed into this country as visitors. People from Europe are not treated in that way.

There are many other points I would like to make about immigration offices such as the long line-ups in order to obtain an appointment. Often people have to take two days off work just to make a routine application. Immigrants and their relatives are exploited by consultants and lawyers, often paying thousands of dollars for information that could be obtained from immigration services or Members of Parliament.

The refugee situation of the past two or three years has shown that there must be much more government planning in the settlement of people, especially when they come in large groups. It is very important that there be enough housing, especially for people who will settle where there is a shortage of housing and jobs. We do not want Canadians to suffer. We want them to welcome people from other countries, not feel tense about immigrants coming here. There should be a revision of the settlement service and the fee for that service. I have raised this a number of times in the House, but the Minister of Employment and Immigration (Mr. Axworthy) refuses to deal with this in a realistic way.

There should be more services for immigrant women, such as English classes, daycare and job training. However, the minister is cutting off funds for these kinds of programs.

The public media, such as the National Film Board and the CBC should produce more constructive programs opposing racism and promoting cultural relationships. The CTV "W-5" program and the National Film Board film "Bamboo Lions and Dragons" were both a disgrace. I am glad to report that a recent CBC documentary "Golden Mountain" was much more sympathetic toward the plight of the early Chinese when settling in this country.

In conclusion, from our point of view this bill is not worth supporting. However, there are many other changes to the Immigration Act that are vitally needed.

Mr. Douglas Fisher (Mississauga North): Mr. Speaker, normally when a government member stands up with 15 minutes remaining in private members' hour, he talks out a bill. This is one bill I would like to talk out. It is not well thought out. However, in this case there are a couple of other government members who want to take this golden opportunity to tell the author of the bill what a bad job he has done. The hon. member says he wants to put some backbone into the Immigration Act. I suggest he should have used the head sitting on top of his backbone before he went to work on this.

Let me point out one or two phrases in the explanatory notes which concern me. I quote directly from the bill:

The Bill would close off certain legal manoeuvres currently available—

What legal manoeuvres? In Clause 2 the hon. member would remove the existing discretion of adjudicators. He would make a deportation order mandatory. Under Clause 3 he would prevent the reopening of an inquiry. Under Clause 4 he would prevent the issuing of ministers' permits. Under Clause 6 he would limit the grounds of appeal, and under Clause 7 he would extend the powers of peace officers and immigration officials to apprehend suspected illegal immigrants without a warrant.

That is why we should not pay very much attention to this kind of legislation. It is a collection of scare tactics. I often run into these kind of scare tactics in my riding. That is why I asked for the opportunity to speak.

In Mississauga we get immigrants from all over the world, and we are pleased to have them. They enrich our community. We get people from India, the Philippines, the West Indies, people who have problems with the Soviet attitude to Jewry, refugees from some Middle East regimes, such as Poland, people from Latin America, as well as the boat people, refugees from Vietnam. How does this kind of legislation appeal to those people? It must terrify them. Thousands of people every year are screened very carefully by our officials. In the vast majority of cases they do a very good job.

What the hon. member has raised are the glaring exceptions, exceptions which he is trying to build up into a house of cards to play on the distorted fears of ordinary people. Let it be clear that thousands of people are handled and treated honestly by our officials, efficiently and carefully, and they are in this country properly.

The kind of fears aroused by the hon. member should not be allowed to go by unchallenged. We need to ask, to what extent do we want to distort our democratic principles for the sake of a few glaring examples. Those glaring examples themselves are entitled under our great democratic tradition to be given the due process of law.

● (1650)

Let me give you just one example from my own riding. In the past year, about 1500 people arrived in Toronto airport

and claimed refugee status. These people were Sikhs and they claimed that they wanted to set up their own homeland and that the government of India was politically mistreating them. Now my community was divided by that. There was one congregation, one Sikh temple, that asked the government to treat these people leniently. They were the people taking the middle ground. Then another group, the East-Asian Workers Association, strongly supported the claims of these people, the potential refugees. And many other people—the very parents of the first group—in the Malton Asian Senior Citizens Association—objected to the idea that there could even possibly be any kind of refugee from India at all. They were insulted by the claim. As I say, my community was split by this issue. If the people in the community could not figure it out, how could we ask one of our officials right at the scene at the airport to do so? There is a crush of people arriving. Many times there were 50 or 100 people on an airplane at one time. They have terrible language or cultural difficulties. They do not realize what they are being asked by our officials. And our officials cannot assess the information they are being given.

We do not want those people to be given some kind of a rubber stamp and thrown out of the country arbitrarily. We want to be sure that we treat these people fairly because we are a democratic and civilized country. We want to be absolutely sure. So some were detained because they did not have the money to prove that they would come back. They could not put up a bond. Their relatives would not put up a bond. Less than 10 per cent were detained because financially they were unable to put up a bond. But the rest, over 90 per cent, were let loose into the city of Toronto. Now, one by one, they are being brought back quite properly, quite honestly. They are coming back, facing appeal hearings and talking to our officials in a calm, deliberate, legal fashion and making their case. Some are not winning those cases but they have the right for further appeal. Why do they have that right? Because this is a civilized, democratic country and we do not throw out our proper, democratic, civilized processes in the name of some efficiency that the member from York North might invent.

Mr. Speaker, I believe that in a democracy we have to realize the importance of due process. We cannot let some guy come along and convince us that these shortcuts are worth while. We have to admit that there is room for error in our procedures, and that to be just we have to double-check the way we do things, through proper appeals. We have to allow people to state their case. We must remember, in other words, the very moving reminder that Winston Churchill gave us—and I will paraphrase it—that democracy is an inefficient form of government, but we are going to keep it because we cannot think of anything any better.

Some hon. Members: Hear, hear!

Hon. Bud Cullen (Sarnia-Lambton): Mr. Speaker, I am happy to be able to comment on this particular bill because I want to say to the Canadian public that it is a bill which is put out in the name of a private member and I know that it does not have the support of the Progressive Conservative Party. I am sure the former member from Egmont and the former member from Hamilton West, who were opposition critics for immigration when I had the honour to bring forward the bill which this one amends, would be appalled at the terms and conditions which are in this particular bill.

Mr. Gamble: Get specific.

Mr. Cullen: The hon. member says "Get specific". He mentioned the name of McCarthy, the individual who was thought to be a member of the IRA and was in Vancouver where it cost something like $10,000 to handle that case. Well, he was not picked up because he was here illegally. He was picked up for some minor offence and there was a suggestion that he might be the individual that the RCMP was looking for. He denied that. Let us suppose for a moment that he had not actually been Mr. McCarthy. Let us suppose that he had been someone else. Do you not think that we would have been in a ridiculous situation if we had said, "The Mounties say that this individual is Mr. McCarthy and as far as we are concerned that is good enough for us."? It would not have looked good if we had thrown him out and said he was in here illegally. No, he had what every Canadian has the right to expect and what every person within our borders has the right to expect—due process of law. It cost $10,000, but for the sake of Canadian justice it was worth it. Imagine us picking up this individual and shipping him out of the country. We sure as hell would have done that under the terms of this particular bill. It would not have mattered that perhaps he was the wrong person. We would have had more than egg on our face, Mr. Speaker.

I cannot for the life of me understand how, into the twentieth century, when we try to bring some humanity in an immigration bill, a brand new immigration bill, something like this would be proferred some two or three years later as an improvement. It is a disgrace and thank heaven it is presented by an individual member and not by the opposition.

Thank you, Mr. Speaker.

[*Translation*]

Mr. Marcel Prud'homme (Saint-Denis): Mr. Speaker, I wish to thank the previous speakers for saving me at least a few minutes and giving me a chance to say that I entirely disagree with the bill presented by my colleague from the Toronto area, the member for York North (Mr. Gamble). I would like to draw his attention to a historical fact.

[*English*]

I would like to draw his attention at this moment to February 5, 1963, when his party was defeated in the House. It was February 5, 1963. His party was defeated by a vote of 142 to 111. If there is some lesson that we should draw from that—there is a lesson that my colleague, a member on the Standing Committee on Foreign Affairs and National Defence who, I agree, is very active, should draw from that. The lesson is that the kind of views he has expressed in the bill he is introducing today are narrow. I do not say he is narrow-minded, but he is narrow in his approach as to what Canada's

immigration policies should be and as to what Canada's immigration policies should be and as to what Canada is all about.

Canada is a land for everybody. Of course, it should be under some responsible direction, there is no doubt about that. But when I hear the statement as it was expressed by the the hon. members, when I hear the other statement as expressed by the hon. member for Winnipeg-Assiniboine (Mr. McKenzie) who has just entered the House, I wonder what kind of Canada they want. Is it a Canada for the kind of Canadians they say are best for Canada? These are the words of the hon. member: "We are the kind of people who should enjoy Canada. We should know who are the kind of people we should receive in this country, who should enjoy what we enjoy." But what kind of Canada would we have had we held those views many years ago? Would we have granted in operation "My Country" the famous amnesty which allowed over 60,000 Canadians to regularize their situation in Canada, Canadians who today are extraordinarily good Canadians, contributing to the good of this country by their taxes and by their work? If we were to accept this bill and allow it to become our law, we would not have a good country.

The hon. member knows what my approach is to him and to all hon. members. Instead of arriving and blasting the hon. member, I would only like to have more time to exchange with him some views of what is good policy for immigration. I had the honour to be a member of the joint Senate and House of Commons committee on the green paper and, if I may say to my friends, nothing has been more scrutinized than this act. I was not even happy about it because I believe it is still too narrow in its approach. I wish that we had a more liberal immigration policy. This immigration policy is probably the most scrutinized piece of legislation we have ever had in four years.

There was a committee called the Joint Senate and House of Commons Special Committee on Immigration which studied the green paper. It travelled all across Canada. That was a parliamentary committee that looked into this question. There were also hours and hours of work done by all members from all parties, the hon. member's included, to see if we could not, through give and take, arrive at the kind of law we have today.

In conclusion, Mr. Speaker, before I am called to order because of the time, I would like to ask my hon. friend kindly to reflect and consider all the implications of what he is trying to propose. This is about the most sensitive issue we talk about, when we talk about immigration.

The Acting Speaker (Mr. Ethier): The hour provided for the consideration of private members' business has expired. It being five o'clock the House stands adjourned until Monday at two o'clock p.m. pursuant to Standing Order 2(4).

At 5.02 p.m. the House adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Monday, February 8, 1982

The House met at 2 p.m.

● (1405)

ROUTINE PROCEEDINGS

[*English*]

HEALTH

STUDY URGED OF RADIATION EXPOSURE—MOTION UNDER S.O. 43

Mr. Joe Reid (St. Catharines): Madam Speaker, I rise under the provisions of Standing Order 43. Twenty-five hundred Canadians were exposed to atomic radiation while employed in federal government projects, such as the conducting of nuclear weapons tests in Nevada and the accident cleanup at Chalk River in 1958. The cancer rate in this group has been determined at six times the national average.

I move, seconded by the hon. member for Haldimand-Norfolk (Mr. Bradley):

That this House instruct the Minister of National Health and Welfare to authorize immediately an impartial, in-depth study, to determine if this exceptionally high rate of cancer is attributable to radiation exposure, and that, since many of the victims are veterans, the results of that study, including the question of compensation, be referred to the Standing Committee on Veterans Affairs for report and recommendation.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

THE ECONOMY

REQUEST FOR MEASURES TO STIMULATE HOUSING CONSTRUCTION AND CREATE EMPLOYMENT—MOTION UNDER S.O. 43

Mr. David Kilgour (Edmonton-Strathcona): Madam Speaker, pursuant to the provisions of Standing Order 43, I seek the unanimous consent of the House to extend our congratulations to the two ministers and the eight members of east central Montreal who had the courage to write to their leader and urge him to admit that the economic situation, which they created themselves, is disastrous, and that the time has come to cope with the alarming problem of unemployment. I therefore move, seconded by the hon. member for Joliette (Mr. La Salle):

That if those ten Liberal members fail to convince the Prime Minister (Mr. Trudeau) that he ought to establish immediately a genuine program to stimulate housing construction, and a genuine job-creation program for youths under age 25 rather than a mere snow job on unemployment, I therefore suggest that if those ministers and members are not heard they should resign and thus prove that they are more concerned over the interests of their voters than those of their party.

Madam Speaker: The House has heard the hon. member's motion. Pursuant to the provisions of Standing Order 43, such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

POLITICAL PARTIES

STATEMENT MADE BY MEMBER FOR BROADVIEW-GREENWOOD—MOTION UNDER S.O. 43

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, in a blatant attempt to portray the Progressive Conservative Party as a party of white Anglo-Saxons, the member from Broadview-Greenwood (Mr. Rae), on Friday last made the following statement:

"You won't see a black or hear the French language... or the Italian language in Toryland".

Whereas Tories such as the Berniers, Pianes, Yaremkos, La Salles, Baetz, Alexanders, Grossmans, Brunelles, Yakabuskis, Colbacchins, Shymkos, Leluks, Mazankowskis, Villeneuves, Paproskis, just a few proud members of the PC party, whose support is a primary cause of the demise of the New Democratic Party in Ontario, take great exception to that statement, I move, seconded by the hon. member for Kingston and the Islands (Miss MacDonald):

That this House condemns the newly anointed Ontario leader of the NDP for his obvious racist remarks against members and supporters of the Progressive Conservative Party.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

[*Translation*]

THE ECONOMY

REQUEST FOR NEW BUDGET DESIGNED TO REDUCE UNEMPLOYMENT—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to move a motion concerning an urgent and important matter. Over the weekend, ten Liberal members of the Montreal area urged the federal government to drop its restrictive fiscal policies with a view to adopting measures aimed at fighting unemployment. I therefore move, seconded by the hon. member for Brant (Mr. Blackburn):

That the House commend those ten Liberal members for their courage and request that the Minister of Finance (Mr. MacEachen), the new R.B. Bennett, table a new budget designed to reduce unemployment in Canada.

Madam Speaker: Pursuant to the provisions of Standing Order 43, the presentation of such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

POLITICAL PARTIES

REPORTED STATEMENT MADE BY MEMBER FOR WINNIPEG-ASSINIBOINE—MOTION UNDER S.O. 43

Mr. D. M. Collenette (York East): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity, all the more urgent and pressing in view of the motion under Standing Order 43 that was introduced here this afternoon. Last week the hon. member from Winnipeg-Assiniboine (Mr. McKenzie) was quoted in *Contrast*, a Toronto black community publication, that he condones many of the racial policies of the government of South Africa. It seems the hon. member came to this incredible conclusion following a free three-and-a-half week vacation in South Africa, paid for by the government of South Africa.

Considering that the Right Hon. Leader of the Opposition (Mr. Clark) last week dissociated himself and his caucus from the remarks of the member, I move, seconded by the hon. member for York South (Mrs. Appolloni):

That in view of the lack of support of his caucus for his repugnant stand, the hon. member from Winnipeg-Assiniboine retract his statements; failing this, that this House urge the caucus of the Progressive Conservative Party to expel the member from their ranks, forthwith.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

RAILWAYS

RESPONSIBILITY FOR CHANGING CROWSNEST PASS RATE—MOTION UNDER S.O. 43

Mr. S. J. Korchinski (Mackenzie): Madam Speaker, in spite of the recent promise to develop an economic strategy for the 1980s, today we had an announcement by the Minister of Transport (Mr. Pepin) on the Crow rate, which merely transfers the costs from the government to the wheat producer. Therefore I move:

That this House urge the government to assume its responsibility for future inflation, which it itself induces, on the movement of grain, which cost had been guaranteed under the Crow rate up until now.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: No.

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THE ECONOMY

SUGGESTED RETURN TO CONSERVATIVE GOVERNMENT POLICIES—MOTION UNDER S.O. 43

Mr. Dave Nickerson (Western Arctic): Madam Speaker, whereas the zero growth policy espoused by both the Liberal and New Democratic parties has proved to be such a miserable failure, I move, seconded by the hon. member for Brampton-Georgetown (Mr. McDermid):

That Canada now return to the progressive policies of the Clark government which were designed to increase employment, reduce interest rates, restore the stability of the Canadian dollar and stop the drain of money and jobs out of the country.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: No.

• (1410)

CONSULTATION URGED PRIOR TO INTRODUCTION OF LEGISLATION—MOTION UNDER S.O. 43

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, I rise under the provisions of Standing Order 43. During these times of depression level investor confidence, increasing business bankruptcies and government indecision, the Minister of National Revenue (Mr. Rompkey) recently indicated that he may again alter the terms of the small business bond. It was altered first on November 12, changed again on December 18, clarified in the latter part of January, and now is likely to be further altered. Canadians will not invest if the government continues to change the investment rules. Therefore, in an effort to establish stability and investor confidence, I move, seconded by the hon. member for The Battlefords-Meadow Lake (Mr. Anguish):

That this House urge the government to consult with parties involved in proposed legislation prior to its introduction, so that the government can avoid the embarrassment of continually having to change the rules of the game, which fuels the present climate of government indecision, instability and incompetence.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EXTERNAL AFFAIRS

CALL FOR REPUDIATION OF CANADA-U.S.S.R. FRIENDSHIP PROTOCOL—MOTION UNDER S.O. 43

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, in light of the announced intention of the United States and the United Kingdom, two of Canada's partners in NATO, to apply sanctions against the U.S.S.R. for the role that country is playing in strengthening the hand of the military junta in Poland, I move, seconded by the hon. member for Edmonton North (Mr. Paproski):

That this House instructs the Prime Minister to repudiate forthwith the Canada-U.S.S.R. Friendship Protocol which he and Mr. Kosygin signed in Moscow in May, 1971, under the terms of which the two countries indicated their determination "to go on developing political and economic co-operation" and to expand "ties and exchanges in the fields of economy, trade, science, technology, culture and northern development".

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

CAPITAL PUNISHMENT

DEMAND FOR REINSTATEMENT—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, the Liberal Party is full of bleeding hearts, and lawlessness is running rampant throughout Canada. We pay Olson, who murdered 11 innocent young people, $90,000 and make a newspaper hero of him. A young boy was murdered in Ontario, and two young women were brutally murdered in the High River-Okotoks area, their bodies soaked in gasoline and burnt beyond recognition. A majority of Canadians want capital punishment reinstated, but the Liberals say "No". How many more have to be murdered before the government wakes up? Therefore I move, seconded by the hon. member for Peterborough (Mr. Domm):

That the House demands that the government bring in a bill to reinstate capital punishment at once, instituting punishment commensurate with the crime.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

POLITICAL PARTIES

VOTING RECORD OF PROGRESSIVE CONSERVATIVE PARTY—MOTION UNDER S.O. 43

Mr. Jim Fulton (Skeena): Madam Speaker, I rise under the provisions of Standing Order 43. In view of the fact that both the Liberal and Conservative parties are now on record in support of continued high interest rates, and that Canadian workers, consumers and small businesses are suffering serious harm at the hands of the "Clark-Trudeau" coalition—

Some hon. Members: Oh, oh!

Mr. Fulton: They are getting jumpy; they do not like the facts. I move, seconded by the hon. member for Nunatsiaq (Mr. Ittinuar):

That the leader of the Tory party explain its dismal voting record, in voting 20 times with the Liberals since October, while the NDP has voted 22 times with the Tories and only 13 times with the government.

Perhaps the Tories wish to purge "Joe Who" to make room for "Pierre" as the leader of the party in Canada with a room temperature IQ.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

METRIC CONVERSION

COMPENSATION FOR GROCERS REVERTING TO IMPERIAL MEASUREMENT—MOTION UNDER S.O. 43

Mr. Bill Domm (Peterborough): Madam Speaker, the Metric Commission has finally seen fit to set up $300,000 in Supplementary Estimates (C) of the Department of Industry, Trade and Commerce to reimburse the retail grocers of Peterborough for their total costs of converting back to imperial measurement in weigh scales from the metric weigh scale measurement. Therefore I move, seconded by the hon. member for Haldimand-Norfolk (Mr. Bradley):

That this government also set up sufficient funds to assist retail grocers from British Columbia to Newfoundland in their conversion back to imperial measurement, if they should experience the same difficulties with metric as grocers did in Peterborough.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

Oral Questions

ORAL QUESTION PERIOD

[*English*]

THE ECONOMY

ADVICE GIVEN BY QUEBEC MINISTERS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is directed to the Prime Minister who will know that two of his cabinet colleagues, the Minister of National Health and Welfare and the Minister of State from Quebec, have broken cabinet solidarity and have publicly joined the demand for action to start fighting unemployment now and for changes in the government's budget. Is the Prime Minister going to heed their advice or is he going to ask for their resignations?

● (1415)

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Leader of the Opposition has a curious definition of breaking cabinet solidarity. The ministers in question, and I believe a few backbenchers, signed a letter just taking up the Minister of Finance on a proposal that he had made in Toronto in suggesting that he consider certain remedial actions. If I can quote from the address of the Minister of Finance made in Toronto on January 25, he said this:

> This is not to minimize the importance of the very considerable resources which the government is devoting to job creation within the existing fiscal framework. Fiscal restraint does not and will not prohibit the government from taking targeted and specific measures to improve growth, productivity, and investment.

That some members of our caucus should have decided to suggest what some of those targets and specific measures should be, does not seem to me, Madam Speaker, a breach of cabinet solidarity, or indeed, of caucus solidarity.

Mr. Crosbie: Juvenility.

RESPONSIBILITY FOR BUDGETARY POLICY

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, the Prime Minister referred to two ministers, one of them a very senior minister, both of whom are absent from the House today, and what he referred to disparagingly as just "a few backbenchers"—those few backbenchers number eight—which makes a total of ten at least who have taken issue with the government's policy and broken the support which governments usually find on budgetary matters.

The question which the Prime Minister has raised is whether or not members who have broken solidarity, and ministers who have broken it, are acting within the context of cabinet solidarity. The Prime Minister will know that there have been two statements on the budget made by senior ministers, one by the Minister of Finance in this House on Friday who said:

> It would be tempting, but I think foolhardy, to undertake short-term palliatives or quick fixes which might give the appearance of action but which, down the road, would add further to the unemployment situation.

That is the view of the Minister of Finance.

The Minister of National Health and Welfare, the Minister of State, and at least eight colleagues—we do not know how many more are with them and against the minister in the Liberal caucus—said that they are convinced that measures to alleviate unemployment in the home construction industry and to alleviate the youth unemployment problem must be adopted right now, as such moves cannot wait for the results of a long-term economic policy. Those are two absolutely different views on the budget. May I ask the Prime Minister who speaks for the Government of Canada on budgetary matters?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I believe I dealt with the matter of cabinet solidarity. The Leader of the Opposition does not care to refer to the quotation I just gave of what the Minister of Finance said on January 25, followed up, as I say, by this request for specific action. I think the Leader of the Opposition is engaging in some somewhat byzantine attempts to find fissures in this caucus as a distraction to looking behind him and seeing his split caucus behind him.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Crosbie: That is a Mickey Mouse explanation.

Mr. Baker (Nepean-Carleton): Look behind and around you, Allan.

STATEMENT MADE BY PARLIAMENTARY SECRETARY

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, then let me ask the Prime Minister whether the Parliamentary Secretary to the Minister of Finance, that beleaguered gentleman from whom we hear more than he would like, because his minister does not have the courage to stand in the firing line himself, was speaking for the government when he said, in response to these specific proposals put forward by two cabinet ministers and eight other Liberal Members of Parliament, that the programs they were proposing would create worse problems in future. Is that a position of the Government of Canada? Was the Parliamentary Secretary to the Minister of Finance speaking for the government when he rejected categorically the proposal by two cabinet ministers and eight Liberal Members of Parliament?

Mr. Crosbie: What about that, Pierre?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, that is another example of the exiguousness in which the Leader of the Opposition is engaging, that is, a comparison of texts. He can continue this game.

● (1420)

I can assure him that the position of the Minister of Finance is supported in the very letter to which he refers, a letter which indicates the government is on the right macroeconomic

course, and which suggests certain specific actions of which the Minister of Finance spoke.

The parliamentary secretary is perfectly justified in suggesting there should be no departure from the macroeconomic stance and there should be no massive injection of public printed dollars into the economy at this time. I am happy to continue this examination of the text, Madam Speaker, but it is the reality on this side which is more important to me, the fact that this cabinet and caucus are very much united.

Mr. Baker (Nepean-Carleton): What is the reality?

Mr. Nielsen: You would not recognize reality if you fell over it.

REQUESTS FOR CHANGES IN BUDGET

Right Hon. Joe Clark (Leader of the Opposition): Speaking of reality, I wonder if the Prime Minister could tell us how many—we know of ten—of his cabinet colleagues and caucus members not in cabinet have been in touch with him asking for changes in the budget. Could he give us a figure?

Mr. Crosbie: That is macroeconomics for you.

Mr. Nowlan: It is macaroni economics, not macroeconomics.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Leader of the Opposition continues to insist that the letter asks for a change in the budget. Let me read from the third paragraph of that letter dated February 3.

Mr. Baker (Nepean-Carleton): Table it. It is an historic document.

Mr. Trudeau: The letter has been made public, Madam Speaker. The members themselves indicate that they are—Madam Speaker, the letter says:

[*Translation*]

As members for central and eastern Montreal, we realize that any real and durable but long-term improvement of the employment situation can only be achieved by controlling inflation.

[*English*]

That is exactly the position of the Minister of Finance and of this government, Madam Speaker. I would ask the Leader of the Opposition and his party to realize, once and for all, that if inflation is high the first thing we must do is bring it down.

Mr. Crosbie: Bring down the government is the thing to do.

Mr. Trudeau: Well, the hon. member for St. John's West is now waxing nostalgic and talking about bringing down governments.

Mr. Crosbie: Look where it got us.

Mr. Trudeau: From his lofty perch in External Affairs I would hope he would reflect a little more on what he said about the people of Gabon last year—

Some hon. Members: Oh, oh!

Mr. Trudeau: —and study the subject a little more.

* * *

[*Translation*]

EMPLOYMENT

PROGRAM PUT FORWARD BY QUEBEC—PROPOSAL THAT MINISTERS HOLD DISCUSSIONS WITH QUEBEC

Hon. Roch La Salle (Joliette): Madam Speaker, I shall, if I may, continue reading the extract from the third paragraph read to us by the Right Hon. Prime Minister after he acknowledged that his policy depended on controlling inflation. The ten members, two of them ministers, also said:

However, we believe that it is possible, without overstimulating the economy, to create jobs now in certain critical sectors.

The sectors are specified in the letter. Also considering, Madam Speaker, that last week, the Right Hon. Prime Minister received proof that the ten premiers had completely lost faith in his basic philosophy regarding the economy, and that the province of Quebec proposed a program that would prevent and put a stop to the rash of factory shutdowns—a $200 million program to which Quebec is prepared to contribute $50 million—is the Right Hon. Prime Minister willing, in the circumstances and following representations made by his own members and ministers, to at least send one of these two ministers to discuss the program with Quebec, keeping in mind the best interests of Quebec as well?

● (1425)

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, every week the government has been announcing job-creation measures. Last week, the minister responsible for advanced technology was investing something like $90 million in the development of technology-based industries. Today, the Minister of Employment and Immigration announced a program to create jobs in the forestry industry. The Minister of Finance, in speeches to which I referred earlier, pointed out that something like $60 billion would be spent over the next five years to create employment. The minister invited the members of our caucus, who accepted the invitation, to indicate the critical sectors where they would like to see some action. And I shall repeat once again what the minister said on January 25: "Fiscal restraint does not and will not prohibit the government from taking targeted and specific measures to improve growth, productivity and investment."

So once again, if the official opposition wishes to make concrete proposals, we shall welcome them. Such proposals are

even more welcome when they come from this side of the House, and I hope that our Liberal members will continue to propose constructive measures for job creation, unlike the endless nitpicking and unrealistic arguing indulged in by those on the opposite side.

Mr. La Salle: Madam Speaker, I have the distinct impression that the Prime Minister does not realize that Canada is going to lose another 175,000 jobs by next month, according to a study by the Canadian Manufacturers' Association. I do not think the Prime Minister realizes that 40 per cent of the jobs lost will be in Quebec.

In the circumstances, I would ask the Right Hon. Prime Minister whether he is ready to discuss, or at least to send a member of his cabinet to discuss, the program being proposed by Quebec, which has the support of other provincial premiers. It is clear that the present government's policy is a failure, as Yvon Guay said today in the newspaper *La Presse*, and only the Prime Minister still thinks he is the sole repository of the truth in this respect.

Mr. Trudeau: Madam Speaker, this is another little speech, not a question, by the member opposite, but since he mentioned Quebec, I should take this opportunity of giving another example, this very minute, of a statement by the Ministers of Energy, Mines and Resources and National Defence, who, with the hon. member for Bellechasse, announced a further contribution of $5 million to a gasification plant program at St-Just-de-Bretenières in the province of Quebec.

Every day, and sometimes several times a day, we have been announcing new projects. The members opposite would rather discuss their concept of the budget and their concept of reality instead of looking at what is being done by the government and encouraging its efforts.

* * *

[*English*]

RAILWAYS

ANNOUNCEMENT OF ABANDONMENT OF CROWSNEST PASS RATE

Mr. Edward Broadbent (Oshawa): Madam Speaker, my question is directed to the Prime Minister.

Mr. Beatty: Ed for leader!

Mr. Broadbent: A crucial part of the bargain of confederation for our prairie provinces has been the maintenance of the historic Crow rate. The Prime Minister has said in this House that this rate would not be changed unless there were a substantial consensus for so doing. In light of this I would like to ask the Prime Minister how the government can justify the announcement in Winnipeg today that the Crow rate is to be abandoned without at least having formal meetings with the prairie-provincial governments, at least two of which are on record as opposing changes in the Crow rate.

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member is correct in suggesting that there is no unanimity concerning what should be done about the Crow. However, in all parties there is a difference of view between some people and other people. We do not have unanimity, but we have a large consensus which indicates that it is time to cease backing these reactionary ideas put forward by the New Democratic Party and to look to the future and to look to progress.

Some hon. Members: Hear, hear!

Mr. Trudeau: These people are willing to engage with the government in the examination of some positive steps, not to get rid of the Crow, but, rather, to improve—

Some hon. Members: Oh, oh!

Mr. Trudeau: —the situation in the west so that the grain movement in the west, as well as the movement of potash and other commodities, will be made possible by a modernization of the rail system and of the whole transportation system in the west.

The hon. member quotes two premiers who do not agree with two other western premiers. If he had been talking a month ago, it would have been three premiers in favour of reopening the Crow. Now it is two. I remind the Leader of the New Democratic Party that last week, at the public session of the first ministers' conference, I asked the western premiers whether they could agree among themselves and whether they were attempting to agree among themselves on what should be done to the Crow. There was no answer.

● (1430)

There is no intention among them to reach an agreement because they are divided on this matter. That is why the federal government, since it is responsible for railways and many aspects of grain transportation, must take the initiative a bit more courageously than the NDP would do, show some leadership and indicate ways in which this whole matter, after some 80 or 90 years, can be looked at again so that transportation in the west can be brought into the twentieth century, rather than once again taking the reactionary view of the NDP and hanging on to the past as though it will be our master for all time.

INVITATION TO GOVERNMENT TO ATTEND MEETING IN REGINA

Mr. Edward Broadbent (Oshawa): Madam Speaker, in the Prime Minister's answer he clearly revealed why the Liberal Party in this country has only two seats in all of western Canada.

Considering that his government was invited to a meeting that is taking place next week in Regina, in which all the western governments will be participating, and the Government of Canada has been invited to participate to discuss grain handling, including the Crow, why is it that this government, which has talked about the need for consensus, turned down the invitation to this meeting in which it would have a thorough opportunity to meet with the premiers and discuss why, at least from their perspective as western Canadians, it is absolutely essential to maintain the Crow rate?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the answer to that is very simply that for years I have been attempting to get the western premiers to discuss this matter and to reach a consensus on it. Since the Western Economic Opportunities Conference in the early 1970s, we have been trying to come to grips with this. As the hon. member just said, the western premiers cannot agree among themselves in this area, which is largely under federal jurisdiction. That is why we decided to move.

As to the suggestion by Premier Blakeney to have a meeting in Regina on this subject, I think it is a little late in the day. He knows that for years we have been trying to get this matter discussed with them. He prefers to have a meeting on an area essentially under federal jurisdiction which he convenes, and to which he summons us to attend, and for which he no doubt thinks he will get a lot of electoral support in the west. Maybe that is possible. However, we have not made this an electoral matter. The proof is that the hon. member reminds us that we do not have many members in the west.

We are trying to find in the west a solution to a 90-year-old problem, a solution which will bring the transportation system into the end of the twentieth century, rather than once again thinking that there can be no possible change to something that was agreed to in the late 1890s without incurring the wrath of the reactionary sitting NDP.

REASONS FOR DECLINING INVITATION

Mr. Edward Broadbent (Oshawa): Madam Speaker, the Prime Minister may think that his smart-aleck rhetoric about reactionary or any other equivalent term will carry weight among his backbenchers. I can assure him it means nothing to the people of Canada. Since the Prime Minister said there should be an attempt for consensus, and since the Conservative government of Alberta will be attending the conference, as well as the Social Credit government of British Columbia, and the two NDP governments of Manitoba and Saskatchewan, why is the federal Liberal Party of Canada so arrogant and indifferent that it is turning down an offer to sit down and discuss this seriously with the representatives of western Canada?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member is showing an interest in this matter very late in the day. I have told him that for years we have been attempting to discuss this matter and to create a consensus among the premiers. We have not managed to move Premier Blakeney from his stand that nothing must be done to the Crow. Therefore, the purpose of this meeting is one which I can only suspect has been based on crass electoralism.

Mr. Broadbent: Find out!

Mr. Trudeau: We are finding out, but not in this context. I believe it is next Monday that the members of the western affairs committee will be sitting down with the Manitoba cabinet to discuss this very matter. We are willing to discuss it, but we do not think it should be an occasion for grandstanding. That is why we are continuing to discuss it in this way.

REQUEST THAT MINISTER PROTECT WESTERN GRAIN PRODUCERS

Mr. Doug Neil (Moose Jaw): Madam Speaker, my question is for the Minister of Agriculture. The statement of the Minister of Transport this morning in Winnipeg ostensibly freezes the federal government's contribution to the railways with respect to the shortfall between the Crow rate and the compensatory rate at the 1981-82 level. This places the burden of future increases in rates on the producers which, by 1987, will be in the neighbourhood of half a billion dollars. The minister is aware that, because of the high input costs, the high interest rates and low prices for grain, the western grain producers are in serious financial difficulty.

The minister is responsible for the welfare of the western farmer. I would ask him what guarantees he is prepared to give to protect the interests of the western grain producer. Has he discussed with his cabinet colleagues the disastrous effect that this government policy, of throwing the burden on the grain producers, will have on the financial future of the grain producers?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, I disagree with the hon. member's statement that we have decided to throw the burden on the grain producer. That is not factual. We are asking the grain producer to share part of the burden of the cost of transportation. If we continue with the same old program, which will be 85 years old this year, and a lot of the other programs in agriculture that we used 85 years ago, I am sure the hon. member realizes as well as I do that we would not be producing anything like as much as we are producing in Canada today.

This has to be changed. By the year 1985 we would not even be paying 20 per cent of the cost of grain transportation. By the year 1990 we would only be paying 7 per cent of the cost of grain transportation. I met with many hundreds of farmers in western Canada and discussed this issue with them. I found a consensus there that they are willing to talk, negotiate, and accept some change.

Yes, I was in cabinet when we discussed this. I have been a proponent of adjusting the Crow rate for many months, actually several years. I proposed that an adjustment in the Crow rate take place. We are not saying that we are going to abandon the farmers under this program. When the hon.

member studies it, he will realize that it is a pretty fair program.

REQUEST THAT MINISTER OFFER TO RESIGN ON ISSUE

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Madam Speaker, I would like to continue this questioning with the Minister of Agriculture. I introduce my question by saying that this morning the Prime Minister announced a pretty wide-ranging power to ministers to disagree with cabinet colleagues without being kicked out of the government. In view of that, will the minister take a hard look at the statement made by the Minister of Transport today in Winnipeg and accept my word, and I am sure the word of any person who looks at it objectively, that the Minister of Transport's statement this morning is a complete betrayal of the recommendations of the Hall commission report? Whether he likes it or not, and no matter how many farmers he may talk to, it is the Magna Carta of western Canada, and he should not forget that.

Second, the statement by the minister betrays what this Parliament decreed in the National Transportation Act of 1967.

● (1440)

Madam Speaker: Order, please. I am sorry that the hon. member must be called back to order, but he is really making a speech and not asking a question.

Mr. Hamilton (Qu'Appelle-Moose Mountain): Madam Speaker, I apologize to the House for taking longer than my usual 20 seconds. However, as the minister knows, this is a very important matter.

Would the minister accept my question with all fairness and honesty and consider what he has just said in answer to the hon. member for Moose Jaw, because the farmers have only one person to look to, and that is the Minister of Agriculture. They do not trust any other western minister. Would the minister stand and say that he will consider this again, that if this is a betrayal, as the conclusion will be, he is willing to offer his resignation as a sign of championship on the part of the farmers of Canada?

Some hon. Members: Hear, hear!

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, I have been involved in practically every discussion we have had in government, and many discussions outside of government, about the Crowsnest Pass rates. I do not feel that it is a betrayal when one studies the complete program. I do not feel it is a betrayal when one studies the need for the diversification of agriculture in the west, the things needed to encourage that kind of processing to take place in the west, the kind of development that is needed in the west, and the kind of improvement needed for the railroads.

I cannot accept what the hon. member has said—at one stage, maybe several years ago, it might have been a betrayal, but I think that it would be a betrayal not to do anything about the Crowsnest Pass rate, to accept and go along with the old program, the old agreement of 1897 and not move ahead. If we did all things like that in our country we would not be the envy of the world for our agricultural industry.

I say that we have to move ahead with this program. I have said that from the very beginning in all the discussions in which we have been involved. It will be a fair program. It must be that kind so that our grain producers are not put at a disadvantage with any other grain producers in any part of the world with whom we are competing. I am satisfied that this program is that.

HALL COMMISSION RECOMMENDATION TO ESTABLISH PRAIRIE RAIL AUTHORITY

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Madam Speaker, the minister has made a direct challenge to me on this point, and I am going to put it right to him. Will he recommend to the government that the recommendation of the Hall commission be accepted, that there be a prairie rail authority set up by the federal government—this is a federal issue, not a provincial issue—to take over those 2,000 miles of lines on which there are losses, run them by the federal government through this authority and show the railways how to make money out of them?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, of course, the intent is that all parts of our society, whether they be railways, farmers, business people or miners, make money. That is the idea. Profit is not a bad word in our party as far as we are concerned.

Some hon. Members: Oh, oh!

Mr. Whelan: We want the railways to make a profit. I am willing to wait for the negotiator to finish his discussions and bring back the recommendations to us on what he thinks should be done. He will hold discussions across the prairies. The negotiations will take place with this person, whom, I am sure, the hon. member also knows and highly respects. He will be the main person involved in the negotiations. I am willing to wait, because we want it as quick as we can. I wanted those rates adjusted last year but we were not successful in getting it before the people early enough. So, we had further and longer discussions to make sure more people understood what we were trying to do, and also to make sure that we understood what more people wanted us to do. I think we are making that kind of proposition now. The negotiator will tell us better later.

* * *

[*Translation*]

THE ECONOMY

INQUIRY WHETHER MEASURES TO STIMULATE HOUSING CONSTRUCTION AND CREATE JOBS WILL BE PROPOSED

Mr. Jacques Guilbault (Saint-Jacques): Madam Speaker, my question is directed to the Right Hon. Prime Minister, and

it concerns the letter sent to him by the ten members for central and eastern Montreal. No, I can assure you, Madam Speaker, I am not going to play petty politics like the Leader of the Opposition tried to do when he quoted only certain parts of our letter, thus glossing over our support for the government's policy. I should like to know what results can be expected following this request which stresses incentives for housing construction and job creation for young people. I should therefore like to ask the Prime Minister whether he will give this letter the attention it deserves?

Right Hon. P. E. Trudeau (Prime Minister): Yes, Madam Speaker, in fact I referred to it earlier when I indicated that the Minister of Finance, in his statement on January 25 in Toronto, had pointed out that a number of concrete programs would have to be considered, and the letter referred to by the hon. member provides an example of those programs. I can assure him that the Minister of Finance and the government will consider the letter's recommendations with an open mind.

* * *

[*English*]

VETERANS AFFAIRS

EX-SERVICEMEN'S EXPOSURE TO NUCLEAR RADIATION

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, my question is for the Minister of Veterans Affairs. In view of the fact that two independent studies which were released indicate that veterans who were involved in nuclear exercises are showing 500 per cent to 600 per cent increased incidence of cancer over the normal population, and as a result of Allan Solomon, former chairman of the pension commission, asking two years ago that a thousand members of the armed forces be told the amount of radiation to which they were exposed, recognizing that early detection of cancer might preserve their lives, would the minister indicate and make a commitment to the House that he is prepared to notify quickly those members of the Armed Forces who were exposed to radiation, of the amount of radiation to which they were exposed, and advise them that close consultation with their family physicians would be advisable?

Hon. W. Bennett Campbell (Minister of Veterans Affairs): Madam Speaker, in answer to the question by the hon. member, I would say that any individual can receive through his physician the radiation levels to which he was exposed during his activity, specifically in relation to the two occasions in the Chalk River cleanups and for those individuals who were involved in the Nevada testing. Their family physicians can request and receive the radiation levels as recorded by Atomic Energy of Canada in both occasions.

REQUEST FOR INDEPENDENT MEDICAL STUDY

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, the chairman of the pension commission had asked the government to move quickly in notifying these people. I ask the minister to make a commitment to notify those individuals in order that they can identify causes of degenerative disease.

Many of those records were destroyed. Many were inaccurate, and we even learned on the news today that they were falsified in the United States.

Many of the diseases are also of a degenerative nature, circulatory and others, not just cancer. Since we are dealing with a very unique group of individuals, would the minister make a commitment that he will support an independent and comprehensive study of those former members of the Armed Forces and their families?

Some hon. Members: Hear, hear!

Hon. W. Bennett Campbell (Minister of Veterans Affairs): Madam Speaker, as the hon. member is aware, a study which was commissioned by AECL is presently taking place on approximately 10,000 of their employees involved in activities such as the Chalk River clean-up and the Nevada testing. Approximately 300 of the Royal Canadian Air Force Anti-Nuclear Defence Group are also involved in that test group. I can also indicate to the hon. member that the study is progressing quite favourably and we anticipate the preliminary findings will be available sometime in early April.

I am more than happy to pursue with my colleagues, the Minister of Defence and the Minister of National Health and Welfare, the question as to what further steps should be taken in this matter.

CRITERIA APPLIED TO COMPENSATION APPLICATIONS

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, my question is also for the Minister of Veterans Affairs. How can the minister refuse compensation to veterans such as Bjarnie Paulson and the members of the Association of Veterans of the RCAF Nuclear Defence Group when, at the same time, Lieutenant Colonel O.R. Browne, of Victoria, B.C. has been receiving a disability pension since 1971 for cancer which he contracted by handling radioactive cobalt during his service? Will the minister now agree to apply the same criteria to the many other veterans in their struggle for compensation for cancer they contracted as a result of atomic radiation, as were applied to Colonel Browne's case?

Some hon. Members: Hear, hear!

Hon. W. Bennett Campbell (Minister of Veterans Affairs): Madam Speaker, I was not aware that different criteria have been applied by the Canadian Pension Commission in assessing all of those cases. As the hon. member can appreciate, the criteria being applied as to whether or not the present condition is associated with military service, and the rules, are applied consistently to all members who make application.

● (1450)

DISTRIBUTION OF INFORMATION

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, I would like to ask the minister if he would supply these veterans who are having this cancer problem with information about the same routine Colonel Browne used when he was able to obtain his pension because he contracted cancer 12 years ago? Will the minister distribute that information to those veterans immediately?

Hon. W. Bennett Campbell (Minister of Veterans Affairs): Madam Speaker, as the hon. member is aware, we are more than happy to assist any veteran in making his application to the commission. I am not completely familiar with the process used by the gentleman in question, but I am certainly prepared to advise our pension advocates and the various organizations which support veterans' applications to the commission, of the specific details.

* * *

AUTOMOBILE INDUSTRY

INCREASE IN IMPORTATION OF JAPANESE MANUFACTURED VEHICLES

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my question is directed to the Prime Minister. With 18,000 Canadian auto workers laid off, in addition to another 38 per cent of those who at one time were employed in the auto parts business in Canada, is the Prime Minister aware that last year Japanese truck imports were up 106 per cent compared with the year before, that car imports from that country were up 26 per cent, and that that compares with Japanese truck imports into the United States which fell 8 per cent and car imports which fell 3 per cent? If the Prime Minister is aware of that rather startling difference between Canada and the United States, would he agree that the two agreements, the one between Japan and the United States and the one between Canada and Japan, have not worked to the advantage of Canada?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I must confess that I do not know the details of those statistics, but it does not seem to me that the conclusion stated by the hon. member follows from the premise. There are many other circumstances which could explain Canada's difficult economic situation, and the main one I can think of is the high rate of inflation and the fact that we are no longer competitive with many of our competitors. That is why we believe it is the first task of this government to bring the inflation rate down. That is why we made a concrete suggestion in that direction to the first ministers' meeting last week. It is a suggestion which I also put to members of the opposition, and I wish they would give it their considered thinking.

NEGOTIATION OF IMPORT QUOTA LIMITATIONS

Hon. Sinclair Stevens (York-Peel): Madam Speaker, undoubtedly the Prime Minister is aware that representatives of his government are now in Japan negotiating a new arrangement with respect to auto imports from Japan into this country, and bearing in mind that last year 23 per cent of the auto sales in Canada were Japanese cars, would the Prime Minister indicate whether his delegation intends to have trucks included for the first time in any import limitations? Second, may we anticipate a lower quota than the 174,000 which was supposed to be the limit under the existing contract?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I was aware of this meeting in Tokyo. The Minister of Industry, Trade and Commerce referred to it at last week's conference. I am not aware of the details of the negotiations, nor whether trucks are being discussed at that meeting. I will be happy to take notice on behalf of the minister, but I must repeat to the hon. member that, over the longer run, the salvation of the economy will not come by reducing international trade or by increasing protectionism one against the other.

Mr. Stevens: Tell that to the unemployed.

Mr. Trudeau: Canada's future as an exporting nation must essentially be in the direction of remaining competitive, and I repeat my previous statement to the hon. member that unless we agree amongst ourselves in this country to fight together the evil of inflation rather than looking at short-term painlessness, we will not be successful in breaking into international markets on a larger scale than we have.

* * *

[*Translation*]

FORESTRY

INQUIRY WHETHER PROGRAM OF ASSISTANCE WILL BE OFFERED TO NEW BRUNSWICK

Mr. Herb Breau (Gloucester): Madam Speaker, I have a question for the Minister of Employment and Immigration. In view of the joint announcement which he made today with the Ontario Minister of Natural Resources concerning a program to help Ontario forestry workers, would the minister tell the House whether this program could apply to other regions, and more specifically, whether there have been any discussions with the government of New Brunswick, where this industry is also facing very serious problems?

[*English*]

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I was very pleased today to be able to announce an agreement with the province of Ontario in relation to the provision of joint assistance that will bring several thousand forestry workers in that province back to employment in the very important areas of reforestation and development of the forest industries. I can tell the hon.

member for Gloucester that the same proposal is available to any other provincial government across Canada. If they have proposals by which we could engage in using funds under Section 38 of the Unemployment Insurance Act along with provincial contributions, we could put a number of workers in the forest industry back to work in local projects. We are also prepared to look at other work-creation projects of a similar kind which could be funded under the criteria of that program. We can use that fund as a way of enabling a number of workers in many of our key natural resource sectors to go back to work.

Some hon. Members: Hear, hear!

* * *

ENVIRONMENTAL AFFAIRS

APPLICATION BY ONTARIO HYDRO TO INCREASE EXPORT OF ELECTRICITY

Mr. Derek Blackburn (Brant): Madam Speaker, my question is directed to the Minister of the Environment, and it has to do with proposals Ontario Hydro has had before the National Energy Board for seven, eight or ten days. First, I would like to ask the minister why the federal argument was so pitifully weak in opposing Ontario Hydro's application to increase the sale of electricity to New Jersey—which, indeed, will increase acid precipitation in Ontario and in the United States—when Ontario Hydro's submission was so strong?

Hon. John Roberts (Minister of the Environment and Minister of State for Science and Technology): Madam Speaker, I question the assumption in the hon. gentleman's question. The original presentation by Environment Canada to the National Energy Board was indeed brief, but that representation was supplemented the following week by very considerable depositions of both material and expert testimony, which were very full and, I believe, effective.

INSTALLATION OF ANTI-POLLUTION DEVICES

Mr. Derek Blackburn (Brant): Madam Speaker, if the deal goes through, the result will be an increase in acid precipitation coming out of such plants as Nanticoke, and that will go directly into Pennsylvania and upstate New York. In view of the fact that that will destroy completely the credibility of the acid rain subcommittee, which spent several hundred thousand dollars of taxpayers' money to produce an excellent report a few months ago, as well as destroy our credibility in the United States, what measures will the minister take now at the cabinet level to make sure Ontario Hydro does not increase exports of power to the United States before the federal government has assurances that scrubbers will be placed on Nanticoke or any other thermal generating power plant in Ontario, and that acid rain precipitation will not increase but in fact decrease, which would be in keeping with the acid rain report?

Hon. John Roberts (Minister of the Environment and Minister of State for Science and Technology): Madam Speaker, we have made it very clear on several occasions that we are entirely opposed to this application because of the consequences the hon. member has described. Indeed, we made that abundantly clear last week in reply to questions in the House of Commons. I suspect the hon. member would be one of the first to complain if I were to attempt to pre-empt procedures which are already established for the hearing of these questions before the National Energy Board. We have made the case there as effectively as we could. I am confident of the validity of that case. We must now await the decision of the National Energy Board and, if necessary, we will then consider whether further actions need to be taken.

* * *

THE JUDICIARY

REQUEST THAT WOMAN BE APPOINTED TO SUPREME COURT

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, my question is directed to the Prime Minister. In our 114 years of history there never has been a woman appointed to the Supreme Court of Canada. This week a vacancy will be created by the resignation of Mr. Justice Martland. Given that women have served with distinction in the superior and supreme courts of the provinces since 1969, will the Prime Minister now take this opportunity available to him to appoint a qualified woman, of whom there are a number, to the Supreme Court of Canada?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member is, of course, right in referring to the distinguished role many women have played in the superior and appeal courts of our provinces, and she will recall that just about every one of them was appointed by this government, so she can be assured that in the consideration of the upcoming vacancy in the Supreme Court of Canada we will be as objective and openminded as regards the sexes as we were in relation to those previous appointments.

Some hon. Members: Hear, hear!

• (1500)

IMBALANCE IN APPOINTMENTS

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, there are some 666 federally appointed judges throughout Canada, of whom only 26 are women, even though the number of qualified women in the legal profession has increased significantly in the last number of years. I would like to ask the Prime Minister if he will take steps now to rectify the imbalance in these appointments. At the present time 96 per cent of the appointments are men, while only 4 per cent are women. He now has a very real opportunity to begin to redress this imbalance, because there are 23 vacancies in judicial appointments at the present time.

[*Translation*]

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I believe that we are making a major effort in this area, and I am pleased to be able to say to the hon. member that, in the last 22 months, we have appointed more women judges than during any other period and under any other government since Confederation. We always consider women for appointment to the bench and we are always very happy to appoint them. However, as I have stated several times in committee, the problem is that most women lawyers were called to the Bar not so long ago. I believe that there has been a substantial increase in the number of women judges in the last few years. As I have pointed out, we have appointed more women judges in the last 20 months than during the mandate of any other Minister of Justice. We always try to find qualified candidates for the bench, and we are even more pleased when a woman is appointed.

[*English*]

Miss MacDonald: Four per cent. Four per cent.

* * *

[*Translation*]

PETITION

MISS MACDONALD—POLAND—IMPOSITION OF MARTIAL LAW

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid on the Table the one hundred and seventy-fourth report of the Clerk of Petitions stating that he has examined the petition presented by the hon. member for Kingston and the Islands (Miss MacDonald), on Friday, February 5, 1982, and finds that it meets the requirements of the Standing Orders as to form.

* * *

[*English*]

THE ADMINISTRATION

DESIGNATION OF MINISTERIAL PORTFOLIOS

Hon. Erik Nielsen (Yukon): On a point of order, Madam Speaker, you will recall that on Friday I flagged the possibility of responding to the remarks of the government House leader in connection with past practices and procedure involved in making statements or announcements with respect to changes in the ministry.

While I can accept Madam Speaker, that it is up to ministers to make statements if they wish, there are certain circumstances, in my submission, where by custom and by precedent, which I have to cite, that out of respect to the House a statement on motions is clearly required.

The practice of making cabinet shuffles of importance without a statement was raised last Friday. In fact, there is a Beauchesne's fourth edition citation which clarifies precedent here. I would like to refer the Chair to page 83 of that fourth edition of Beauchesne's, where it becomes apparent in Subparagraph (2) of Paragraph 89 that this practice has extended all the way back to 1889, when Parliament first dealt with the matter.

I quote Subparagraph (3) of the fourth edition:

> When changes of portfolio between ministers do not involve any question of principle, it does not seem that the Prime Minister is bound to explain them in the House.

It goes on to quote Todd:

> Todd, in the chapter dealing with the ministers' responsibility to Parliament, in the 2nd volume of his work, "Parliamentary Government in England", page 487, says: "But the House has no right to ask for more than a general exposition of the main principles on which a government is formed.

There is no doubt, in my submission, Madam Speaker, that in this instance a major reorganization did take place. External affairs is now subject to a whole new philosophy and has three ministers instead of one. There is a new approach to the departments of industry and regional expansion. Indeed, there were 21 order in council changes to implement the shuffle. Clearly, in my submission, Madam Speaker, the well established practice and precedent should have been followed, where there was a statement or an explanation given on motions.

I would like to cite briefly four separate extracts from *Hansard* where this practice has been acknowledged, carrying on from my Beauchesne's citation, and bring it up to date. In *Hansard* for May 5, 1969, at page 8292, it will be seen under the heading "The Ministry, Announcement of Changes", the Right Hon. P. E. Trudeau (Prime Minister), said:

> I should like to inform the House of certain changes in the ministry which shall take effect as of today.
>
> It has been my pleasure to recommend to His Excellency the Governor General the appointment of the hon. member for Burin-Burgeo (Mr. Jamieson) as Minister of Transport.

He continued:

> May I carry on, Mr. Speaker? The portfolio of Minister of Supply and Services has been assumed by the hon. member for Winnipeg South (Mr. Richardson).

Then there are other and further changes as will appear from that precedent.

I might say, Madam Speaker, that that precedent dealt with changes that were effective that day, as compared with the changes in subparagraph (2) of Paragraph 89 of Beauchesne's fourth edition, which dealt with changes which were made during recess. Then, on the first available occasion when the House returned, the Prime Minister of the day rose to make an announcement of those changes. That is the nature of the second precedent that I cite for consideration.

At page 8929 of *Hansard* for May 22, 1969, again under the heading "The Ministry, Readjustment of Ministerial Functions", the Prime Minister, having dealt with the matter of the return to the House, after a prolonged illness, of the then Minister of Energy, Mines and Resources, went on to say that that minister would bear full executive responsibility for the broad subject area of mines and geosciences, which included

several other functions. Then he went on, in the second column, to list other changes that he was making in the ministry. Those changes occurred as a result of the shifting of responsibilities because of the illness of the minister.

My third citation is from *Hansard* for October 5, 1970, page 8706, again under the heading "The Ministry, Announcement of Changes—Appointment of Parliamentary Secretaries." Here I would ask the Chair to pay particular attention to the words used by the Prime Minister on that occasion. He said:

> Mr. Speaker, as is customary, I should like to inform the House of certain changes in the ministry since the House recessed on June 26, 1970.

Then he listed some rather extensive changes that he had made in the ministry during the recess. He took the first opportunity to make the explanation of those changes in the House.

I might say that in all of these citations, the previous three and this last one which I am about to quote, there was an opportunity to respond, as Beauchesne's sets forth there is, but the opportunity that was taken resulted in a very brief response by the leaders of the opposition parties of that day.

The last citation that I submit for consideration by the Chair is set forth in *Hansard* for Friday, February 18, 1972 at page 15. Again it is under the heading "The Ministry, Announcement of Changes—Tributes and Best Wishes to Member for Niagara Falls on Recovery from Illness". Here again I draw these particular words to the attention of the Chair, the words of the Prime Minister on that occasion. He said:

> Mr. Speaker, as is customary, I should like to inform the House of certain changes made in the ministry since the recess began on January 12, 1972.

● (1510)

Then by far the most extensive changes in the ministry which up until that time had taken place were announced by the minister, wherein the minister of national defence, the minister of finance, the minister for manpower and immigration, the minister of energy, mines and resources, the minister of public works, the minister of state for urban affairs, and so on, were shifted.

It was customary on these four occasions at the very least—and on two of them when Parliament returned from recess—for the government, through the Prime Minister, to announce changes in its ministry. On two of those occasions where changes were extensive, as I submit that they certainly were here, the Prime Minister acknowledged the fact in the citations which I have quoted that that practice was customary; he used that very phrase.

Now we have the even more serious failure to make a statement in the House regarding the government's policy on the Crow rate. It might be regarded as a peripheral point of order, having nothing to do with the ministry. I think there is a much stronger case which I believe I have made for the Chair to consider in the case of our previous practice concerning the announcement of major changes in the ministry. But with respect to the Crow rate, we have just completed months of debate in the House over very important changes which were made to the Constitution. The Crow rate was an important element of that debate, since one important element was the agreement to finance the CPR as approved in the House. The CPR was a vital part of the confederation bargain. Now it would appear that elements of this bargain are being dismantled or tampered with without the slightest reference to the House. If this statement were made in the House, as it should have been, western members would be able properly to represent their constituents by asking important questions, and the public would be quickly informed both because of the activity of members and the broad publicity which television gives the House.

In my submission, the Prime Minister (Mr. Trudeau) or the Minister of Transport (Mr. Pepin) as soon as he returns should be required to rise and make a full statement in the House, as has been customary practice in the past, so that the matter might be fully discussed, involving as it does a major change in the policy of government.

When Madam Speaker considers these matters, I would ask that you consider them separately, even though they are closely relevant to each other. In the former one, the question of changes in the ministry, in my submission past practices are rather compelling and we should return to the traditions of the House which are clearly established back to 1889, right up until 1972 where such statements were made as a matter of course. The government need not justify anything beyond explanation, and there is a good reason for it. Shortly after we returned, there was not one but several questions asked by hon. members on this side in an attempt to elicit information as to which ministry their questions should be directed as a result of over 21 changes by order in council. There was confusion simply because a full explanation was not given.

I ask for that first question to be determined. I also ask for a ruling on the obligation of the government when it departs in such a radical way from its commitment to a policy which has existed since well prior to 1900 and now goes about dismantling a major policy without some kind of announcement. It is an affront, indeed a contempt, of the House and its members when the government, through its minister, goes to Winnipeg to make such an announcement rather than giving western members here an opportunity to question the minister on a statement which, properly, should have been made on motions.

[*Translation*]

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, the question raised by the hon. member for Yukon (Mr. Nielsen) is quite simple. Was the Prime Minister (Mr. Trudeau) obliged to make a statement in the House following the departmental changes mentioned a few days or rather a few weeks ago? I submit that the answer is also very simple. My learned colleague has referred to precedents, the first one going back more than a century. However, I must point out that precedents apply only when there are no rules or when the rules are obscure. In this case, before referring to precedents, we should look at the Standing Orders of the

House of Commons and find out whether they include a provision that deals specifically with the problem or the question raised. In fact, Standing Order 15(3) offers a very clear answer. I quote:

(3) On statements by ministers, as listed in Section (2) of this Standing Order, a Minister of the Crown may make a short factual announcement or statement of government policy.

Under this provision, a minister of the Crown is not obliged to make a statement in the House. The minister has the option of doing so, and may, if he considers it desirable or appropriate, make a statement on a matter of government policy. In the cases raised by my colleague, the ministers of the Crown may, for very specific reasons, have decided to use their discretion to make a statement. But the question is: Were they obliged to do so? And the answer we find in the Standing Orders is that they are not, they have the option of doing so but they are not obliged to do so. Madam Speaker, with due respect, I submit that this is your answer. I would add that, to my knowledge, you yourself and your predecessor have often had cause to refer to this provision of Standing Order 15(3) to deal with points of order raised by the members opposite when they expressed their indignation that a policy had been announced outside the House instead of in the House, and without wishing to judge the reasons for my colleague's indignation—I will come back to this shortly and very briefly—strictly as a matter of law and according to parliamentary procedure, there is absolutely no obligation on the Prime Minister or a minister of the Crown to make a statement on a change in policy, whatever it may be.

Now, I should like to point out to the hon. member that I have often had occasion to provide clarification on the subject he has raised and brought to our attention when he himself, his leader and his predecessor as House leader for the official opposition questioned the legality of the procedure. I am not getting a reaction, and assume they were convinced by the relevant legislation I quoted last week, in which a distinction is made, and I shall not go into this again, between creating a new ministry of state and appointing ministers of state responsible for assisting other ministers. So, the entire procedure is perfectly legal. In fact, I explained this in the House last week, during a debate on procedure. Finally, Parliament will still have a chance to discuss the changes since two new ministries of State have been created and under the legislation I mentioned last week, the government must submit its decision to create the two ministries of State to Parliament for approval.

For all practical purposes, the points raised by the hon. member for Yukon are dealt with not only in the Standing Orders but also in the Statutes, and Parliament will have a chance to debate the changes. Therefore, I submit that the hon. member's point of order was not supported by the Standing Orders of the House of Commons, nor by parliamentary practice or legislation.

Finally, the hon. member also referred to the statement made by the Minister of Transport (Mr. Pepin) earlier today, and complained that once again he was deprived of his right to make a statement in the House under Standing Order 15. His objection is again dismissed by the same legal arguments, and here again, I would remind the hon. member that there are still a number of opposition days between now and March 26, and that between March 26 and June 30 there will be thirteen additional opposition days, so that the opposition will have plenty of time to raise the subject mentioned in the statement made by the Minister of Transport in western Canada today. In any case, I do not see why a Canadian minister should not announce important policies to the people who are going to be directly affected by them, and in this case, the people in the west.

Here again, both parliamentary practice and the Standing Orders have been observed by the Minister of Transport, and Parliament will, if the opposition wishes, have a chance to debate the subject of the statement made by the Minister of Transport earlier today. Therefore, for all these reasons, Madam Speaker, I submit that we should proceed without further delay with the debate on a major bill aimed at assisting certain home owners in Canada, and tabled by the Minister of Public Works (Mr. Cosgrove).

● (1520)

[*English*]

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, we are not questioning the matter of legality. The politics might suggest that the shifts we are talking about in the ministry was another infusion of tired blood into the ministry.

Mr. Nielsen: Changing the pallbearers.

Mr. Baker (Nepean-Carleton): And in any other way one might describe it. I am going to argue that because I do not believe the government House leader is quite correct in his interpretation of the rules respecting statements by ministers. In this connection I am looking at our rules, specifically Standing Order 15(3), dealing with statements by ministers. At the top of page 10 it deals with a factual announcement or a statement of government policy. It is in that sense that the rule reads:

—a minister of the Crown may make a short factual announcement or statement of government policy.

It may apply to many things ministers announce. Frankly, I do not like these major announcements being made outside of the House, but it could be argued that the rule may apply there too. But we are talking about much more than that when we talk about a major shift in the ministry. That is not a factual announcement or a statement of government policy in the sense of Subsection (3) of Standing Order 15, particularly having regard to a precedent on February 18, 1972, when the Prime Minister (Mr. Trudeau) made an announcement in the House of Commons. At that time there were no new ministers drawn into the ministry; rather, there was a shift in responsi-

bility of the ministry. On that occasion, there was something beyond a mere factual announcement or beyond a statement of government policy; there was an announcement under statements made by a minister. It was a very extensive announcement.

The practice seems to be that Standing Order 15(3) has a limited application. In that limited application it appears that the word "may" allows for some discretion on the part of the government. But parliamentary practice, parliamentary tradition and other things are not to be turned aside lightly. We regard any shift in the ministry, perhaps we regard a change in the ministry to be more important than some members of the government do—as an important change requiring a statement here in the House, not a press release. We believe that custom, tradition and indeed the precedents and practices of the House of Commons, as we found out during the constitutional debate, are just as important as the Standing Orders and demand being observed.

I say to you, Madam Speaker, with respect, that the government, and the Prime Minister in particular—I am surprised at the government House leader, with his knowledge of parliamentary practice, supporting the Prime Minister in this; I am sure he never advised him with respect to this matter—ought to have made this announcement in the House. This change was significant enough that, within the framework and parameters of those practices which are the Chair's duty to protect for Parliament's sake, the announcement ought to have been made in this House of Commons. It can still be made in this House of Commons so that members can address themselves to it.

I am not going to argue the question of the Crow rate because I have not looked into that. I respectfully suggest that there is an argument that precedent, custom and practice, which are just as much a part of the rules of this House as are the Standing Orders, demand that appropriate action be taken by the government and that a statement be made here in the House, notwithstanding the fact that there has to be a debate on a bill later on. That latter point is peripheral and I suggest does not apply. But the government is bound by law to bring in a bill. This is what the government House leader says and I do not argue with him there. That only provides an opportunity for debate on the bill. What we are talking about is the observance of the rules with respect to statements by ministers, particularly statements by the Prime Minister, announcing changes that are rather substantial in the ministry. These do involve traditions and precedents of this House, which have to be looked after or they will wither away.

[*Translation*]

Madam Speaker: I should like give a ruling on this matter, to resolve the debate we have just had, but to do so I would have to be able to refer to a very clear-cut rule of procedure that would indicate exactly how I should direct my decision. However, the provision in our Standing Orders that deals with statements by ministers is permissive, as the President of the Privy Council (Mr. Pinard) said, and not mandatory. It says very clearly that a minister may, when motions are called, make a statement on a matter of policy or any other subject he may find appropriate.

The hon. member for Yukon (Mr. Nielsen) has said repeatedly that it was customary for ministers to make statements in the instances we are dealing with today. I have looked at some of the precedents, and precedents exist for both procedures. My reference is the Standing Order which clearly indicates that the minister has the option of making or not making a statement. Custom has supported decisions by ministers either way. The hon. member is aware that the Speaker of the House cannot oblige ministers to make a statement in the House. It is up to the minister to decide whether he wants to make a statement in the House or prefers to make an announcement outside the House. Hon. members may abhor this custom, but the rules are clear: it is up to the ministers, and if hon. members do not appreciate the manner in which the government announces its policies or its activities, they may keep on questioning the government inside the House until a minister finally gives in, but it is certainly not the role of the Speaker to oblige a minister to make a statement. Finally, I believe the problem can be resolved by the following Citation 264, page 87, Beauchesne's fifth edition, which I shall quote in English, since I have the English version here:

[*English*]

The option of a minister to make a statement either in the House or outside it may be the subject of comment, but is not the subject of a question of privilege.

[*Translation*]

I believe that was the case just now. We have had two comments on the subject, and I think the hon. member has had ample time to make his comments before the House and criticize the minister for not having made a statement on the matter in question. I should like to quote a precedent, a decision handed down by one of my predecessors:

[*English*]

Just to keep the record straight, since the hon. member has made reference to it, it reads:

The practice of making a statement is a practice which is within the authority of the minister to choose whether to do so here or not.

[*Translation*]

Hon. members have expressed their views on the government's decision to publicly announce changes in a department. Hon. members are free to disagree with this procedure. They can voice their complaints before the House and they have done so. I have listened to them because I felt they had something to say, and I am sure hon. members will understand that I cannot make a ruling obliging the minister to make a statement.

● (1530)

[*English*]

Mr. Nielsen: For the sake of the record and my convenience I wonder, Madam Speaker, if you would be so kind as to

repeat the citation of the last quotation you gave me.

[*Translation*]

Madam Speaker: My reference is *Hansard*, the official report of the debates, for October 16, 1979, page 42.

* * *

[*English*]

BUSINESS OF THE HOUSE

Mr. Riis: Madam Speaker, while I appreciate it is the custom for the three House leaders to raise matters of House business, in the absence of the acting House leader of the New Democratic Party I would like to put a question to the government House leader.

Last week we were led to believe that the borrowing authority bill would be tabled in the House today and debated on Tuesday or Wednesday, I believe. Is that the present plan?

Mr. Pinard: Madam Speaker, last Friday I indicated that, because I promised to provide my colleagues with a draft of the bill so they could look at it before we started to debate it, I had to postpone introduction of the borrowing authority bill. I will be in a position to give a draft bill to my colleagues later tonight or perhaps tomorrow; therefore, the bill will not be introduced before tomorrow and the motion to concur on the Ways and Means will be moved tomorrow.

Mr. Nielsen: That, of course, raises the question when the borrowing bill will be proceeded with. I assume it will not be on Wednesday now in order to provide the necessary time. Does the government House leader have any idea what he is going to be doing on Wednesday and when the borrowing bill will be brought in?

Mr. Pinard: Madam Speaker, if we introduce the bill tomorrow we could start debating it on Wednesday, but I will not, because of the requested delay, call it unless my colleagues are ready to proceed. Therefore, if they are not ready to proceed on Wednesday and I wanted to call it, then I would, depending on the housing bill debate, call the customs tariff bill. This will be done on the next Wednesday unless we come to an agreement to deal with the borrowing authority bill if it is introduced tomorrow, as I plan to do. It all depends on the length of debate on the bill to amend the Canada Housing Act.

ROUTINE PROCEEDINGS

[*English*]

PRIVILEGES AND ELECTIONS

PRESENTATION OF THIRD REPORT OF STANDING COMMITTEE

Mr. Maurice Foster (Algoma): Madam Speaker, I have the honour to present the third report of the Standing Committee on Privileges and Elections.

[*Translation*]

HOUSE OF COMMONS

TABLING OF LIST OF ACTING MINISTERS

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, under Standing Order 41(2), I would like to table a list of acting ministers, and with the consent of the House I would ask that the list be appended to the official report of today's *Debates*.

Madam Speaker: Is there unanimous consent for the list to appear in appendice to today's *Hansard*?

Some hon. Members: Agreed.

* * *

[*English*]

PETITION

MR. NYSTROM—SENIOR CITIZENS

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, I have a very pleasant task to perform this afternoon, one that is often done by the hon. member for Winnipeg North Centre (Mr. Knowles) who is unable to be with us today. I would table for all hon. members to study and, hopefully, take action upon a petition, containing the signatures of over 5,000 senior citizens, which was organized by the Saskatchewan Senior Citizens Action Now Association.

As you know, under the rules I cannot read the six suggestions they have made to us, but I want to recommend to the House that it take seriously the request of over 5,000 people in my province to, among other things, increase pensions and establish a department of senior citizens' affairs in Canada.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 2,491, 3,244, 3,563, 3,713 and 3,714.

[*Text*]

MR. ISODORE POLLACK

Question No. 2,491—**Mr. Crosby:**

Is Mr. Zig Pollack retained or employed by the government and, if so (a) in which department (b) in what capacity (c) for what purpose (d) what amount did he receive for expenses, fees or other remuneration in 1980?

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

(a) No.

(b) and (c) Not applicable.

(d) Mr. Isodore C. Pollack as Chairman of the Canada Employment and Immigration Advisory Council (April 18, 1978-April 18, 1981) was entitled to an honorarium of $325 per day with an annual limit of $25,000, plus travel and living expenses. In 1980, Mr. Pollack received $21,700 for 71 days plus $5,216.90 for travel and living expenses.

(a) Yes, National Harbours Board.

(b) Consultant.

(c) Appointed on April 4, 1978 as a government observer on the Board of Maritime Employers Association.

(d) Mr. Isodore C. Pollack is entitled to an honorarium of $350 per day to a maximum of 15 days, plus travel and living expenses. In 1980, Mr. Pollack received $3,100 for 11 days. No claim was submitted for travel and living expenses.

RURAL AND NATIVE HOUSING PROGRAM IN DESERONTO, ONT.

Question No. 3,244—**Mr. Ellis:**

1. Were homes purchased under the Rural and Native Housing program in Deseronto, Ontario and, if so (a) how many and how many were resold (b) what amount did they cost, including repairs and what amount is being charged for each (c) were there defaults and, if so, how many and what were the extra costs after the defaults?

2. Was there a net loss on the program in Deseronto and, if so, in what amount?

3. What is the total loss of the program?

Hon. Paul J. Cosgrove (Minister of Public Works): I am informed by Canada Mortgage and Housing Corporation that as of the date this question was asked the response is as follows:

1. Yes. (a) 21 existing units. All have been resold to Rural and Native Housing (RNH) clients. (b) See table below. (c) Yes, six.

	Additional Costs	Recovered in Sales Price	Write Off
Phase 1	2,673.08	Yes	Nil
	430.40	No	430.40
	6,902.30	No	6,902.30
Phase 2	Not yet available—Unit being recycled		
Phase 3	3,014.20	Yes	Nil
Phase 4	Nil	Yes	Nil
Total	$13,019.98		$7,332.70

2. Assuming net loss as amount not recovered by resale of unit to RNH clients, unrecovered costs are $7,969.92 ($7,332.70 + $637.22), of which $6,902.30 was for one recycled unit.

3. From the inception of the program in March, 1974 to September, 1981, the total losses charged to the minister resulting from RNH account close-outs amounted to $849,720.76.

Rural and Native Housing Program
Deseronto, Ontario

	Total Cost	Sale Price	Write Off	Mortgage to be reduced
Phase 1	32,168.57	32,047.37	121.20	
	34,326.06	34,326.06		
	38,028.64	38,030.14		1.50
	30,406.60	30,406.60		
	35,263.80	35,263.80		
	31,872.23	31,872.23		
Subtotal	202,065.90	201,946.20	121.20	1.50
Phase 2	37,844.38	37,844.38		
	40,591.31	40,591.31		
	31,865.88	31,744.90	120.98	
	31,210.24	31,077.69	132.55	
	36,591.84	37,090.46		498.62
	37,001.91	36,880.41	121.50	
Subtotal	215,105.56	215,229.15	375.03	498.62
Phase 3	33,342.21	33,298.24	43.97	
	32,211.39	32,203.86	7.53	
	37,022.90	36,934.69	88.21	
	30,266.99	30,265.71	1.28	
	37,201.29	37,201.29		
Subtotal	170,044.78	169,903.79	140.99	Nil
Phase 4	27,407.62	28,269.72		862.10
	33,530.89	35,973.99		2,443.10
	36,155.62	36,155.62		
	35,679.18	36,482.35		803.17
Subtotal	132,773.31	136,881.68	Nil	4,108.37
Total	$719,989.55	$723,960.82	$637.22	$4,608.49

Note: An explanation of the amounts in the "write-off" and "mortgage to be reduced" columns is as follows. Under Section 40 Rural and Native Housing Program in Ontario the sale price of a unit is established in a signed offer to purchase prior to the determination of the exact final unit costs. An amount shown to be written off indicates that the final unit cost exceeded the previously established sale price in the offer to purchase. An amount shown in the mortgage to be reduced column indicates the final cost of the unit was less than the amount indicated in the offer to purchase. Thus the client pays the amount shown in the offer to purchase or the actual unit cost, whichever is less.

ACCOMMODATION OF IMMIGRATION OFFICE IN HALIFAX

Question No. 3,563—**Mr. Crosby:**

1. Is the Department of Employment and Immigration moving the immigration office from the Halifax Insurance Building on Spring Garden Road, Halifax to the Quinpool Road Shopping Centre on Quinpool Road, Halifax?

2. What was the lease arrangement at the (a) Halifax Insurance Building (b) Quinpool Road Shopping Centre and, in each case, what amount was paid for what amount of space?

3. Who negotiated the lease arrangement at the Quinpool Road Shopping Centre?

4. Were offers or proposals to provide equal office space requested and, if so, what was the response?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): 1. No. The immigration office in Halifax is accommodated on the Terminal Road and the commission/department is not planning to move this office. The office that is accommodated in the Halifax Insurance Building on Spring Garden Road is a Canada Employment Centre.

2. (a) The lease for the office of 187.8 square metres at an annual rental of $23,285 in the Halifax Insurance Building is due to expire on November 30, 1985. The Immigration Office on the Terminal Road occupies 222.4 square metres of a total commission/department rental of 985 square metres at a total annual rental of $145,484.50. This lease is due to expire in November, 1985, and there is a two-year option on its renewal.

(b) Not applicable.

3. Not applicable.

4. Not applicable.

ORDER PAPER QUESTIONS

Question No. 3,713—**Mr. Cossitt:**

1. Is there a government policy to answer Order Paper questions as often as possible without giving specific information?

2. Did the government adopt a policy of answering Order Paper questions with answers containing no information and, if so, what are all the reasons justifying such a policy?

Hon. Yvon Pinard (President of the Privy Council): 1. and 2. The government answers questions in accordance with the relevant sections of Beauchesne's Parliamentary Rules and Forms, editions 1 through 5.

CHANGE IN PARLIAMENTARY RULES AND PROCEDURES

Question No. 3,714—**Mr. Cossitt:**

Is the government giving consideration to recommending a change in parliamentary rules and procedures that would bring about abolition of the rights of members to place questions on the Order Paper and, if so, are the grounds for such policy based on (a) its opinion that it is seldom "in the national interest" to answer questions (b) "it has not been customary to answer questions of a certain nature" (c) the government attempting to limit the rights of members of Parliament to ask questions and particularly their right to have access to information as elected representatives?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): (a), (b) and (c) No.

[*English*]

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered.

QUESTION PASSED AS ORDER FOR RETURN

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if question No. 3,522 could be made on order for return, this return would be tabled immediately.

Madam Speaker: Is it the pleasure of the House that question No. 3,522 be deemed to have been made an order for return?

Some hon. Members: Agreed.

[*Text*]

PRIVATE FIRMS OR PERSONS RECEIVING GOVERNMENT CONTRACTS

Question No. 3,522—**Mr. Beatty:**

Which private firms or persons received government contracts to work on Telidon and, in each case, what was the value of the contract?

Return tabled.

[*English*]

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

Madam Speaker: Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

NATIONAL HOUSING ACT CANADA MORTGAGE AND HOUSING CORPORATION ACT

MEASURE TO AMEND

Hon. Paul J. Cosgrove (Minister of Public Works) moved that Bill C-89, to amend the National Housing Act and the Canada Mortgage and Housing Corporation Act, be read the second time and referred to the Standing Committee on National Resources and Public Works.

He said: Madam Speaker, the bill before the House for second reading is a response to the serious difficulty which many Canadians are now facing in finding and maintaining good housing at affordable cost. The bill responds to these problems in two ways. In the first instance it provides the necessary legislative authority to put into effect the Canada mortgage renewal plan. Second, it enables the government to act more effectively in stimulating production of rental housing, and makes possible new kinds of assistance for young families who are buying for the first time.

I would like to emphasize, Mr. Speaker and hon. members, the urgency in dealing with the amendments regarding the Canada mortgage renewal plan. I know hon. members on all sides have been receiving letters and telephone calls from people having difficulty renewing their mortgages and in danger of losing their homes. They are asked how they can get help under the Canada mortgage renewal plan first announced by the Minister of Finance (Mr. MacEachen) on November 12.

The House will recall that the plan provides interest deferral guarantees for those who have some equity in their homes and are obliged to renew their mortgages at a higher interest rate. Those who have the same problem but have substantially no equity to use as collateral in deferring interest payments the government will assist by providing grants of up to $3,000.

It is very interesting to note that the government of Manitoba announced last week a similar plan which adopts most of the requirements introduced here on November 12. For example, it follows the common sense approach of this government in asking that we use the 30 per cent rule of income. That is, those who are asked to pay a disproportionate amount of their income are to be assisted. It is a short-term plan designed to meet the immediate problem, which we hope will not be repeated.

It is interesting as well, Mr. Speaker, to note that the newly elected leader of the provincial New Democratic Party has said that he will lead that party toward a more middle of the road, common sense approach in his policies. I would like to say, Mr. Speaker, that he did not really have to go into provincial politics to do that; he had only to step across the floor—

Some hon. Members: Oh, oh!

Mr. Cosgrove: —and support the Liberal Party in its common sense approach to housing problems, approaches such as the Canada mortgage renewal plan. People who call about that plan, Mr. Speaker, are directed to see their mortgage lenders, who have application forms and can help fill them out and return them to CMHC. Many people have already done that. Applications have been received and can be acted upon once the legislation has been given approval by this House. I sincerely hope that approval will not be unnecessarily delayed by prolonged debate. The plan was very thoroughly discussed by many hon. members on both sides of the House during the budget debate and has been the subject of a good deal of public comment in the news media.

● (1540)

I think my views on the plan are well known. I believe, given all of the circumstances, that it is the only sensible and sensitive action the government could have taken to assist those people who are in serious danger of losing their homes because of high interest rates. I observed that when one is sensible and sensitive, one is usually acting with a sense of common sense. That is what we believe the plan responds to.

Mr. McDermid: Doesn't give two cents.

Mr. Cosgrove: I suggest to hon. members opposite that many Canadian householders who have now had a chance to study the plan believe it would be helpful in solving their problems. Meetings have been held with representatives of the mortgage financing institutions, and they are prepared to do their part as well in putting the plan into effect. In view of the pressing necessity, I urge all hon. members to act as expeditiously as possible on this bill and on this plan.

At the same time the mortgage renewal plan was announced, the government declared its intention to take some action on behalf of people who rent their homes. The Minister of Finance included approximately $350 million for housing for the next two years, part of which is in his budget to finance the Canada rental supply plan, a rental construction stimulus program which would make available interest-free loans of up to $7,500 per year to stimulate the construction of 15,000 units of affordable rental accommodation in parts of the country where it is scarce. These loans, of course, would be in addition to the assistance provided under the regular non-profit and co-operative housing programs.

[*Translation*]

I then stated I would meet with the provincial ministers responsible for housing in order to discuss the details of implementing the new program. This has been done and I am generally satisfied with the way this initiative has been accepted.

In the course of these discussions, I emphasized that housing is a responsibility that should be shared by all levels of government in Canada. Each province, in co-operation with the Canadian government, must make housing more accessible and, above all, ensure that local requirements and priorities are taken into consideration.

It is my pleasure, to mention that a number of provinces acted on the federal initiative and are now developing programs that can complement the Canada Rental Supply Plan.

[*English*]

The federal government's initiative, combined with ongoing social housing programs, has been welcomed as a contribution to a very serious problem. I have given the assurance that the available resources may be reallocated during the year if it is found that one region is not taking up all of the assistance which was designated for its use and that there is an urgent need in other areas.

The fact is that, without government support, the construction of rental accommodation in this country is simply not a viable business. In many cases, the rents that can be charged do not allow for a marginal profit. Sooner or later the market will have to be allowed to adjust and to find its normal balance. Our policy with regard to rental accommodation has been to help achieve a smooth transition to a more normal state of affairs and to see that no one suffers in the interim. We are doing that by helping to stimulate increased production of good, affordable rental units and, at the same time, providing assistance to low-income people, including native

people, the elderly, the handicapped and others who are not able to meet their needs in the market.

The fact that the Minister of Finance agreed to make the MURB tax provisions available until the end of 1981, as we know, gave rental production a real spurt in the last few months—

Some hon. Members: Oh, oh!

Mr. Cosgrove: —of 1981, and I expect that momentum will carry into the spring months. At that time, the Canada rental supply plan will be taking effect and will provide the steam needed to keep production going.

I would like to add that these 15,000 new units would mean not only affordable homes for 15,000 more families, but also an estimated 35,000 additional jobs for people involved in the construction industry and associated businesses.

An hon. Member: That's performance!

Some hon. Members: Oh, oh!

Mr. Cosgrove: The legislation we are talking about today will give us an additional stimulus to rental construction which is over and above these 15,000 units. It will do this by giving CMHC the flexibility to adjust its mortgage insurance premiums, and the corporation will thus then be in a position to raise its loan value ratio to a much more attractive level without jeopardizing the mortgage insurance fund. In other words, the corporation will be in a position to insure mortgages which represent a substantially higher proportion of the total cost of the project, thus permitting the entrepreneur to launch the project without having to put up a prohibitive amount of his own money.

The amendments as well will permit CMHC to be more helpful to home owners, particularly young families buying their first house. The problem is related, of course, to high mortgage interest rates, and high mortgage interest rates are part of our battle to reduce inflation and, of course, to restore healthy economic growth. But the problem is also in the mortgages themselves. The conventional mortgage, which served us very well over the last 30-odd years, just does not work in a time of high or volatile interest rates.

Mrs. Mitchell: Why don't you keep interest rates under control, then? Do something about that.

Mr. Cosgrove: Lenders are reducing the term to a year or even six months to avoid getting locked in to what may turn out to be an unprofitable rate of interest. Unfortunately, this uncertainty about trends in interest rates falls most heavily on home owners and entrepreneurs who want to borrow money to construct rental accommodation. They have no assurance from year to year, or possibly even month to month, that they will be able to afford the new monthly payments.

Mr. Ittinuar: Tell Allan MacEachen.

Mr. Cosgrove: What we need are new kinds of mortgage instruments, arrangements which will do away with some of the uncertainty. There are a number of them around, such as variable rate mortgages, equity participation mortgages and shared appreciation mortgages.

Mr. Ittinuar: Maybe a new type of government!

Mr. Cosgrove: Some of them may very well help solve the problems of first-time purchasers. We would like these families to have the opportunity to use them, if they wish.

The government would like to help facilitate the introduction of these alternatives. The legislation now before the House will give CMHC more flexibility in premium setting and will allow us to do that.

CMHC has always had an important role, as the agent of the government, in the field of housing. At the same time, as a business corporation it administers the mortgage insurance fund on the government's behalf as a way of ensuring that there is always an adequate supply of mortgage money for people who need it.

When the fund was set up in 1954, it was intended to be self-financing. Premiums were set at a level which would be enough to offset claims which could be reasonably expected. In fact, until the late 1970s it worked pretty much in that way. In recent years, however, claims against the fund sharply increased, mainly because of the high proportion of defaults under the assisted home ownership and assisted rental programs, AHOP and ARP.

Mr. Ittinuar: "No hope", not "AHOP"!

Mr. Cosgrove: This unprecedented rise in claims created a liquidity problem for the fund and a substantial sum had to be borrowed from the government to restore the fund's cash flow.

In addition to the liquidity problem, there was a question about the fund's solvency. The problem lies essentially with the fact that the premium which was set by the corporation and the premium which it, in turn, may charge for mortgage insurance is set out in the National Housing Act and cannot be adjusted except by an act of Parliament. Premiums for insuring mortgages under the two programs I announced were limited by the statute to 1 per cent. Actuaries estimate that, in order to prevent a serious drain on the fund, it would have been necessary to set the premium for these mortgages at more than 8 per cent.

Again, the solution to this situation is in the bill now before us. It would allow the corporation to adjust mortgage insurance premiums and set them at a level which would be appropriate for the risk and sufficient to cover the cost and expense of doing business. In short, CMHC would have the same flexibility with regard to premiums as a private insurer. This arrangement would allow CMHC to insure new, innovative mortgage instruments which it could not cover under the fixed-premium system. It will also permit the corporation to set premiums at a level which will allow it to insure mortgages for rental properties at a loan-to-value ratio that will be more

attractive to entrepreneurs. Both of these features go hand in hand, the provision which permits a loan-to-value ratio and the $7,500 per unit interest-free loan.

● (1550)

Another difficulty with the fund has to do with the costs of running the business; underwriting costs, the cost of generating new business, inspections and appraisals, and so on. The application fee charged has never been adequate to cover these costs and the shortfall has been covered by CMHC out of other revenues. The bill will correct the situation by permitting the corporation to charge application fees appropriate to the costs and by providing that the fund be operated on a self-sustaining basis.

Another restriction on the corporation has to do with the reserve fund. At the outset it was specified that the reserve fund should never exceed $5 million. That limit was reached, of course, very early in the history of the corporation. Since then it has not been allowed to engage in the customary business practice of setting aside surpluses in good years to provide for future deficiencies. The bill would rectify that situation by providing that the limit on the reserve fund would be established by order in council rather than by legislation.

The fund's difficulties have been compounded by the constraints set out in the NHA regarding the settlement of claims. This is another very important area that I would stress to all hon. members. It is a cost to the Government of Canada through Canada Mortgage and Housing which is unnecessary, one which can be remedied by supporting the legislation before us today.

The law requires that claims must be settled after the property is transferred to the fund. This means that CMHC cannot negotiate some other settlement that does not involve its acquiring the property, for instance by the lender exercising the power of sale. These restrictions are unnecessary. The cumulative effect is a significant unnecessary cost to the corporation and to taxpayers generally.

These changes will mean that more foreclosures and defaults will be avoided. It will also mean that the fund will not always be obliged to acquire property, as I indicated, depleting its liquid assets and incurring unnecessary costs.

These are some of the ways in which CMHC would become more flexible in responding to changing conditions, more businesslike in its operations and, I believe, more effective in helping to improve the housing situation in Canada.

I do not suggest that the bill now before us will solve all of our housing problems. As a matter of fact, I propose to bring before the House very shortly another bill which will make significant improvements in the program which serves the housing needs of native Canadians and low-income people in rural areas.

During the Christmas break and early in the new year, I had the opportunity to meet with representatives of native organizations, both nationally and provincially. I prepared submissions to my cabinet colleagues. As I indicated, that matter will presently be before the government for consideration. My hope is that it will follow shortly upon this legislation. Indeed, there is a possibility that it might be part of this legislation.

All of the government's social housing programs have recently been the subject of a very thorough evaluation and I believe there will be other important changes. For example, members opposite and myself have asked about the role of the shelter allowance, a device used by other jurisdictions. It is something we have not to this point implemented in Canada. The Minister of Finance indicated that the resources for such a program, which would be costly, have to be considered.

All of these initiatives that I have indicated—the priority I place on the rural native program, the study and the prospect of a shelter allowance—will come forward. In the meantime, the legislation before us today will create the opportunity to take some urgently needed action affecting the supply of rental accommodation throughout Canada and the accessibility of home ownership, especially for young families who are not well served by our conventional mortgage arrangements.

In conclusion, I note that the housing minister of the province of British Columbia has asked that I meet with him and other housing ministers to discuss a wide range of subjects. My feeling is that it is time for action rather than further discussion. That is why we have this legislation before us today which will achieve the objectives I have set out. I would find it very encouraging if that minister and other ministers in the provincial jurisdictions would join with action, funds and specific programs to address the problem of housing in Canada.

Hon. James A. McGrath (St. John's East): Mr. Speaker, this is a very important debate. I would like to be able to say that this is a very important bill, but we have very strong reservations about what the government proposes. Certainly we can support the principle of the bill, but we are concerned that it does not go far enough. Indeed, it does not even represent band-aid treatment for a critical housing problem facing this country today.

It is interesting that the minister should open on a positive note wherein he referred to the tri-level of responsibility in the area of housing. He said, and I wrote down his words, "the responsibility should be shared with all levels of government." I thought he would develop that theme throughout his speech, but he did not. Indeed, he ended his speech by saying that he refuses to meet with the ministers responsible for housing to discuss just exactly the course of action the government has embarked upon.

That is difficult for me to understand. One can only assume by that statement that the provincial ministers have had no input whatsoever into this legislation. Indeed, I suppose the minister has not even taken them into his confidence in terms of discussing with them the provisions of the bill. So much for developing the concept of the need for co-operation, bearing in mind the fact that the responsibility for housing in this country is shared with three levels of government.

It is not difficult for us to support the provisions to put Canada Mortgage and Housing Corporation on a stronger and more businesslike basis, although I will say that we intend, when the bill gets before the committee, to examine the bill in greater detail and question the officials from CMHC on these particular provisions. However, we must take advantage of this opportunity to zero in on what the legislation proposes to do to bring some measure of relief to the housing crisis facing this country today.

● (1600)

The Minister of Public Works responsible for housing (Mr. Cosgrove) is a member who comes to the House with a measure of experience in one of the three levels of government. He was the mayor of his city for some time and was a member of the metropolitan Toronto council. During the short period that I have had the responsibility of being housing critic, I have come to know the minister. I may say that I have great respect for him because he is a decent and honest man. I believe that he has been given a bum rap in having to bring this bill forward. What we have in this legislation is the embodiment of the inadequate measures which are contained in the budget of the Minister of Finance (Mr. MacEachen) to deal with the drastic housing crisis which faces Canada today. This legislation is an attempt to deal with the expectations which have been generated in the minds of the Canadian people by the minister responsible for housing when he told them to wait for the budget—expectations which have gone unfulfilled.

It is interesting to note as we commence second reading of this bill today that it coincides with the release of the seasonally adjusted housing starts for January. These starts show a drop of 18 per cent from the previous month of December, down to 148,700 starts. This provides me the opportunity to comment on what the minister said a few minutes ago with respect to MURBs. The reason for the surge in housing starts during November and December was due to a last minute effort to cash in on the MURB program which was to be terminated by the Minister of Finance in his budget. I will have more to say about that in a few moments.

It also coincides with today's release of a letter which was the subject of question period today. It was a letter from ten Liberal Members of Parliament, including two cabinet ministers, which was released with a communiqué. I will read the communiqué:

Mr. Roy: En français.

Mr. McGrath: I will let the hon. member read it "en français". I look forward to hearing him participate in the debate and defending the views put forward by his ten hon. friends.

Mr. Roy: I put my name on the list.

Miss MacDonald: Good for you.

Mr. McGrath: The communiqué read as follows:

Following two meetings of their regional Caucus, the Members of Parliament for the Central-Eastern part of Montreal have released today a letter to the Prime Minister asking Mr. Trudeau to immediately initiate measures to fight unemployment.

The ten Members of Parliament have suggested two new programs to create jobs in certain specific sectors of the economy.

The first proposal calls for the stimulation of the housing construction industry because of its well known spinoff effects.

I will continue to quote:

The program would also help to make up for the deficit of some 50,000 housing units suffered by Canada in 1981.

Of course, that is a very conservative estimate.

As a second measure, the group suggests a program to help business hire more youths under age 25, as this group is the most severely affected by unemployment.

They then conclude by saying:

These MPs are also convinced that these measures must be adopted right now as they cannot wait for the results of a long-term economic policy which they otherwise consider sound and realistic.

That letter is signed by the hon. member for Saint-Léonard-Anjou who happens to be Minister of National Health and Welfare (Miss Bégin), the hon. member for Hochelaga-Maisonneuve (Mr. Joyal) who is the Minister of State from Quebec, as well as the hon. member for Laurier (Mr. Berger), the hon. member for Montreal-Mercier (Mrs Hervieux-Payette), the hon. member for Rosemont (Mr. Lachance), the hon. member for Gamelin (Mr. Portelance), the hon. member for Saint-Jacques (Mr. Guilbault), the hon. member for Saint-Michel (Mrs. Killens), the hon. member for Montreal-Sainte-Marie (Mr. Malépart), and the hon. member for Bourassa (Mr. Rossi).

Miss MacDonald: They all did it after seeing the minister's bill.

Mr. McGrath: Interestingly enough, Mr. Speaker, they made their representations to the Prime Minister (Mr. Trudeau) after the bill had received first reading and before second reading debate on the bill in the House. It makes one wonder why it was necessary for a senior member of the cabinet and the most junior member of the cabinet, although he is very well respected, to communicate with the government in this way when they are members of that same government. I find that intriguing. I suspect there is more to it than meets the eye. Perhaps we are seeing the beginning of a little game to attempt to get the minister responsible for housing and the Minister of Finance off the hook. Perhaps we may see, even before this debate is finished, a magnanimous gesture on the part of the Minister of Finance and the minister responsible for housing to bring in further amendments which would go considerably beyond the measly provisions in the budget. Perhaps that is their objective.

Knowing the Minister of National Health and Welfare, a senior and experienced member of the House, and knowing the Minister of State, a very respected and competent member of the House, I suspect there is a great deal more to this than what is contained in the communiqué. It is interesting that the

Minister of Public Works responsible for housing made no reference to it. Before this debate is over I suspect we will hear more, probably a great deal more, about the letter.

One thing this letter does implicitly is to suggest there are inadequacies in this measure which is now before the House. This measure will do nothing to address the deficit in housing starts we will be facing in this current year. If nothing else, those ten hon. members have done a service by underlining that fact. To my recollection, there is no similar precedent to this happening in the past 20 years, where a minister of the Crown would publicly comment and criticize a bill on the very day that second reading debate is to commence. As I say, Mr. Speaker, I suspect there is a great deal more to it than meets the eye.

In order to put this monumental problem of the housing crisis in perspective—a crisis which is unprecedented since the Second World War when Canada Mortgage and Housing had to become directly involved in the housing construction industry to satisfy the needs of returning veterans—we should go back a decade to review the report of the Hellyer task force. For those hon. members who may not recall, Paul Hellyer was the deputy prime minister, minister of transport and minister responsible for housing. He felt so strongly about the housing problem and where it was headed that he put together a task force over which he presided and went across Canada to hold public hearings. He introduced a report with recommendations and a declaration of principles. It should be remembered that the executive assistant to the then minister of transport was none other than the present Minister of Employment and Immigration (Mr. Axworthy), who I suspect played a large role in writing the report.

I would like to quote one or two points from this declaration of principles contained in the recommendations of ten years ago. They are as follows:

1. Housing and urban development are an urgent priority for the people of Canada and must be treated as such by their elected representatives at all levels.

2. Every Canadian should be entitled to clean, warm shelter as a matter of basic human right.

● (1610)

3. While it will take some time to realize this goal, a concerted effort is required by all concerned—governments and the private sector—in the years immediately ahead. A minimum objective must be to produce one million additional housing units within the next five years.

If the government of the day had taken the report of that task force seriously and implemented the recommendations of that task force—and we have the same Prime Minister and essentially the same government—we would not be facing the monumental problems in housing that we have today.

What happened? The recommendations received such a negative response from the Prime Minister and the members of the government that shortly after the presentation of the report the man who held the second highest elective office in the country, the deputy prime minister of Canada and the minister responsible for housing, saw fit to resign from the cabinet over the failure of the government to respond to the recommendations of the task force.

The present minister responsible for housing has not been a member of this House for very long, although he comes here with the experience of his municipal background, and I know from the pronouncements he made prior to the budget that he expected a great deal more from the government. All we have to do is read from that famous leaked document of October, a presentation made to the cabinet over the signature of the Minister of Public Works who is minister responsible for housing, wherein he identified the seriousness of the problem. One would have expected, consistent with what the Hon. Paul Hellyer did, that when the government failed to act on the advice contained in that document to respond to the alarm expressed in that document, the Minister of Public Works, who as I say is the minister responsible for housing, would have resigned from the cabinet.

Mr. Cosgrove: Have you read the Matthews report?

Mr. McGrath: If the government does not change its disastrous course, perhaps it will come to pass that the Minister of Public Works will have no choice but to do the honourable thing and resign from this government and divorce himself from the disastrous policies of the Minister of Finance which he now has to carry on his back.

Let us take a look at that leaked document. Although it has been quoted in this House, it bears repetition because of its relevance to the bill now before the House and the failure of the government to respond. The document dealt with the implications of the current level of mortgage rates in the housing sector and the impact of prolonged high interest rates. The leaked document states at page 7:

Over the next two years approximately 1.2 million households will be renewing their mortgage. Most of those renewing will be able to do so although the adjustment will be painful. For those households house payments will increase but they will still be paying less than 30 per cent of income for mortgage debt service and taxes.

It then goes on to say:

An estimated 30,000 to 40,000 households cannot even take the steps to help themselves and retain their home. They would have to pay well over 30 per cent of household income for principal, interest and taxes. For these households the situation is one of hardship. Their choices are to pay a very large proportion of their income to retain their home, try to sell their home, or just walk away and face foreclosure.

We know that the proposals contained in this bill will affect only about 12,000 households in Canada out of approximately 900,000 which will be renewing. It barely addresses the problem, and those who are in "dire straits"—a term used by the Prime Minister in addressing what the government intended to do; he suggested it would help those in dire straits—can look forward to a one-time payment. Yet we are told that mortgage interest rates are on the way back up again after falling from the high of 21.4 per cent of last September. We are told they are on their way back up again and will again reach 20 per cent this year.

The problem of lack of housing can best be described in terms of availability and affordability. Let me deal with availability for a moment. On Friday, February 5, CMHC reported that housing starts fell to the seasonally adjusted

annual rate of 148,000 units in the month of January. That is a substantial drop of 18 per cent from the month of December. Actual housing starts in urban areas numbered 10,349, up 26 per cent from the comparable number of January, 1981. CMHC showed that housing starts were down sharply from the month before. I have already referred to the fact that the surge in December and November can be directly attributed to the desire to cash in on the MURB program before it was phased out by the Minister of Finance in his budget. Starts on single detached units in urban areas were down 59 per cent for the year, and most of the multiple unit starts were apparently the result of this surge. CMHC states that we need to produce an average of 220,000 new housing units each year between 1981 and 1986 to meet our requirements.

Let us take a closer look at these CMHC figures because they project requirements to the end of the century. In terms of requirements, in the five-year period from 1976 to 1981 the requirement was 222,000 starts per year in rental and home ownership accommodation. From 1981 to 1986 the requirement is 210,000. From 1986 to 1991 the requirement is 181,000, a gradual decline as demand drops off. However, the key, critical period is from 1981 to 1986, which this bill fails to address, because if we look at requirements and actual housing starts, we find that therein lies the true story. For example, there were 178,000 starts in the year just past, 1981, whereas the actual requirement was 222,000. That, of course, speaks to the deficit referred to in the letter from the two ministers and the eight hon. members. We shall be having much more to say about these statistics in terms of requirements and in terms of the failure of the government to meet the need which was foreseen by the Hon. Paul Hellyer at the time he brought in the report of his task force.

In terms of the question of availability and housing inventory, I would like to go back and quote from the minister's document at page 19 as follows:

> The present level of interest rates renders rental investment uneconomic across the country. The average metropolitan area rent of $400 quoted in this document compares with average investor carrying costs of $750 on the mortgage and property tax for a newly constructed unit with a 30 per cent down payment.

Then he went on to say:

> Rental investment will thus dry up in most markets. Even when vacancy rates have dropped to zero there will be no new building until there is a better correspondence between investor costs and market rents for new units. This correspondence will only be achieved after a period during which waiting lists prevail and tenants have little choice of accommodation. Vacancy rates in most markets will approach zero by 1983.

● (1620)

At the rate we are going, Mr. Speaker, we will approach zero vacancy rates in most of the major metropolitan areas of the country before the present year is out. Indeed, we have almost arrived at that particular unhappy situation in metropolitan Toronto. Indeed, it was reached in the city of Oshawa before the end of the year. If you look at the situation across the country, starting from Vancouver and going east to Halifax, to St. John's, Newfoundland, the situation is no better.

Yet what is the response of the government, with the shortfall in rental accommodation? Let us take a look at what they did. They cancelled the MURB program, which was responsible for 25,000 starts last year, and replaced it by a measure contained in this bill, whereby 15,000 units will be eligible for an interest-free loan of $7,500. That means, of course, 10,000 fewer starts this year in rental units.

On top of that, Mr. Speaker, if you examine the budget in terms of social housing, there is a net reduction, down to 25,000 social housing units from the 30,000 starts we had last year. That is a net reduction of 5,000. That is to say, there is a net reduction of 15,000 starts in rental units as a result of this budget.

All we are doing with the $7,500 interest-free loans for the 15,000 units to be spread across the country is making up for that shortfall. The CMHC document itself makes the point, and it is a prediction that is well on the way to being realized, that there will be no new rental units started in Canada this year other than those that are publicly assisted. The reason for that is very simple. Given the interest rate situation in the country today, there has to be a greater correspondence between starts and rental income for housing units in order to make them economically viable.

For example, if an investor has to achieve a return of $750 a month on a one-bedroom apartment in order to meet his interest payments and property tax, then obviously he is stuck; because—and here I give full credit to the minister; he made reference to this when he met with his provincial counterparts—that same apartment today, if you take any of the large metropolitan areas of the country, would rent for about $450. That is because of rent controls.

I believe we have to start thinking seriously in terms of rent control. I agree with the minister that if you are going to allow the market forces to work you have to take a look at the kind of impact that rent controls have on the marketplace. If you accept that, obviously it follows that you have to do something to make up for those who cannot afford to pay the market price.

I was sorry to hear the minister dismiss out of hand the question of shelter allowance. I believe that is the way we should be approaching it; we should have a policy of shelter allowance.

An hon. Member: Without rent controls.

Mr. McGrath: We should have a policy of shelter allowances in order to allow the market to operate, so that we can start building rental units in this country. Otherwise we will have a situation—which again was predicted by the minister in his document—whereby we will have a black market situation in Canada, which would lead to key money and all sorts of dreadful things.

We know what key money is. Key money occurs in a black market situation. There was the black market situation that developed during the Second World War, whereby you had to bribe the superintendent of an apartment building. If there

was a vacant apartment in that building, you bribed him to let you have a look at the apartment; and if you wanted to rent the apartment you had to give him a bribe for every month you were renting. That is key money.

Many people will be faced with the prospect—predicted by the minister in his document to his cabinet colleagues—of not being able to find rental accommodation and consequently having to double up with their parents and with their friends. What a desperate situation! What a desperate situation we are in in this country today!

This bill, Mr. Speaker, does not come anywhere close to addressing the need. The 15,000 units that will be scattered across the country which will qualify for the interest-free loan of $7,500 would barely satisfy the demand in metropolitan Vancouver. We are told that it would barely satisfy the demand in the city of Calgary. We have the elimination of the MURB program, and what do we get in its place? We get 15,000 units that will be the subject of the $7,500 interest-free loans.

The situation is desperate, Mr. Speaker, and it is getting worse. In 1979, apartment starts were only 58,000; in 1980, apartment starts dropped another 10,000 units, for a total of 48,000; last year, in 1981, apartment starts were approximately 52,000 units. Since 1978, apartment starts have fallen short of apartment requirements by 77,000 units, or a full year's requirements. This shortfall in apartment starts is occurring at a time when apartment vacancy rates are rapidly reaching the zero mark, as I have already indicated.

These are astonishing facts, Mr. Speaker, at a time when apartment vacancy rates are continuing to drop, we are seeing apartment starts continually falling behind our requirements.

To repeat what the minister said in his document, we are rapidly approaching a zero vacancy rate across the country. It is 0.4 per cent in the City of Toronto, in the last figures released from CMHC; in the City of Oshawa; we are already down to 0.0 per cent; and it is 0.2 per cent in Vancouver, and so on.

Let me speak for a moment about the question of affordability, because it is related. If you cannot find an apartment and if you cannot afford to buy a house, what do you do? Where do you go; where do you look for shelter? You double up, if you are not affluent enough to be able to afford the black market?

Let us look at the housing situation in 1965. In 1965, when most families in Canada had only one income, one in two families could afford to buy a home and carry the mortgage for 30 per cent of the family income. In 1965, the average Canadian wage earner was making about $5,000 per year, according to Statistics Canada. In that year mortgage interest rates were about 7 per cent, according to Bank of Canada figures. A three-bedroom bungalow in 1965 could be purchased for between $16,000 and $18,000. That three-bedroom bungalow was a new bungalow. Resold homes could be purchased for less.

In 1981, the situation was drastically different for Canadians wanting to purchase their own homes. In 1981, the average Canadian industrial wage was $18,468 a year. Mortgage interest rates have fluctuated from 15.17 per cent in January, 1981 to a high of 21.6 per cent in October, and are currently hovering around 18 per cent; and we are told by all of the market analysts that they will go to 20 per cent before this year is out. In 1981, the same three-bedroom bungalow, which could be purchased for $16,000 in 1965, cost about $74,000 to purchase on resale or $100,000 to build new. Between 1965 and 1981 the price of that bungalow rose by approximately 600 per cent. The concomitant increase in wages during that time does not even come close; wages between 1965 and 1981 rose by about 300 per cent. Of course, the implication is obvious—to own a home has become an impossible dream. As well, between 1965 and 1981 mortgage interest rates rose by about 300 per cent.

• (1630)

Let me take a look at the government's response in the November budget. The government proposed to provide $50 million in 1982 in the form of relief to home owners faced with mortgage renewals and the added burden of increased fuel costs. We should not forget increased fuel costs. The government came up with a mortgage interest deferral plan, but in 1982 close to 900,000 Canadians will have to renew their mortgages. As I have indicated, barely 2 per cent of that 900,000 will qualify for assistance. If a person is one of the unlucky ones who had to renew before September when mortgage interest rates were 21 per cent, he or she is out of luck and does not qualify.

The government's response with a mortgage renewal plan will put home owners further into debt because the program only allows people to defer interest payments. It is interesting to refer to the minister's document in respect of what he thought of the option of interest deferral payments. It reads:

> Options such as interest deferral and lengthened amortization periods appear unlikely to be able to resolve the difficulties faced by all households renewing their mortgages.

What a pity the minister did not see fit to follow that advice!

Mr. Cosgrove: It is called "the grants provision" of the program.

Mr. McGrath: When the bill goes before committee, we will have an opportunity to examine the minister on his proposals. He did not tell us much in the 25-minute speech he made to the House. Obviously we will have to wait until the bill gets to committee. The minister could have brought in or carried on with the mortgage interest and property tax credit program which would have meant $1,500 to the average mortgage holder this year.

The energy fuel tax credit program which would have addressed the rising cost of home heating could have been continued in the budget. The government could have brought in a proposal for shelter allowance which would have made it easier for provinces to lift rent controls. It is not enough for the

minister to tell us that shelter allowances are too expensive. Unless there is some form of shelter allowance which will allow the lifting or easing of rent controls, I see no relief in sight, because the market will not have a chance or be allowed to function. With the elimination of MURBs there is no investment incentive left. Unfortunately the prediction of the minister in his document that the only rental units which will be built in Canada in 1982 will be those that will receive government assistance is all too true.

The minister said that he hoped the debate would be a short one because he was anxious to get the bill passed. I can understand why he would want a short debate, but surely he must realize the depth of the feeling in the country. All he has to do is look at the letter of his own colleagues to the Prime Minister to have some feeling of how deeply the situation runs in the country. I look forward to the ten hon. members on the other side who signed that letter standing in their places and expanding on their remarks. This is the time and place to do it, in this debate, not by way of a letter to the Prime Minister which is released in a communiqué on the day the bill comes before the House for second reading. I hope they will participate in the debate, as many of us will and have to, because it is our responsibility to bring home to the government the desperate need in the country which, unfortunately, is not being addressed by the budget and is being totally ignored by the bill.

Mrs. Margaret Mitchell (Vancouver East): Mr. Speaker, every Member of Parliament is well aware of the housing crisis which affects many of his or her constituents. The cost of rents or mortgages is consuming half the incomes of families. Additional housing units are not being constructed, as my colleagues have pointed out, to meet the needs of young people who have reached child-rearing years but must remain childless. Those houses which are being built are so costly that even middle-income professional families cannot afford them. Workers are moving westward looking for jobs. In places such as Vancouver, thousands of immigrants who have come to the country recently are competing with them in an attempt to find places in which to live. One million poor people, many of whom are single-parent families and elderly pensioners, need decent shelter. In most of our large cities today we are displacing them from inner city areas with new development and white painting, yet no public housing is being built. Housing conditions on Indian reserves are a national disgrace.

These are only some of the reasons we in this party feel that major amendments to the National Housing Act are required. In preparing to speak on the bill, I reviewed the history leading up to the present housing crisis in Canada and indeed the history of the Canada Mortgage and Housing Corporation. The more I researched, the angrier I became. I have concluded that the disastrous housing situation which is hurting so many Canadians did not just happen. It is not only a result of unavoidable economic trends; it is directly attributable to deliberate federal government policy. The facts show that the Liberal government has created, nurtured and even exploited housing problems of Canadians.

Bill C-89 is the latest step of the Liberal government to divest itself of direct responsibility for housing, at the very time when the housing crisis is the worst in Canada's history. It is another sell-out following a whole series of CMHC cutbacks over the past five years, cutbacks aimed at removing government from all public responsibility for housing. This policy denies the rights of Canadians to decent, affordable housing, a right which we feel should have been enshrined in the Charter of Rights and Freedoms.

A review of historical facts shows that the federal government itself is the villain. It is not just the economy, it is the federal government. The Liberals could have and should have planned for housing needs and continued their direct mortgage policies which were so successful in the 1940s, 1950s and 1960s. Instead, they decided to move out of the areas of direct responsibility for mortgages and for housing programs and to leave them to the private sector. They must have taken lessons from the Tories.

Therefore, the government has not only been negligent or ignored the increasing housing problems of a growing, aging and migrating population, but surely it has not been unaware of the terrific escalation in housing costs. We have challenged the government every day in the House about housing costs faced by renters and home owners alike, costs which are destroying families. An analysis of the budget of CMHC over the past five years proves beyond a doubt that this was a deliberate Liberal policy. The government itself is responsible for the housing crisis in Canada. We on this side of the House accuse the government of committing a crime against the people of our country.

• (1640)

The CMHC budget has been reduced substantially over the past five years, years of mounting housing crises. The over-all CMHC budget was reduced from $1.8 billion in 1976 to $392 million in 1981. That is a drastic reduction. This reduction was made during the very period when times were getting tough and costs were escalating. Yet CMHC was cutting back. The cutback had a direct impact on housing starts over that period. Housing starts dropped from over 245,000 to under 180,000. As my colleague from St. John's East (Mr. McGrath) has pointed out, housing starts are dropping even more dramatically today.

Between 1976 and 1981 the federal government reduced substantially every type of housing assistance, except in one area, that being rehabilitation housing. Money for rental housing was reduced from $100 million to zero. Imagine no money allocated to rental housing. The amount of money for non-profit housing was reduced from $286.5 million to a mere $1 million. Money for co-op housing was reduced from $51 million to only $800,000. The amount for public housing was reduced from $268 million to $33 million. The only people who have any right to have public housing are Pierre Elliott Trudeau and his sidekick, Joe Clark.

The budget for rehabilitation of old housing was increased, although 100,000 victims of urea formaldehyde foam insulated

houses, of course, have not been included in these rehab programs.

Mr. Kristiansen: Trudeau will lose his house, too.

Mrs. Mitchell: Let's hope so, and Joe Clark as well.

The budget for native and rural housing, which should have been expanded as a top priority, was reduced from $178 million to $115 million. Native and rural housing should have been top priority for this government. The condition of native housing, as my colleagues here can substantiate, is one of our greatest national problems.

Finally, the budget for community service programs, to which one of my colleagues will speak next, was reduced for municipalities from just over $434 million to a mere $25 million. Now we know that both the community service grant program and the neighbourhood improvement program have been cancelled altogether.

These figures reflect the fact that the federal government's policy has been to withdraw from direct housing assistance programs. This decision was made over a time when there was the most urgent need in our history for increased, not diminished, involvement in every federal program.

We have a government that ignored the increasing need for a steady supply of rental housing in most urban centres, private, non-profit and public housing. It has deprived municipalities and native communities of essential funds for land banking, for housing infrastructure, servicing of land and for neighbourhood improvements. This is particularly important for older communities in Canada. The government has been of very little help to the private housing sector as well, as my colleague from the Progressive Conservative Party has just documented.

On top of CMHC cutbacks, and over the same period, the government adopted a high interest rate monetary policy, which policy is completely destroying the home ownership dream in Canada.

It is necessary to have an overview of housing conditions as a basis for evaluating the principles of Bill C-89. First, let me deal with home ownership. Housing starts over the past three years have averaged an all-time low of 177,000. New houses have been built but they are so costly they are out of the reach of most Canadians regardless of income. Monthly house payments now consume between 50 per cent and 80 per cent of an average family's income. It takes not just two but three family wage earners in most communities to pay off a mortgage now.

In 1980 an average home in Vancouver cost $100,000; $94,000 in Calgary; $75,000 in Toronto; $51,000 in Montreal and Halifax; and $41,000 in St. John's where prices are rising rapidly. By 1981, within just one year, the over-all national average for a modest home was up to $109,000. In Vancouver, the average house price rose to $165,000. Speculators flipped houses making thousands of dollars overnight. When average prices dropped in the late fall to about $130,000, many could not afford to pay the mortgage renewals and had to consider selling. Of course, by then the market had dropped out of housing sales and people could not sell without facing severe losses. Meanwhile, in Toronto, prices escalated to $104,000. This was an increase of 35.2 per cent over 1980 prices. I mention both Vancouver and Toronto as examples because I am sure we all realize that the trends experienced in those two cities could hit every major urban centre in Canada. This boom or bust real estate market in Canada which has made many people homeless was encouraged by the lack of government spending, the lack of controls on speculation and the general encouragement of the myth that home ownership is the best hedge against inflation. There is nothing in Bill C-89 that will prevent such nightmares from continuing and spreading to the Atlantic provinces and to other regions as resource developments get under way.

As far as rental housing is concerned, Canada needs at least 100,000 new rental units a year. In 1980, when thousands of refugees were welcomed to Canada, only 48,000 apartments were being built to house Canadians as well as newcomers. In 1981, the number of apartments being built rose to 52,000. However, the minister himself predicts that there will be well under 40,000 new rental units constructed this year. We have a situation where 40 per cent of Canadians are tenants, many paying over 50 per cent of their incomes on rent. This trend will increase in the years ahead since home ownership is virtually impossible for most people.

Rent for a two-bedroom apartment in either Toronto or Vancouver costs an average now of $750 per month. Other cities' prices are not far behind. In most major cities there is simply no accommodation despite the price. We have said before in this House that we knew of people sleeping in cars and tents because they could not even get poor rental accommodation in Vancouver.

There are long waiting lists for apartments. People must double up. I suggest that the Conservative critic might like to double up with the minister responsible for CMHC inasmuch as they seem to have the same philosophy on some of these things.

Mr. Dinsdale: That would be the odd couple.

Mrs. Mitchell: People on fixed incomes have no hope of finding accommodation they can afford. Increasingly parents are having to continue supporting their adult children, children in their twenties and even close to the age of 30, because these young adults cannot find work nor can they afford to rent their own apartments.

In a confidential report to cabinet last fall, the minister admitted that the rental market was the first victim of our construction slowdown. This slowdown was caused by high interest rates despite the MURB tax write-offs which were the minister's giveaway to investors, which are now being extolled by the Tories. This report also predicted that no private rental starts would occur this year because of current interest rates. The minister cannot say he did not know about this situation. The situation was predicted in his own report, which we had to release to the public.

The rental situation will, of course, worsen in 1982. As the report indicates, a black market in rental units is within the realm of possibility. Minus zero vacancy rates and the doubling of average rents will also occur if controls are removed. They are being removed in the main because of the campaign by this minister.

● (1650)

If the rental situation is bad for average working people, how much worse is it for pensioners on fixed incomes, some of whom we met today here in Ottawa, and I will say more about that in a moment. How much worse is it for single parents struggling to raise a family on their own, for the disabled, for immigrants working for minimum wages, and for students struggling to get an education and who are lucky if they can find a very crowded basement room with consequently no chance of doing their studies.

So, Mr. Speaker, it is a truly desperate situation. To the existing one million poor people Canada is now adding every week thousands of laid-off workers. How can these people possibly afford rent or mortgage payments which are far in excess of 30 per cent of their income? They simply cannot. Who can on unemployment insurance or welfare? The minister responsible for CMHC obviously is not concerned about the rental problems of Canadians except, of course, from the point of view of the construction industry and wealthy people who want a tax rebate.

Responding to pressure from his HUDAC friends, he continues his campaign to persuade provinces to do away with rent controls. That I feel is immoral. How can this possibly help the rental situation? I mentioned earlier the pensioners we talked to today. One of them in Vancouver had his rent raised to $302 a month for a small one-bedroom apartment. Because that increase brought it out from under rent controls, within a few months his rent jumped to $492. This is the kind of thing that happens if you do not have rent controls. Of course, we need fair rent controls and help for landlords as well, although they can write off some of their costs on their income tax.

The hon. member for St. John's East extolled the virtue of shelter allowances. Obviously he has not read the report on this subject from the Canadian Council on Social Development which has serious questions about this. Unless there are rent controls and an adequate stock of housing at an affordable rent, how can the government afford shelter allowances which are going to subsidize rents of $750?

What has the government done about this disgraceful situation? Well, the poor minister should certainly be shamefaced to have to stand up in this House and announce he is going to provide 15,000 rental units this year when the need is for 100,000.

Mr. Cosgrove: Forty thousand.

Mrs. Mitchell: Forty thousand with non-profit housing. I am referring to private rental housing for the ordinary market. As we know, in the past most rental programs introduced by this government are really just a way of getting into the market, as they did with the MURB write-offs, and then they roll these over, turn them into condominiums, sell them off and the rental housing stock the government has been attempting to introduce is lost. This 15,000 units will do nothing to meet the demand for rental housing. The minister says they will be affordable. He has yet to prove that, so we will be interested to hear his explanation in committee. Bill C-89 and the government policies will do nothing to alleviate the worsening rental situation in Canada and this government must bear the responsibility.

The minister mentioned non-profit housing. This is the only program in Canada which ensures affordable housing at 30 per cent of a family income. It is a good program, we believe in it and would like to see it expanded.

I mentioned the one million poor who are most affected by this government's housing cutbacks and are the hardest hit by the housing crisis. Section 43, the public housing section, remains in the National Housing Act. I notice it is even being amended in this bill, but there is no budget allocation and public housing has not been built for many years in most provinces. Low-income housing built by non-profit societies does not even meet the needs of pensioners in most provinces. Of course, most provinces do not have provincial or municipal housing corporations. Our government is forcing on to the streets those least able to defend themselves.

Funds for non-profit, co-operative housing also must be expanded since this is the only affordable housing for average income and some low-income families today. Funds for tenants to purchase and rehabilitate older homes as a co-operative are also a very good move and a priority. We should have more funds for this. Co-operative communities consisting of mixed—pensioners, working people and low-income people—have been developed. This is a very successful concept in Canada and we would like to see more of it, but we need to have more emphasis on it by the government and a larger allocation of funds. We also, of course, need to have interest rates controlled and reduced so the allocated moneys will go further.

Some federal housing programs are an economic investment as well as a social asset. Land-leasing programs, which are very much needed, and government rental housing are permanent assets. They are not just giveaways, as are some of these tax write-offs for private housing. They are permanent assets which will retain housing stocks for future generations.

Major government investment in housing programs, including public, co-op and private units, would create thousands of much needed jobs during a time of high unemployment. We have proposed repeatedly that a $500 million housing investment fund be established immediately to produce extra housing units to meet the target of 220,000 units which CMHC says is needed each year. This would create some 92,000 extra jobs.

In the time remaining I would like to speak more directly to Bill C-89, and a great number of my colleagues want to speak

to this important bill in more detail. The intent of this legislation is clear. The federal government wants to be relieved of all direct responsibility for housing. This is a trend which started well over five years ago. CMHC is being privatized and divested of its public responsibility as a housing corporation which, until recently, has assumed a very important social housing function in Canada. This function was the only way to protect Canadians during times of crisis such as we are experiencing today.

The minister has repeatedly spouted his privatization line, most recently on November 25 when he said governments do not build houses—certainly this government does not build any—and that the dynamic force has been the private construction industry and financial institutions. I would like to suggest the minister check his facts more carefully, since over 50 per cent of the housing stock produced in Canada since 1945 has had direct or indirect CMHC involvement.

History also shows that in a housing crisis, such as the one after World War II, major government leadership is absolutely essential. We have such a crisis today—surely the minister realizes it—and the experience of the past year shows that the private market cannot and will not solve this crisis by itself. The equity principle, which the minister also has been referring to and as espoused by the Minister of Finance, requires government intervention. That is just common sense. How else can we build affordable housing for those in greatest need?

The amendments to the CMHC mortgage insurance scheme, which are the main aspects of Bill C-89, are prime examples of this government's privatization policy. The Conservatives, of course, should be very supportive of this bill, and the last speaker said he did support it very strongly in principle because, of course, this is their policy—privatize it, leave it to the private sector. And, of course, as far as the Tories are concerned, do away with CMHC altogether.

Mr. Cosgrove: Shame, shame!

Mrs. Mitchell: Well, you are doing just as good a job of doing away with it. The minister will be history pretty soon. The history of CMHC in the insurance—

• (1700)

Mr. Cosgrove: Good history, no doubt.

Mrs. Mitchell: —field is indeed a scenario of embarrassment. From assets of $631 million at the end of 1978, the insurance fund declined to $314 million in 1980. Just think! It lost about $300 million which could have gone into sensible housing.

Mr. McDermid: And the stupid AHOP program!

Mrs. Mitchell: You are right, brother. This high rate of insurance claims was a direct result of the Liberal government's ill-conceived AHOP and ARP housing programs, which resulted in mortgage defaults and landed CMHC with many unwanted properties and, of course, landed people without homes as well.

Bill C-89 is designed to avoid such embarrassments for the government in the future. How neat! Although the minister speaks of more flexibility as his reason for the proposed insurance changes, our research indicates that the impact of these changes will cause insurance costs to go substantially higher. Higher costs of premiums may be added to the higher interest rate charges which are facing home owners every time they must renew their mortgages. This is a trend which is already starting in the United States. The insurance change in the bill, as I understand it, will open this up in Canada.

The mortgage insurance amendments attempt to protect CMHC and private lenders from high-risk mortgage situations. Of course, it protects the corporations, and it protects their friends, the lenders, the banks.

Mr. Cosgrove: And the taxpayer.

Mrs. Mitchell: Not the taxpayers, Sir.

Mr. Cosgrove: Yes, the taxpayers.

Mrs. Mitchell: It protects them from situations which have been created by faulty government policies and programs such as AHOP, and the kind of programs with mortgage deferment types of arrangements, which are likely to continue.

One might be more sympathetic to this legislation if the proposed insurance amendments were to offer some protection for home owners. We would like to see this discussed in committee. Why should the home owners themselves not be protected against the high interest rate policy of this government? Then it might make some sense. However, it just protects, again, the people who are making the profits out of the whole mortgage scheme. As usual, only the banks and the financial institutions are protected from their risk and, of course, their profits are protected. I would like to remind the House that bank profits were up to $1.7 billion in 1981, which was a 30 per cent increase over profits in 1978. I mention this just in case hon. members have forgoten.

Mr. Cosgrove: Talk about CMHC losses.

Mrs. Mitchell: We also believe the government should require banks to provide a specific proportion of their lending portfolio for long-term mortgages.

Mr. McDermid: How long term?

Mrs. Mitchell: These policies should have been introduced in Bill C-89 and through the Bank Act. Another part of this bill refers to disposition of properties through CMHC. Bill C-89 attempts to relieve CMHC of the burden of acquiring properties. I have mentioned many home owners who received government assistance, some of whom are still in their homes, who simply cannot meet the mortgage interest charges, especially those which have increased as a result of mortgage renewals. As well as mortgage renewals, these home owners face inflated costs in every area of their lives.

In the past, CMHC sold off these reclaimed AHOP houses at below market value in some cases, and we have complained about this in the House.

Mr. McDermid: In most cases.

Mrs. Mitchell: Surely these houses should at least have been retained as rent-geared-to-income housing. Why did we sell them off? Why did we not make them available to people who needed them?

Mr. McDermid: What about the people who stayed there to make it work?

Mrs. Mitchell: We will let the hon. member speak next. Bill C-89 encourages lenders to do their own selling of defaulted houses in order to save CMHC from financial embarrassment.

Mr. Cosgrove: As well as the taxpayer.

Mrs. Mitchell: It does not help people to keep their homes. I would like to ask the minister, through Your Honour, to explain in committee whether or not this change to the insurance regulations will do anything at all to help people to keep their homes.

Mr. Cosgrove: Yes, it reduces their taxes.

Mrs. Mitchell: I would like to refer to mortgage renewal plans. I spoke at length on this subject, the whole question of mortgage interest deferral schemes, in my response to the budget last November. Since then, I have checked back with a number of the people I mentioned as being case examples. I have found, of course, that these people are in worse dire straits today, and they see no solution in deferring mortgage interest payments, which the government and the minister offered as their salvation, because they will only face the same situation, but with a much higher cost and a much higher lifetime debt, and they will be faced with losing their homes one year from now.

I have yet to find any one person, and I have deliberately asked, who will qualify for the government grants which have been offered to some of the poor people and the desperate, low-income home owners who have no equity in their homes.

Mr. Cosgrove: I will send you the 600.

Mrs. Mitchell: I do not think such people exist because surely very few people get into a home without putting something down.

Mr. Murphy: Joe Clark, Pierre Trudeau.

Mrs. Mitchell: That is right. That is a good point. The two leaders of the other parties would be the only ones to qualify.

I repeat my November statement with regard to the mortgage renewal plan which will be authorized in Bill C-89. Instead of lowering mortgage interest rates, the government will subsidize continuing high mortgage interest rates. Instead of requiring the banks to establish an affordable mortgage lending portfolio from their billion dollar profits, the government will guarantee mortgage deferral plans which will bring thousands more dollars to mortgagees, the lenders, while keeping home owners in permanent, lifetime debt. The Canada mortgage renewal program will be a program of guaranteed usury, therefore, sponsored and encouraged by this government.

Mr. Cosgrove: And the government of Manitoba.

Mrs. Mitchell: It will be no solution for the problems of home owners.

I want to conclude by reiterating a concern of the New Democratic Party that this bill is a further step to limit CMHC to an insurance function, further diminishing direct CMHC responsibility for housing programs and assistance which should be a top government priority. I therefore recommend that the government withdraw Bill C-89 or expand it to restructure and reform CMHC so that it will become a national housing corporation with real teeth and with the power and responsibility to do the following: to plan for housing needs on a long-term basis. Why should we not have a five-year plan for housing? We have it for defence. Why should we not have some of that defence money as well? To administer mortgages directly under controlled, long-term mortgage interest policy; to provide direct services to build and assist in the development of affordable rental housing and social housing; finally, to own and control housing assets and Crown land assets for housing to provide a permanent investment for the future.

The policy of this government, of Canada Mortgage and Housing, and of the Department of Public Works, for which this minister shares responsibility, is to sell off assets instead of trading them or going into land bank programs with municipalities which would enable us to retain land and lease it for affordable housing.

Finally, we request that a national housing investment fund of $500 million be immediately established to invest in the needed 220,000 new housing units, both private and public, which would provide an additional 92,000 jobs which are very much needed in the related construction and forestry industries in 1982.

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Ethier): Order. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Nepean-Carleton (Mr.

Baker)—Government of Canada—Transfer of Tourism Office from Ottawa to Yarmouth, N.S. (b) Advice tendered by Minister; the hon. member for York-Peel (Mr. Stevens)—The Economy—Query respecting matters considered when preparing budget—(b) Duration or recession; the hon. member for Hamilton-West (Mr. Hudecki)—Health—Request for vaccination program to combat red measles.

GOVERNMENT ORDERS

[*English*]

NATIONAL HOUSING ACT CANADA MORTGAGE AND HOUSING CORPORATION ACT

MEASURE TO AMEND

The House resumed consideration of the motion of the Minister of Public Works (Mr. Cosgrove) that Bill C-89, to amend the National Housing Act and the Canada Mortgage and Housing Corporation Act, be read the second time and referred to the Standing Committee on National Resources and Public Works.

Mr. Russell MacLellan (Parliamentary Secretary to Minister of Regional Economic Expansion): Mr. Speaker, in rising to take part in this debate, I would like to pay tribue to Canada Mortgage and Housing Corporation for the part it has played for more than 35 years in the development of mortgage financing in residential construction in this country.

CMHC introduced mortgage insurance in Canada in 1954 as a way of protecting mortgage insurers against loss, making mortgages more attractive as an investment, and as a way of making sure there was enough capital available for all of the housing which had to be built. In that year, 1954, the Bank Act was amended to allow the chartered banks to make mortgage loans. Until that time, the loans were available only from insurance companies and loan and trust companies.

• (1710)

The first year that CMHC offered mortgage insurance—and the corporation was alone in that field for quite a while, and certainly at that time—lending institutions approved $636 million in loans for new construction, an increase of 70 per cent over the previous year. In 1966 CMHC began insuring mortgages on existing houses as well as new construction. Nowadays with private insurers in the field, CMHC still insures nearly a third of all institutional lending for both new and existing housing.

The corporation now has $24 billion worth of mortgages insured. Its own mortgage portfolio amounts to almost $9 billion. It has played this role through the mechanism of mortgage insurance which, by enabling the introduction and use of the high ratio loan for both home ownership and rental

production, has contributed to our status among the best housed people in the world.

The legislation under which CMHC conducts its insurance business, the National Housing Act, was framed and evolved in an extended period of relatively stable growth and low inflation. That world, as we know, changed abruptly in the mid-seventies. With that change, our existing ways of financing housing no longer seemed to be appropriate.

In a time of high inflation and high interest rates, people with five-year level payment mortgages are forced to make very high payments in the early years of the mortgage. These initial high payments effectively block many young families from owning their own homes.

In the last few years interest rates have not only climbed, they have become very much more volatile as well. As a result, it is even more difficult for Canadians to buy homes. Mortgage terms have become shorter because lenders cannot attract longer-term funds. Borrowers, on the other hand, do not want to be stuck with a high rate mortgage if interest rates decline.

As we all know, many borrowers are in serious difficulty because they are suddenly faced with a sharp increase in payments on renewal. The Canada mortgage renewal plan, which this bill will authorize, will bring at least temporary relief to people who are in the most serious trouble. The most disturbing aspect of the situation, however, is the increase in uncertainty about the future of interest rates which affects both lenders and potential home buyers. This uncertainty dampens both the effective demand for housing and the supply of investment capital.

Clearly the time has come to examine alternatives to the rollover mortgages that are more appropriate to these times of high and fluctuating interest rates and to widen the choice for the borrower. I believe the government has a responsibility to play a role in this process. There is no shortage of ideas in the private sector. Due to legislative constraints in the National Housing Act, however, the government cannot play the essential supportive role it would like to in the process of increasing the choice of borrowing instruments and encouraging lenders to assume some of the risk for borrowers in difficulty.

The constraints that I refer to relate to the terms and conditions under which CMHC may insure mortgages, the way it may charge for that insurance and the methods by which it may settle claims on these mortgages. These three factors are all interwoven. The detailed terms and conditions specified in the act prevent the corporation from being receptive to alternative mortgage instruments proposed by builders, lenders and the public. Even if the corporation were given this flexibility, the entrenching of premiums in the act itself would prevent the corporation from charging a premium commensurate with risk. As a result it could not insure the more innovative instruments without causing a drain on the Consolidated Revenue Fund.

Finally, the claim settlement procedures in the act now, because of limitations on interest arrears which the lender could claim on default, discourage the lender from deferring

default action when borrowers are in temporary difficulty. In summary then, the corporation is hemmed in by legislative constraints which impede its role of ensuring that mortgage markets work well and that prevailing mortgage finance mechanisms facilitate ownership and rental investment.

I believe that the legislative amendments will enable the corporation to be responsive to consumer needs and to the preferences and concerns of the lending industry, builders and experts in the mortgage field. They will permit CMHC to widen the choice of financing options available to the home purchaser and the investor. I believe that the way to a solution to the present-day difficulties in the housing sector lies to a great extent in modifications to financing mechanisms.

Back in 1954 the government showed the initiative in introducing mortgage insurance for high ratio loans to offer more Canadians the opportunity to build their own homes and more investors to build rental housing. Today we need to show initiative comparable to that shown by our predecessors in this House of Commons over 25 years ago. We face economic circumstances very different from those that they faced, and the answers are correspondingly different. The 1980s will be a time of evolving mortgage financing techniques.

The mechanism of mortgage insurance is an essential element of this evolution, but it can only play a part if the legislation is sufficiently flexible. While much of the attention of late has focused on access to ownership and renewal difficulties, we all know that the problems in the rental sector are formidable. Due to the large sums involved in financing large rental projects, public mortgage insurance plays a particularly important role.

A major impediment in this area has been the fact that cost recovery underwriting, given existing premiums, requires the investor to put up an inordinately high proportion of the required capital out of his own funds. In other words, the investor must provide an unacceptably high down payment. In today's circumstances of extremely tight rental markets, the corporation must be in a position to underwrite the size of rental loan which would make rental investment feasible.

● (1720)

To the extent that investors are not willing to finance rental accommodation, there is an increased demand for taxpayers' money for that purpose. The facility to set premiums commensurate with risk will enable the corporation to show more flexibility in its underwriting practices with no cost to the taxpayer.

Similar considerations apply to the ownership side. Aside from affordability, the question of uncertainty is a major consideration for purchasers. With some imagination, mechanisms can be developed which transfer some of the interest-rate risk from the home buyer to the mortgage lender. I think this is extremely significant. The lender's risk can then be underwritten by the government on payment of the appropriate premium.

Mortgage insurance is there because mortgage lending is, and always has been, a risky proposition. It will remain a risky proposition. The bill before us today is designed to ensure that money continues to flow into housing in a way that provides the home buyer with the widest possible choice of how he or she will borrow the money and on what terms he or she will pay it back.

Mr. Blenkarn: On a point of order, Mr. Speaker, would the parliamentary secretary permit a question? I do not believe that his time is up.

The Acting Speaker (Mr. Ethier): Is that agreed?

Some hon. Members: Agreed.

Mr. Blenkarn: Could the parliamentary secretary tell us if one of the contemplated schemes in the act is to have Canada Mortgage and Housing Corporation guarantee a fixed rate of interest for five years upon the payment of an appropriate insurance fee?

Mr. MacLellan: Mr. Speaker, in answer to the question of the hon. member, I would say that it would be one point of view which we could consider in committee.

Mr. Joe Reid (St. Catharines): Mr. Speaker, I am pleased that members on the opposite side have come forward with a bill to amend the Canada Mortgage and Housing Corporation Act and the National Housing Act. Members of the House will now have an opportunity to give serious consideration to the problems which face home owners from coast to coast. No member of the House denies that these problems are serious.

In his introductory remarks, the minister spoke of the urgency of the bill and the opportunity it will give to young people to acquire new homes. I agree with the urgency and the necessity for the House to make it possible for those who already own homes to be able to continue to do so. However, I do not see any provision in the amendments to either act to make it easier for any person, young or old, to buy a new home.

The minister spoke positively and in rather glowing terms about how the provisions will make it possible for home owners in Canada to purchase homes as a result of the flexibility in the Canada Mortgage and Housing Corporation. But the amendment which was brought forward simply reflects an outdated budget which was brought in on November 12, a budget which was an established disaster and disappointment in the eyes of most people across Canada.

It is my hope that the flexibility which the minister says will be introduced in this legislation will enable people who purchased a home under the AHOP agreement five or six years ago at affordable mortgage rates to stay in their homes. I hope this flexibility will allow those home owners to be given the same financial opportunity as the entrepreneur down the street. Even if these home owners do not qualify under the provisions of the 30 per cent shelter cost ratio, I hope they would be able to become a tenant on the property which they have been paying for over the years rather than having to

move and rent another CMHC accommodation down the street. This practice has happened in the past. I trust that it will not continue in the future.

At the outset, I would like to say that it is a pretty sad commentary on the state of our economy and the actions of the government when home owner and builder alike are in such dire straits that the minister responsible for housing must ask for speedy passage of this bill. The bill may not offer much, they say, but it is all there is or will be. In other words, the home owner and builder have given up expecting anything but platitudes and empty promises from the government.

Reference has already been made to the letter addressed to the Prime Minister (Mr. Trudeau) by ten members of his own government. I would like to quote two paragraphs from that letter:

> It is well known that the construction industry creates numerous jobs in related fields in addition to the direct jobs that it produces. In view of the present slump in the construction industry, we think that incentives in this area would have beneficial, stimulating effects on the job situation throughout the country.
>
> By putting emphasis on the construction of homes we would be killing two birds with one stone since such a step would help to make up for the deficit of the 50,000 housing units suffered by Canada in 1981.

Last summer and fall, the minister of housing saw fit to raise the hopes and dreams of home owners by making vague and cryptic comments about an assistance program which would soon be forthcoming. He was obviously thinking about the November 12 budget without giving the date it would be brought down. The heart of this campaign, a campaign born of the bunker, was reached on September 15 when the minister met with representatives of the "Convoy of Anger", or the Save Our Homes Campaign Committee. His message to these outraged home owners was quite clear and specific: "Help is on the way." That message was repeated over and over again throughout September, October and the first days of November until even members on this side of the House, as well as myself, being an optimist by nature, took it as a statement we could follow and we urged our constituents to hold off giving up on their homes and to wait until budget night.

We should have known better. The assistance program which was announced on budget night and is under discussion today gives new meaning to the phrase, "Well, that is the least that could be done." Under this program, a home owner must go hat in hand to the mortgage holder at renewal time—but only at renewal time—and set out his personal financial life in detail. If it is found that the principal and interest payments on the mortgage plus property tax and, if applicable, half of the condominium common element costs exceed 30 per cent of the household income, then negotiations might begin. However, those negotiations are really just between the government and the mortgage holder. If both are agreed that the home owner qualifies for assistance and both are prepared to assist, it is then determined how much equity that home owner has built up in his property, and if that equity is sufficient to permit an increase in the mortgage, the mortgagee may increase that mortgage up by a further $3,000. The amount of the increase is deducted from the annual payable interest.

Therefore, if a home owner's mortgage payments were to increase from $400 to $600 per month and that home owner qualified for assistance, $2,400 would be added to his or her mortgage payments for one year. The mortgage payment would remain at $400 per month. But in the instance of the home owner being without equity and subject to the criteria that was mentioned earlier, CMHC will pay the mortgage holder up to $3,000 to offset the increase in the monthly mortgage payment that the home owner is unable to meet. CMHC's contribution is not repayable by either the home owner or the mortgagee. That in essence is how this assistance program as set out is intended to operate. It is too little and too late. The great mortgage renewal crunch came in August of 1981. What does this government propose to do? It proposes to exclude those home owners by limiting the application of this assistance program to home owners renewing their mortgages between September 1, 1981 and November 11, 1982. In addition, this program is sufficiently mired in red tape that it is expected to assist only 50,000 home owners out of a total of 920,000 home owners who will have to renew their mortgages over the course of the program's short existence. That represents about 5 per cent of the total.

● (1730)

Let us not forget the home owner with equity. The home owner with equity is not receiving assistance as such but merely a deferral of his problem. Sooner or later that home owner will have to pay the bill. Out of the 50,000 home owners who will be assisted, 37,500 will receive nothing more than a temporary respite from their dilemma. The other 12,500—or less than 2 per cent of all home owners renewing—are the only ones who will really receive financial or genuine assistance. Twelve thousand five hundred people may sound like many people at first blush, but I want to tell hon. members that following the presentation of the budget an assessment was made in the city of St. Catharines, and it was determined that of a population of 125,000 people, not more than 15 home owners would likely qualify for this assistance. The odds are somewhat better than the odds in a lottery, but they are not something of which the government can be proud. Let us not forget that the majority of home owners who will be renewing their mortgages will be doing so without assistance and without interest deferral.

I have been impressed by the number of home owners in my home town and across the country who are making financial sacrifices to maintain their homes. The social and economic cost is incalculable. Entertainment budgets are being cut. Car repairs are being put off. Shoes and clothes have to do for another year. Home renovation plans are being scrapped, and grocery budgets are being pared to the bare minimum. More and more we will see home owners looking on their houses as onerous financial burdens they cannot sell and cannot manage or, if they can manage, are barely doing so. The dream of home ownership and the pride of home ownership we had in years gone by was part of a way of life in this country, but it is becoming a nightmare, all because of this government's insane high interest rate policy and this government's broken election promise to hard-pressed home owners.

We in this party are often taunted by the government and by the press for having followed a high interest rate policy ourselves during that Conservative interlude. The current Minister of Industry, Trade and Commerce (Mr. Gray) was so concerned about the damaging effects of that policy that he vowed to resign if interest rates exceeded 14 per cent under a Liberal government.

Mr. McDermid: He is still around.

Mr. Reid (St. Catharines): Yes, we did follow a high interest rate policy but, unlike the present government and the present Minister of Industry, Trade and Commerce, we honoured our election commitments. We told home owners that there would be high interest rates, but let us not forget that interest rates at that time were 12 per cent and 14 per cent. Our policy was that high interest rates would not be permitted to destroy the market or the joy of continuing home ownership. We provided meaningful relief in the form of a mortgage interest and property tax deductibility program. For 1982 that program would have reduced the effective interest rate on an average $40,000 mortgage calculated at 18 per cent to 13.5 per cent. That is what we on this side of the House call assistance to home owners. Unlike the proposal put forward in the disastrous November 12 budget, our assistance program would have helped every home owner and not just 2 per cent of those renewing or those faced with the renewal of mortgages.

One wag told me that the difference between the Progressive Conservative policy and that of the Liberal Party was the difference between renting and owning. The sad part of it is that the government is not promoting rental policies as an effective alternative. Bill C-89 was written at a time when CMHC itself was predicting a zero vacancy rate by 1983, a black market in rental accommodation and a critical slowdown in rental unit construction. Still, Bill C-89 was written, and since it was written, CMHC forecasts indicate that a zero vacancy rate could be reached as early as this summer. In fact, in many communities across this country that rate has already been reached.

In view of the impending rental crisis, what is this government prepared to do? It says the first step was announced on November 12, and that first step was to slash any private sector incentive to provide the necessary construction of rental units. Soft cost write-offs were eliminated. The multiple unit residential building tax shelter was scrapped and, in return, the government offered interest-free loans of up to $7,500 per unit. The net effect of all that was to say goodbye to some $1 billion worth of new construction in return for $30 million in new tax revenue. Even the Minister of Finance (Mr. MacEachen)—and he indeed has a checkered record in doing his arithmetic—could see that this was not a particularly good deal for Canada. Accordingly, the minister reinstated the soft cost deduction and the MURB program for just a little while longer, thus putting off real disaster for a little while longer.

What of that $7,500 in rental construction assistance? Builders estimate that this assistance program will give rise to 15,000 starts, or 10,000 fewer starts than was the case last year under the MURB program. For the government's part, it is assisting the rental crisis by reducing its commitment to social housing by 5,000 units this year. The two programs combined will result in 15,000 fewer places for Canadians to live.

Further, when attempting to project housing and apartment construction starts, we cannot as yet assess the impact of some additional sections contained within the budget proposals. I refer, of course, to the taxation of capital gains on the disposition of an asset, the reduction of the capital cost allowance and those measures which have the effect of reducing people's incentive to save. Savings represent a supply of mortgage funds. By taxing a capital gain at the time of a sale and not when cash is received, the government is in effect demanding a substantially higher down payment for, to pay the tax, the vendor has to get the money to do so. Not only is this tax measure patently unfair and inequitable, but it will also place home ownership further and further away from the ordinary Canadian.

Contrary to what the minister says, the amendments contained in this bill do not provide the flexibility necessary to make it easier for Canadians to acquire homes because under this program there is no way a large number of potential home owners will come close to being able to pay the price. Capital cost allowances, that this government once boasted were the best in the world, have been reduced by half and are bound to drive up housing costs. The builder, especially the landlord constructing new rental accommodation, is already hard pressed to provide affordable living quarters, and this additional cost will not and cannot be absorbed; it must be passed on to the consumer, the potential home occupier. In these times of ever and widely fluctuating interest rates, those with money to invest are less and less attracted to mortgages. Why would anyone want to invest in a mortgage when the interest rate may be five points higher next month? Short-term investments are the preferred choice of many. Anyone looking at the market can see. The stability of mortgage funds supply was being maintained through people's savings, and now even that source of mortgage funds through insurance corporations is being threatened by the November 12 budget.

● (1740)

Canadians, ordinary working Canadians, are discouraged from purchasing their own registered retirement savings plans, as one can no longer claim the interest paid on moneys borrowed for that purpose. Life insurance policies are being attacked as tax loopholes, and this will discourage the purchasing of permanent policies, the kind of policy that provided the source for insurance loan money.

Mr. Speaker, against this backdrop of doom and gloom, the rental and home ownership assistance offered in this Bill C-89 is woefully inadequate. There can be no question that a crisis is looming, and yet we see the federal government sitting idly by, neither caring nor acting. And the minister urges action. Renewing a mortgage today is a nightmare. Trying to find decent, affordable rental accommodation is like trying to find

a needle in the proverbial haystack; and trying to make a living in the construction business is even worse than that, it is well nigh impossible. To this list must be added another segment of our society—that I have not yet referred to in any length or detail—which is potentially the hardest hit of all. I might add that the implications to Canada and for Canada are far reaching. What the government is doing is allowing the housing crisis to continue and, by keeping mortgage rates out of sight, is spawning a whole generation of Canadians who no longer believe in the dream of home ownership. They talk in terms of public housing. Our young people have been particularly hard hit by unemployment and are also barely able to make ends meet while living in rented accommodation. They see their parents scrambling to pay the taxes, to meet the mortgage payments, to keep their homes going and to keep food on the table. They see this and they vow that they will not let it happen to them, that they will not be caught in the same position. A house is not a dream or a goal for them to strive for. It is an in and out nightmare that is driving their parents to the wall. They say "Thank you very much, we will avoid that government trap, we will find housing or demand that housing be made available to us from public sources."

Those young people are not deterred by the problem of the marketplace. To purchase an average price home, and the figures were quoted earlier today, to purchase an average price house in Halifax requires a family income of $35,700; in Montreal it is $36,000; and from there you can only go upwards. That is the average cost to acquire a home. But the average household income in Canada is only $27,000. Therefore, even if our average young Canadian family did want to buy a home, the cost of doing so would be prohibitive to him. The end result is that home ownership, the right to hold and own property, is dropped as an objective by this new generation. No longer will we be a nation of home owners. To many it will just be a dream, if they happen to have that kind of dream. What a future, what a futile future for this great country of plenty!

Mr. Speaker, are we, a country of vast geographic expanse, to become a nation of apartment dwellers, a nation where only the rich might own and live in a home, a house of the kind we are used to in this modern day? Is this the goal that brought our forebears to this great country of ours? I would say, surely not. Surely we have been raised to believe in this country and in its promise, and surely one of those promises is that there is an opportunity here to own a piece of land and to build a house upon it. That was my belief and it means as well that it is my desire that this kind of promise in this country be continued.

Some hon. Members: Hear, hear!

Mr. Reid (St. Catharines): Bill C-89 is not in keeping with this philosophy, as it is the product of a worn out, cynical and indifferent government that has lost the courage, the vision and the wisdom to stand up for Canadians. I can understand the discomfiture of the minister who sponsored this bill today. But, if he does not want to preside over the destruction of the Canadian housing industry or the shattering of that Canadian dream, he should resign, and he is honour bound to resign, and thus highlight the housing crisis which he finds himself in; and he must give an opportunity for a new and fresh beginning. Thank you, Mr. Speaker.

Mr. Jim Peterson (Parliamentary Secretary to Minister of Justice and Minister of State for Social Development): Mr. Speaker, I am pleased to rise to speak on this important bill about housing. Before commencing my remarks, I cannot avoid making a response to the hon. member for St. Catharines (Mr. Reid). I listened very carefully to his words this evening. I felt that he was offering us two solutions to the housing problem. Let us all agree that in the ideal world we would want every Canadian to own his own detached, single family dwelling. We would like to see that. Unfortunately, we are not living in a utopian world. We have harsh realities which affect every one of us and which call upon all of us to exercise, at certain times in our economic history, a period of restraint.

I believe that even the members opposite, even those who are slightly noisy in the back rows, agree that we cannot promise everyone everything, even though we would like to see them have it.

What were the two solutions put forward by the hon. member for St. Catharines to the housing problem? Mr. Speaker, the key of his speech was *en recherche du temps passé*. He presented to us two solutions. Number one was to get rid of our high interest rates. But did he tell us one concrete way we could get rid of those high interest rates? No. He said it would be desirable, that we should get rid of them. Well, that is marvellous, but we know the implications of irresponsible actions, as much as we would like to see high interest rates go down. He did not tell us, if we drove them down below the United States rates, whether his party would be interested in implementing international exchange controls here, in order to keep the money here. He did not tell us about the implications, as to whether he wanted that or not. He, as a matter of fact, condemned the hon. leader of the New Democratic Party when those suggestions were put forward from that quarter. He has not offered us a responsible alternative in any of the measures he suggested, although we would all like to see lower interest rates at this time.

● (1750)

He criticized us, *en recherche du temps passé*, for getting rid of MURBs. Need I remind hon. members opposite that in their "Clark-Crosbie" budget they first did away with MURBs? It hardly lies within them, when they made a pretence of the integrity of their budget, having told the people what it was, to now rise and criticize us for abolishing MURBs. Perhaps they have reconsidered and believe that MURBs would be a good instrument for getting housing going. But I say that many new foundations have been laid under the MURB program which was extended to December 31 in order to provide rental housing. It has been shown in the past to have been a very effective instrument. If hon. members

opposite are in favour of the MURB program, I should like to see them rise and say it directly rather than wallow in rhetoric without recognizing that it was their party which first abolished the MURB program.

Another possible solution was toyed with by the hon. member for St. Catharines, the solution of mortgage interest deductibility. He said it would be a solution to high housing and mortgage costs. Under their program, mortgage interest deductibility would apply to a limited extent but essentially in an unfair manner. I reject this alternative which would have given the biggest break to the richest taxpayers.

Mr. Reid (St. Catharines): Untrue!

Mr. McDermid: They do not have mortgages on their homes.

Mr. Peterson: A deductibility program for any type of expense always benefits higher-bracket income tax payers more than the lower ones; there is no way to refute it. If that is the hon. member's concept of social justice, if that is a Tory alternative to the government's housing program, it hardly entitles them to damn the positive specific programs outlined in Bill C-89.

Mr. McDermid: Name one.

Mr. Peterson: I wish to proceed with an enunciation of those particular programs. In summary, the bill enables the Canada mortgage renewal plan to succeed. Also it allows the Canada rental supply plan to operate. It contains provisions for home owners, especially first time ones, and finally, it will enable CMHC to conduct its activities in a more efficient and more responsive manner, considering the difficult financial complexities we now see in Canada's capital markets.

Mr. McDermid: Put them more in debt; that is what you are doing.

Mr. Peterson: I hear the hon. member opposite. Their programs are the ones which ignore restraint and give universal help, across the board, to everyone. This demonstrates more than ever that a Tory is a person who looks forward with optimism to the nineteenth century!

As the hon. Minister of Public Works (Mr. Cosgrove) said, the bill does not represent the government's full agenda for housing concerns. It provides a framework within which we will be able to achieve our full agenda. It provides for very important needs and is necessary for the government to deal effectively with housing issues. It is important to all participants in the housing market—home owners, prospective home owners, developers of rental accommodation, renters, builders and lending institutions.

While there are a number of ways to assess the importance of the bill, perhaps the most direct one is to list briefly what I consider to be the housing problems facing the country at this time and to show how the bill is relevant in meeting those concerns. I believe hon. members on all sides of the House share the first concern, that is the uncertainty facing home owners because of mortgage renewals when rates are in a great state of flux. There is no doubt that the vast majority of the estimated 635,000 householders expected to renew mortgages this year have the financial capacity to do so, without undue burden on household income, because of the large amount of equity they have in their homes at this time. This equity, or their other resources, will enable many of them to meet the problem of renewing their mortgages because they will have adequate cash flow. Nevertheless, the most important aspect of the bill is that it addresses itself to those people who face real difficulty—those people who cannot renew because of higher interest rates and would be in a position where they might lose their homes, households where families are required to use more than 30 per cent of their income to pay principal, interest and taxes. Primarily the bill addresses itself to those people in need.

We would like to give more money to every home owner, we would like to make every renter a home owner overnight, but in times of restraint ours is a responsible approach to meeting the needs of particular individuals.

This is why we must look at a few facts of the situation. The Canada mortgage renewal plan recognized that home owners have signifcantly higher incomes than renters—$28,000 on average for an owner as against $17,000 for renters. Also home owners have much greater wealth with $72,000 in assets, versus $9,000 for renters. Householders renewing three-year or five-year mortgage plans have generally experienced significant increases in their equity over the past few years. Therefore, a general and high cost program of mortgage renewal assistance, as has been argued by hon. members opposite, would simply be a transfer of income and would not meet the real needs. As we go into tough days ahead, we will have to address the particular needs of those citizens in the country in many of our programs. We will have to reassess the advisability of universal programs. This is one reason our approach to helping home owners with renewal problems, those in the greatest difficulty, is a responsible one in that it meets the most important problems at this particular time of restraint.

There are many other things I should like to say, but I reiterate that at this time we are simply starting our housing program—

The Acting Speaker (Mr. Ethier): Order, please. It being six o'clock, I do now leave the chair until eight o'clock this evening.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8. p.m.

The Acting Speaker (Mr. Blaker): When the House rose at 6 p.m. this evening, I believe the hon. member for Willowdale (Mr. Peterson), who had the floor, had completed his remarks. In any event, I do not see him here in the House and

accordingly the hon. member for Calgary North (Mr. Wright) can have the floor.

Mr. Bill Wright (Calgary North): Mr. Speaker, I rise this evening to speak on Bill C-89, an act to amend the National Housing Act and the Canada Mortgage and Housing Corporation Act. In summary this act is to provide legislative authority for the mortgage interest deferral plan outlined in the budget. It is also to provide legislative authority for interest-free loans up to $7,500 per unit per landlord constructing new buildings. It is also to provide an expansion of the types of lending arrangements.

Initially, I would like to refer to a number of statements that have been made in the House by three cabinet ministers. First, I refer to the Minister of Public Works (Mr. Cosgrove) who said on December 10, 1981, referring to the housing crisis in Canada, that this is not the worst crisis we have had. I do not think anyone wants to question whether or not it is the worst housing crisis, but to most people who have outstanding mortgages on their homes it is by far and away the worst that they have ever seen.

Next I want to refer to statements made by the Prime Minister (Mr. Trudeau). On December 3, while in Toronto, the Prime Minister stated that the blame for high interest rates lies with the banks, the market economy and individuals who want good returns on Canada Savings Bonds, and not with his government. If that is not bad enough, the Minister of Finance (Mr. MacEachen) in his budget of November 12, 1981, stated, in part, that we can only expect a decline in interest rates of 1 per cent per year over the next four years. That is not very encouraging for Canadians. In fact, to most Canadians who are attempting to buy homes or who are renewing mortgages, it is close to being a disaster.

I now want to refer to a statement made in the House before dinner this evening. The hon. member for Willowdale (Mr. Peterson) referred to high interest rates in Canada. He wondered what suggestions we have. I asked him to come back this evening so that I could tell him what suggestions we have. Unfortunately, he has not yet returned to the House. But we must ask ourselves why we have high interest rates. Why are high interest rates causing Canadians so many problems? There must be a reason. Bill C-89 deals with the symptoms but not the disease.

Let us look briefly at why we have high interest rates. The Minister of Finance would like us all to know and believe that we have high interest rates because of our high inflation, and that we must keep interest rates high in order to bring down inflation. Unfortunately, that is not the real reason. I would ask those members opposite who are interested to examine the balance of national payments in Canada for the past year. If they do that, the reason will become apparent to them. The government cannot lower interest rates because of its policies. If it did, it would bring about a monetary crisis in Canada. It recognizes that. Let me spell out very quickly why this is so.

• (2010)

If one examines the national account balances, one sees that over the past two years $17 billion in long-term capital has left Canada. Now we have been able to bring capital back. In fact, the figure comes to approximately $16 billion which has returned to Canada. Unfortunately, Mr. Speaker, most of that has been short term. The investment industry calls it hot money. It follows high interest rates. If interest rates are higher here than in other countries, it will flow in; if lower, it will flow out.

So the government's policies discourage long-term capital. This is not speculation, there is no question the figures are there for everyone to see. We have had an exodus of capital and that is so because our world credit rating is not as high as that of some other nations, namely, the United States. That is a fact. Normally our rates should be at least 1 per cent or 2 per cent higher than in the United States in order to encourage long-term capital. So the government's policies have led to this problem.

However, they have another problem. If government has a large deficit, then its demand for capital leads to higher interest rates. I do not think anyone will dispute that. We must remember that 50 per cent of all borrowing in Canada today is done by federal and provincial governments.

Another major problem is the defence of the dollar. Provincial governments, with a higher credit rating than Canadian corporations, can borrow money in the United States or Europe cheaper than they can here. That, in turn helps to support the dollar. One has only to look at the amount of borrowing abroad by the provinces to see that is so. This was a policy that the government persuaded the provinces to enact in 1975 or 1976. There was a huge bulge of borrowing by the provinces which has continued to this day. Those are the reasons we have high interest rates. It has little to do with inflation, that is a minor factor. The reason for the outflow of capital is that basically this government has discouraged investment in Canada. The national accounts figures show an exodus of long-term capital.

The other factor, of course, is the government's efforts to nationalize energy companies at a time when they were becoming more Canadian. The government felt it was a good opportunity to step in and buy Canadian companies. If not Canadian-owned, they at best were operated in Canada as good corporate citizens, managed by Canadians. The government decided it wants to own a bigger part of the energy industry. The hon. member for Willowdale says he does not like high interest rates, but he would like to see them lowered; he says the Conservatives do not have any answers.

First of all we have to define the problem. I think I have defined the problem. The question is: what can we do about it? Can we lower interest rates? Yes, but there are certain things we must do, such as encourage exports.

Of course, the hon. member for Willowdale would ask: what exports? We have a surplus of goods that we are not selling abroad, such as natural gas from western Canada. Quite

frankly, if that surplus were in Ontario or in Quebec it would be exported, but because it is in western Canada, the government decided it does not want to do anything else to help western Canada. That is the only reason why our suplus gas is not being exported. The amount of gas available for export has been estimated by provincial governments as approximately $2 billion worth each year. That would be money flowing into this country. We could allow the dollar to float and it would decline, but if we encouraged exports it would not decline that much. And if it did, it would make our manufacturing industries more competitive as they obviously are not at the present time. The Canadian Manufacturers' Association will admit that they are not as competitive as they would like to be. We must encourage long-term, not short-term capital. However, this government would have to do a complete reversal on policy.

What we need, what everyone in Canada has asked for, is a new budget because this one does not address today's problems. It was drawn up a year ago. Thirty Liberal MPs met with the Minister of Finance last fall to tell him it was not a good budget. Ten Liberal MPs wrote a letter to the minister just recently. We could allow our interest rates, Mr. Speaker, to drop by 3 per cent or 4 per cent and it would not harm our dollar that much. It would not drop below 78 cents to 79 cents.

I would now like to come to the housing market. We have to deal with it piecemeal because the government refuses to recognize why we have high interest rates. In the spring of 1980 Calgary had a vacancy rate of 1 per cent, and it is now 0.2 per cent because construction has fallen off. In many parts of Canada, including Alberta, there is a vacancy rate of zero. In effect, there are no vacancies. At the present time, the cost of the average home in Calgary is $111,000. I am referring to the average home. One must make an income of $62,000 just to afford a home in Calgary. The average mortgage is $50,000. The average Canadian cannot afford that.

● (2020)

During the last three years, the average increase in interest cost per year for a home has been between $2,000 and $3,000. That is absolutely ridiculous. It is not due to the mortgage companies and it is not due to the banks; it is due to the interest rates brought in by this government and carried out by the Bank of Canada. In Canada at this time, we need an average of 220,000 homes or units constructed each year; however, according to the Conference Board, 180,000 may be constructed next year, resulting in a shortfall of 40,000 units. The outlook for the next two years is no better. We will have a shortfall of over 100,000 units over the next two to three years, and this government is not addressing the problem. What is the government suggesting? It is suggesting that it will bring in a plan to assist the renters and home owners. What is this plan? This two-year plan would have a capital requirement of $350 million spent over two years, of which $150 million would be spent this year, and $200 million spent next year.

What does it actually mean when one breaks it down? It means that the government will provide a subsidy to lenders to build up to 15,000 rental units at $7,500 per unit. The government will provide rental assistance for 15,000 units in Canada when there is a need for 100,000 units. The government has hardly scratched the surface of the problem.

What rental units will this help? The average break-even cost for a lender in rental units today is $800. When a lender constructs an apartment block, he must receive a rent of $800 per unit in order to break even. The average subsidized housing in Canada has a rental cost of $400 per month. That means that if one lives in subsidized housing, one pays an average of $400 a month. The average cost is $800 for all other people in Canada.

What will the government do? It will provide a benefit to the lenders to construct rental apartments for those in the higher rental brackets, not those in the lower brackets. Once again, people in lower income tax brackets will be left out because no lender will build subsidized homes unless forced. How does one force them to build for the lower rental market? One cannot.

Therefore, if we look at the $150 million subsidy the government will provide, we find that 15,000 units times $7,500 amounts to $112 million which the government will provide for rental housing. Out of $150 million, the government will have $38 million left over to assist those who are in dire straits as a result of their mortgage renewals. Obviously, this will not help them. If one is renewing a mortgage, and 30 per cent of one's gross income is less than one's principal and interest, one may apply for a loan guarantee. If one's equity in one's home is less than five per cent, the government may allow a one-time grant of $3,000. However, one must have renewed one's mortgage between September 1, 1981, and November 12, 1982.

It does not appear that this will do very many people any good. Surely most people who have owned a home for three to five years would have more than five per cent equity in their homes. Obviously, this offers nothing for most people. If one calculates this benefit, one finds that the maximum number of people who will be helped by this loan or guarantee or loan grant will be 15,000. However, 1,200,000 people will renew mortgages over the next two years. Where is the help the minister promised? It is not there.

Let us look at the MURB program, which is of benefit only when interest rates are high. It was not of much benefit, as the builders will tell us, at lower interest rates, those below 13 per cent or 14 per cent. However, at interest rates above 16 per cent to 18 per cent, the MURBs become very attractive.

Mr. MacKay: Go to Whistler!

Mr. Wright: What has the government stated? It has stated that it will eliminate the MURB program. Concerning rental units, whereas the government is now providing subsidies for 25,000 rental units, it will reduce that to 15,000 units, amounting to a reduction of 10,000 units per year. Concerning subsidized housing, the government will reduce the subsidy from the former 30,000 down to 25,000, amounting to a reduction of 5,000 units. That amounts to a total reduction of 15,000 units over the next year. What does the construction

industry state? It states that for every unit built, whether a rental unit or a home, it takes one and a half construction workers to build that unit, on the average. That means that there will be 15,000 fewer units, multiplied by the one and a half employees who would have built those units. That means we will have an increase in unemployment of 22,500 over the next year. Where is the justice in that? The government really does not know how to solve the problem. All it can do is to create more unemployment as a result of this bill.

If we look at the mobility of labour in Canada, we find that as a result of the high interest rates, the high cost of rental units and the high cost of homes, people are unwilling to move from one part of Canada to another because it is too expensive. They may decide they should stay in an area of high unemployment and receive unemployment benefits or welfare benefits rather than move to a high employment area. Where is the justice in that? Why would a government bring out a budget and a bill such as this which would encourage unemployment?

People within the mortgage market recently told the government that, for all intent and purposes, the mortgage market in Canada has dried up. If one asks the Minister of Public Works in the House, he will deny that. He will say we still have an active mortgage market, but the average Canadian is no longer involved in buying a home. He cannot afford it. Many Canadians cannot afford $800 a month in rent, but still this government wishes to continue with its high interest policy.

● (2030)

Why has the mortgagee market dried up? It is because the government brought out Canada Savings Bonds last fall by which it raised $19.5 billion. It took much potential money out of the mortgage market and put it into savings where it will remain for one to two years. By increasing interest rates, other lenders who would have put their money into mortgages, put it into short-term investment in order to obtain a better return. That is why the mortgage industry has been saying the mortgage market has dried up.

What about the life insurance companies which are noted for providing long-term mortgages? Even during the last couple of years, a period of high interest rates and short-term investments, they have been providing 15, 20 and 25-year mortgages, but the government does not tell you that. What does it do? It virtually cancelled income annuities.

In Alberta there would be no homes or apartments built if it were not for Alberta Housing. That is the only reason the people of Alberta are now able to buy or rent new accommodation. That comes from the Alberta Heritage Fund. For those who wonder about the Alberta Heritage Fund, it was that fund which protected Albertans from the scarcity of housing that has occurred in other parts of Canada.

This minister has not given us anything that we really want or need or that will help the people of Canada. We are going to be very interested in discussing some of these questions with the minister in committee. Bill C-89 does not address the problem. The housing industry in its desperation is saying, "We don't like it, but it is better than nothing. If we cannot have it all, give us a little piece. If we cannot have lower rates and fairness in the mortgage markets, we will accept this little bit." They will have to come back to the government in six months or a year and ask whether there is something else that can be done for them. The government may think about it. It may give them another little bit to help the mortgage market, but far less than it should. However, it will at least help it.

We are going to examine this bill in committee very carefully and find out why this minister goes along with high interest rates, why he is not prepared to help those Canadians in desperate need of accommodation and why he has provided nothing but a drop in the bucket. The Minister of Public Works is the minister of a drop in the bucket.

Mr. Hal Herbert (Vaudreuil): Mr. Speaker, in my remarks in support of Bill C-89, an act to amend the National Housing Act and the Canada Mortgage and Housing Corporation Act, I will be concentrating on the mortgage insurance fund and the two major social housing programs that have had a considerable impact on the financial status of that fund. To put my comments in the proper perspective I want to make a few general remarks about the housing situation in Canada today.

There have always been persons inadequately housed, even in 1982. I understand that about 2 per cent of the houses in this country are still without modern conveniences. Nevertheless, during the last decade, housing starts in Canada averaged over 230,000 units per annum. Compare that to the United States, the prosperous country to the south, where during the same decade housing starts averaged 1.77 million per annum. Thus, on a per capita basis we were building housing in Canada at a rate more than 30 per cent greater than in the United States.

Because I am from the construction industry, have experience in all provinces and have visited many of the states, I am prepared to add that our standards of quality are generally superior to those in the United States. I give full credit for that exceptional performance to the Canada Housing and Mortgage Corporation. Their success has been in spite of the provincial governments and with no thanks to the Constitution which leaves the major responsibility for construction activity under provincial control.

I was angry last week when I watched the federal-provincial conference of first ministers. The provinces restrain, hinder and impede and still come with their hands out for more money. How many people in Quebec know that the federal government shares with the provincial government the cost of rent subsidies, that it shares the cost of deficits and provides financing or the guarantee of financing for up to 90 per cent, 95 per cent and even 100 per cent for rental accommodation for which the provincial government tries to take all the credit?

In 1980 CMHC contributed over $9 million in operating grants in Quebec and $34 million in contributions to deficits. The housing critic for the Official Opposition received a response to a question on January 27 last indicating that as at

December 31, 1980, there were 148,336 units under the administration of the NHA that were provincially-owned rentals, CMHC-financed. That same answer to the question of the hon. member for St. John's East (Mr. McGrath) indicated that CMHC, through the mortgage insurance fund, had, on September 30, 1981, 9,538 vacant housing units of which 1,882 were acknowledged to be in areas where there was no demand. That left 7,656 units available for occupancy. I would like to read the following paragraph from the 1980 annual report of CMHC:

By the beginning of 1980, the federal government, through CMHC, was committed to providing operating subsidies on a long-term basis for 225,000 dwelling units. For 1980 it authorized CMHC to make commitments for a further 26,750 dwelling units. During the year, however, approval was given for commitments for an additional 5,000 new dwelling units, to help alleviate very tight rental markets in such cities as Vancouver, Calgary and Toronto.

That means that total NHA social housing subsidy commitments exceed a quarter million units. This country can be very proud of the contribution that the Canada Mortgage and Housing Corporation has made in providing the financing or the guarantee of financing that has helped and is helping so many millions of Canadians.

I want to turn now to the subject of the mortgage insurance fund. In 1978, the assets of the mortgage insurance fund decreased for the first time since it was established in 1954. There was a further decrease in the fund in the year 1980 from $512 million at the beginning of the year to $314 million at year end. Mortgage loan insurance was introduced in 1954 when the National Housing Act was amended to permit the chartered banks to enter into the residential lending field. By protecting the lenders against the risk of loss, NHA mortgage insurance encouraged approved lenders to invest in mortgages. Mortgage insurance fees paid to CMHC by brokers are accumulated in a mortgage insurance reserve fund. Lenders may claim against the fund in the event that a borrower defaults on his payments and a foreclosure results.

Over 40 per cent of the five million dwellings completed since 1954 have been insured by CMHC. Over $50 billion in capital funds has been attracted toward investment in housing since the amendment to the National Housing Act over 25 years ago.

A letter which I received from the minister responsible for Canada Mortgage and Housing dated October 22, 1980, signed by the minister himself, stated:

I agree that it would be inequitable for CMHC to raise its mortgage insurance premiums to recover the losses incurred in insuring loans under the Assisted Home Ownership Program and the Assisted Rental Program.

As you point out in your letter, these were social programs and accordingly, their social cost should not be borne by those seeking National Housing Act mortgage insurance, but by the government.

Mr. Speaker, no provision was made at that time for these programs which were introduced then, with the result that the mortgage insurance fund has borne this risk and is now bearing the cost.

• (2040)

I have read this excerpt from the letter of the minister because at that time I heard rumours that there may be an increase in the percentage which was to be charged by CMHC and, as everyone knows, at one time the amount in the mortgage insurance fund exceeded $600 million. I was most anxious to ensure that if we were going to introduce social housing programs to use up these available funds, the cost should not be borne by those who had taken out regular mortgages.

In the mid-1970s, the mortgage insurance fund reserve was in excess of $600 million. This was several hundred million more than all the expected liabilities. The government used this excess to underwrite two social housing programs; the Assisted Home Ownership Program known as AHOP and the Assisted Rental Program known as ARP. These programs were designed to make home ownership available to more people and to put more rental units into tight markets. Well over 200,000 units were constructed under these programs.

Until now, the cost of initiating mortgage insurance business was borne by the corporation, for which it received an application fee. This fee originally was $35 and was increased to $100 last year. It never has been adequate to cover the associated costs. The costs not charged to the mortgage insurance fund are estimated to be approximately $75 million. The reason I mention this figure is to keep all the costs which have been charged to the mortgage insurance fund in perspective.

The cost of business initiation included the receiving and reviewing of applications, the receipt and posting of fees and insurance premiums, recording of insurance policy information in the corporation's files and computing systems and the carrying out of inspections and appraisals. These inspections ensure compliance with housing standards.

I would like to make a few remarks about the inspection process since I feel that it is relevant. I was always somewhat intrigued by the fact that CMHC was insuring mortgages and that most people were able to get somewhat preferential rates from the bank or lending institution if the mortgage was insured by CMHC. Why, then, would there be any private company in business in apparent competition with CMHC? One of the reasons concerns inspections.

Being in the construction industry, I wanted to find out for myself. I travelled across the country and visited several construction sites where contractors whom I knew were working with the company in the private sector which was insuring mortgages. In almost all cases there was no doubt that the consumer, or occupant of the house, would generally be paying about one half per cent more in the final analysis. The builder was expressing dissatisfaction with the inspection practices of CMHC. In fact, it was not so much the inspection practices which were at fault as the fact that the standard being imposed upon the construction by CMHC inspectors was higher than the standard being imposed by the private sector. Not only was the home owner being protected, he was also obtaining the benefit of a slightly lower interest rate on his house.

Nevertheless, this company continued to operate. Of course, the company is the Mortgage Insurance Company of Canada. Just last month, on January 19, I read that one of the developments in the history of this company was its merger with the only other private sector mortgage insurer in Canada, Insmor Holdings Ltd. of Toronto.

I make the point now that, apart from this one organization, there is only Canada Mortgage and Housing Corporation to turn to if we want to be sure that the consumer has the protection of the government. The claim was made that the merged companies can better compete against the other source of mortgage insurance, Canada Mortgage and Housing Corporation.

I found it interesting that in the same article there was a comment attributed to William Mulholland, Chairman of the Bank of Montreal, who said that the number of mortgages in arrears by three months or more dropped by 15 per cent between June, 1980 and June, 1981, despite a 5 per cent increase in interest rates during that period. These two items are not particularly tied together but they happen to appear in the same article, and I thought that the second comment by the Chairman of the Bank of Montreal was worth recording here.

I will take a few moments to put on the record the present status of the mortgage insurance fund. As at November 30 last year, the fund assets were as follows: mortgage assets, that is mortgages held by the fund, totalled $124 million; real estate assets, these real estate assets are at market value, totalled $424 million. For those interested in the book value—the acquisition price—the figure is $523 million. This loss is included in the loss figures which are to be mentioned in connection with this particular program.

The fund had $24 million in other assets. The current deficit in the fund is $339.3 million. That is made up of a debt to CMHC of $56 million and a debt to the Government of Canada of $283.6 million.

● (2050)

The total assets as at November 30 were $232 million. Incidentally, the fund receives approximately $30 million per annum in premiums. An actuarial study suggests the fund is deficient by about $210 million.

Bill C-89 is intended to assist in putting the mortgage insurance fund back on a sound financial basis. I should interject, as I talk about AHOP and ARP, to say that the rundown of the amount in the mortgage insurance fund is almost entirely attributable to these two programs which were introduced as social housing programs and which, for reasons I shall be explaining, resulted in a depletion of the cash, the amount of which at one time exceeded $600 million.

The provisions relating to the underwriting of loan insurance are largely of an administrative nature. A significant change is the new section proposed by the bill by which the corporation is given the authority to determine the insurance premium in relation to an approved loan, the premium to be in such amount as the corporation considers appropriate in view of the risks entailed and the costs and expenses incurred by the corporation in relation to the insurance. Each line of business is to be analysed actuarially with a view to establishing and quantifying the risk posed by that line of business. Such an analysis will consider, among other things, historical foreclosure rates, borrower's capacity to repay and the expected economic climate during the risky part of the mortgage life. This analysis will enable the fund to strike a suitable premium for each business line. With such an arrangement, the fund can serve the government's social purposes but with a knowledge of the total financial implications of each program. This will allow full consideration of the total costs of the proposed program.

I must interject that if we had known the costs of the two programs, AHOP and ARP, perhaps we might not have proceeded, or we might not have proceeded to the extent we did and, in my opinion, Canada would have been the poorer for that.

Once this legislation is passed, the old and new funds will be kept separately on the corporation's books so that the problems of the past do not drag the newly instituted fund into financial disarray. The new fund can be monitored and premiums adjusted according to changes in programs.

I want to spend a few minutes discussing the two major social housing programs which are the principal reason why the cash in the mortgage insurance fund has been so depleted. Under the Assisted Home Ownership Program total claims to date come to $515 million. The accumulated loss to date totals $230 million, and this includes known future losses not yet incurred. Actuaries calculate that 4 per cent of insured value would be the fee necessary to cover risk, and I have no hesitation in suggesting that it would be pointless to introduce a program such as AHOP and at that point to impose on those persons who are to be assisted a fee of 4 per cent.

It should be noted that the program provided for a 5 per cent down payment. That was to be the equity of the purchaser of the home. However, there were some federal grants which reduced the down payment even further, and additionally—always, apparently, working at cross-purposes—provincial grants further reduced the down payment to the point where, with assistance from the builder, it was possible for the occupants of AHOP houses to move in with little or no down payment whatsoever. Thus, the owner of the house—and I probably should put "owner" in quotation marks—was occupying premises with little or no down payment at a monthly mortgage repayment figure which was, because of its deferral, less than the normal amount he or she could be expected to pay and, therefore, the owner was in effect able to live for a period of up to five years in what one might term subsidized accommodation.

Some 99,000 units were produced, and of those 99,000 units approximately 13,000 are termed walk-aways; they were occupied and then the owners left, often at the end of the five-year period when mortgages were automatically increased to take care of the lower payments which had been made during the first five years.

I note from the figures that in Quebec—and this information was made available on February 3—some 40,000 units were sold at a total value of $1.148 billion. This compares with 41,500 units in the province of Ontario at a total value of $1.628 billion. It is interesting, when looking at these two figures, to note that in the province of Quebec, where the total number of units sold was approximately the same as in Ontario, there was a total of 1,836 actions taken on AHOP units, that is, acquisitions, for a total of $53 million, whereas in the province of Ontario, with only a few more units built, the number of actions taken, acquisitions, was 8,581 for a total of $318 million. I intend to discuss the reason for the difference in these two figures in Quebec and Ontario; however, it is important to emphasize that the successfully housed rate was over 80 per cent of all the units built.

We should break down the remaining less than 20 per cent. About 13 per cent were the walk-aways to which I referred earlier, the acquisitions, those who did not continue with their houses, and approximately 6.5 per cent or 7 per cent were not even occupied. This makes up the total of about 19.5 per cent, which one might term the failure rate. However, let us bear in mind that among that 13 per cent I have been talking about there were many people who enjoyed living in houses for periods of up to five years, making what was, in effect, subsidized monthly payments with little or no down payments. Thus, approximately seven out of every eight who occupied houses under this program were successfully housed, that is, given the opportunity to own their own homes as the result of the introduction of this program.

An analysis of the market factors behind the high AHOP default experience is appropriate. AHOP claims are primarily from Ontario and British Columbia. In fact, 77 per cent of the 9,000 AHOP units acquired by the mortgage insurance fund were in those two provinces. The ratio of mortgage insurance fund acquisitions compared with approvals in Quebec is only 2.8 per cent, whereas in Ontario the ratio of acquisitions to approvals is 9.7 per cent, and in British Columbia it is 10.5 per cent.

● (2100)

To examine the issue regarding substantial variations in the AHOP default rate between Ontario and Quebec, one needs to look at the types of housing unit produced under the AHOP in the two provinces.

In Quebec, of the 43,000 units, just over 1,000 were condominiums and 42,000 were freehold and other units. However, of the 50,000 in Ontario, 33,000 were condominiums and 17,000 were freehold and other units. Thus, although the default rate in condominiums is approximately the same in Quebec as in Ontario, 10.6 per cent in Quebec and 12.6 per cent in Ontario, because of the lower number of condominiums, when one compares it to the default rate in the freehold and other types, 2.6 per cent in Quebec and 3.8 per cent in Ontario, one can see that while the rate in Quebec is much lower than the rate in Ontario, in fact the rate in Ontario is more than three times, almost four times, the default rate in the province of Quebec.

These figures reveal a significant difference between the types of dwelling units produced in the two provinces. In Ontario, condominium rows and apartments represented two thirds of the production of AHOP units, whereas in Quebec more than 95 per cent of the AHOP units were single and semi-detached freehold units. The insurance risk is higher for condominium than for freehold units, and it is therefore not surprising that AHOP default rates in Ontario are substantially higher than in Quebec.

The second social housing program which has impacted heavily on the mortgage insurance fund is the assisted rental program where the accumulated losses totalled $186 million, and most of this loss has been and is being incurred in Montreal.

Actuaries calculate that 8 per cent of insured value would be the fee necessary to cover risk. Under this program, 123,000 units of rental housing were produced; and I think it would be abundantly apparent to everyone that if 8 per cent had been added to the cost of the mortgage in order to cover the actuarially calculated risk factor, there would have been very few of those 123,000 units produced. To assess the consequences of the impact of the Assisted Rental Program, requires an analysis of the market factors behind the high ARP default experience. As of March 31, 1980, 78.3 per cent of the 6,741 ARP units acquired by the mortgage insurance fund were in Quebec. In the first half of the 1970s, the demand for new rental housing in Montreal averaged 18,700 units per year, while only 14,000 units were being supplied per year. As a result, the Montreal rental market experienced increasing tightness. The demand for new rental housing resulted in part from the large expansion of employment in the province. The average annual growth in employment opportunities between 1970 and 1976 was 55,000 jobs.

These favourable economic circumstances were associated with the turnaround in migration patterns. Rather than experiencing a net outward movement of population, the situation was one in which there was an actual net population gain between June 1974 and May 1975. The tremendous demand pressure pushed rental vacancy rates down from 8.2 per cent in 1970 to only 0.6 per cent in April, 1976; and apartment construction in Montreal responded rapidly.

However, economic conditions worsened in Quebec in 1976. Employment growth stagnated, with a net loss of 23,000 jobs in 1977. In addition, after the election of the Parti Québécois in November, 1976, net outflows of population from Quebec accelerated from 9,600 between June, 1976 and May, 1977, to 54,000 between June, 1977 and May, 1978. It is estimated that the reduction in job creation, coupled with the acceleration of out-migration, translated into a drop in rental demand from an average of 18,700 units per year during the first half of the 1970s, to 8,800 units in 1976, to 4,500 units in 1977 and to 5,200 units in 1978. The upsurge in apartment starts, pushed completions up from 12,500 units in 1976 to 18,600 units in 1977; and vacancy rates in Montreal rose rapidly.

The occupancy rate in new projects was reported to be around 48 per cent; and in April, 1980, the rate fell to 27 per cent.

In 1976, net migration began to increase significantly as economic conditions worsened and because of political developments in the province. Migration flows had a major impact on the assisted rental program default experience. The impact of net migration on foreclosures can be illustrated by these figures. In the province of Quebec, between 1973 and 1976 the net change in the population was an increase of 1,096; in the period from 1976 to 1979 the loss was 103,992.

Mr. Speaker, it is relevant, I think, to read a short extract from a letter dated December 2, 1981, which the Housing and Urban Development Association of Canada sent to the Prime Minister (Mr. Trudeau) and members of the federal cabinet. It reads:

> Current levels of rent are so out of line with the costs of producing rental accommodation that there is no prospect for easing the vacancy problem without additional incentives or subsidies.

HUDAC, that is, the Housing and Urban Development Association of Canada go on to estimate in the same letter that to put rental housing on a basis that would attract investor participation would require rent increases of 60 per cent or more.

I wanted to read that extract from what is considered the foremost housing association in Canada because of the significance of those figures when they talk about the need for rent increases of 60 per cent or more in order to attract investor participation.

When one invests in a house, one looks at one's ability to pay the mortgage, it is true, but also one feels that in due course, because of inflation, there is likely to be some appreciation in value; and in fact, for most people in this country, there has been a reasonably good increase in equity over the years. However, with rental accommodation, the value of the property is of little significance. Investors are concerned solely with return on investment.

● (2110)

One of the difficult experiences for the mortgage insurance fund has been the realization that while one can build an apartment complex—and I have an example in my hand of one which is not too far from my constituency—it may cost some $7 million. In this particular case the mortgage was a little more than $6 million. If the owner of a project goes bankrupt because of rental experience and, as a result, Canada Mortgage and Housing Corporation ends up being the owner of the property, when it comes to sell the project, since it is not the intention of CMHC to stay in the real estate business, the price will be substantially lower than the amount of the mortgage. It has nothing to do with the value of the property from a construction point of view. It is simply because rents are so low that there is an inadequate return on investment. In the case of the purchase of such a property, it is rather like buying a bond—one looks simply at the amount of the cost and the amount of the return.

In looking at the project to which I have referred, I found it interesting that in a period of some 19 years gross revenues exceeded gross expenditures by only $2 million, comparing a little under $13 million of expenditures with a little under $15 million of gross revenues. At the time the project was started, it had a mortgage at 5⅛ per cent. It occurred to me to look at what would have been the amount of money one would have received, compounded on the mortgage at that percentage, and it came to something over $5 million. Thus we see a project with construction costs of $7 million, a mortgage of $6 million, but a return which meant that when it was offered for sale it was difficult to obtain a bid of $3 million.

Mr. Stevens: Mr. Speaker, I rise on a point of order. I was wondering whether the hon. member would entertain a question.

The Acting Speaker (Mr. Kempling): The hon. member for Vaudreuil (Mr. Herbert) has approximately two minutes remaining. If he wishes to take a question, it is up to him.

Mr. Herbert: In the two minutes remaining I will finish my remarks, and if there are a few seconds left, I will accept a question.

The point I was making was that one must look at the experience of the Assisted Rental Program in the mortgage insurance fund to understand why there was such an apparent loss in what has been an excellent rental as well as an excellent social program. I have only one more point to make in my remaining minute. It is an answer to a question which I received on June 17, 1981, wherein the minister responsible for CMHC pointed out that the average time lag from the date of a borrower's default on payments to the time when title is conveyed to CMHC, under the terms of the mortgage loan insurance policy, is 414 calendar days. I suggest that the 414 calendar days on the average for the takeover of a property is unacceptable. That is why I am pleased to see in this bill that, in addition to other measures, there will be measures to make it possible for the acquisition to proceed more quickly, thus reducing loss to the insurer.

The Acting Speaker (Mr. Kempling): The hon. member for York-Peel (Mr. Stevens) has a question. There is approximately 45 seconds remaining, if the hon. member wishes to accept it.

Mr. Stevens: Would the hon. member indicate whether he was one of the group of ten who chose to criticize the government's budget and, if not, why not?

The Acting Speaker (Mr. Kempling): Order, please. I do not believe that is relevant to the bill before the House.

Some hon. Members: Hear, hear!

Mr. Bill Vankoughnet (Hastings-Frontenac-Lennox and Addington): Mr. Speaker, I am pleased to participate in the debate on Bill C-89 to amend the National Housing Act and the Canada Mortgage and Housing Corporation Act. Housing is a vital industry in Canada, and its continued existence and

growth is fundamental as more and more Canadians require shelter in a shrinking market and face severe economic hardships. Our society is built upon the premise that ownership of private property is an inherent freedom. The erosion of ability to own property is a serious social problem in Canada today. The right to own property guards the troubled boundary between the individual and the state. It is not the only separation as many other traditions, institutions and laws are also important, but Canadians have always taken pride in ownership of property.

There is no question that record high interest rates have done much to harm seriously the housing situation in Canada. The dream of many Canadians to acquire a home of their own has been shattered largely as a result of government economic policies or lack thereof. Two serious housing problems have developed in Canada over the past two years, those being availability and affordability, both largely as a result of high interest rates. When not enough housing units are produced to support the demand, we see shortages in supply. It has been estimated that Canada needs some 220,000 new housing units each year. During 1980, only some 159,000 new units were built, while in 1981, only some 178,000 units were built. The November, 1981, Conference Board forecast predicts that only 180,000 units will be constructed in 1982. These figures indicate a possible shortage of 143,000 units over a three-year period. Investors faced with high interest rates think twice about investing money in construction these days. As a result, apartment construction has virtually ground to a halt. The national vacancy rate fell from 2.8 per cent in April 1980 to some 1.2 per cent in October 1981, and continues to fall. As we have heard in the House this evening, in some areas it is zero. Many large centres across Canada experience serious shortages as more and more people compete with fewer housing unit vacancies. It is not just home owners who are experiencing problems these days, but also renters who are facing a bleak housing market. This will continue unless current adverse trends are turned around.

It is hard to believe that in a country with so much space and so many resources, as well as the over-all potential of a standard of living second to none, there should be any housing problems. It is up to the Government of Canada to implement programs to reduce interest rates for housing in an effort to provide Canadians with an adequate supply of housing units which are basic to the strength of any country. The government should realize it is difficult to ask Canadians to deal with the serious economic issues facing them today, without the added worry of struggling just to keep the basic necessity of a roof over their heads. Canadians must feel confident about the security of their family units and the basics such as food, shelter and clothing, as we tackle the problems of high inflation, interest rates, unemployment and rapidly increasing energy costs.

High mortgage rates are clearly having an impact upon the affordability of housing. In the third quarter of 1981, the average price of a home sold in Canada was $77,900. Assuming a 10 per cent down payment and $1,000 in property taxes, and using the rule of thumb that total payments for principal, interest and taxes should not exceed 30 per cent of gross income, a family income of $45,000 is now needed to afford an average-priced home. Canadian home owners, or hopeful home owners, have been faced with dramatic price increases due to high interest rates and rising house prices on the market in the last few years, the results of which are being felt today.

● (2120)

According to CMHC, as many as 40,000 Canadian families may lose their homes because of high interest rates. Many of these people are hardworking members of society trying to get ahead but frustrated in their efforts by the poor state of our economy brought about by years of federal government neglect and high interest rate policy. Approximately 1,200,000 Canadian families will have to renew their mortgages over the next two years, many at substantial increases in monthly payments. This will place undue pressure on an already stretched budget. These two problems of availability and affordability of housing units are serious indeed and deserve and demand immediate and effective government action in an effort to set things straight.

Canadians expected relief in the form of responsible solutions to the economic problems facing the country, but have found that relief in the recent federal budget was virtually non-existent. While the budget offers builders some assistance in the construction of new apartments, the limited assistance will only have a slight impact on the high break-even costs faced by most builders.

The MURB program which was responsible for the construction of some 25,000 rental units last year has been cancelled, and the government will reduce its commitment to subsidize social housing in 1982 from 30,000 units to 25,000 units. That is a drop of 5,000 units. The net effect of the above two policy decisions is a reduction of some 15,000 needed housing starts. The government promised, after continuous criticism throughout the summer and early fall, to bring in some form of relief for home owners in dire straits, such as people facing huge mortgage rate increases because of the government's high interest rate policy. The relief brought forward in the budget, if you can call it relief, or for that matter if you can call it a budget, is little more than a program which allows people to keep their homes by going further into debt.

The proposed Canada mortgage renewal plan as contained in Bill C-89 does little, if anything, to resolve Canada's current housing crisis. On an average-priced home in Canada today at the high level of interest being paid on a mortgage spread over the length of a usual repayment period, a Government of Canada guarantee to defer interest or for those who qualify for a grant, the maximum relief of $3,000 is minimal and not an effective solution to such a serious problem. This proposed plan is to expire on November 11, 1982, and apply to mortgages which matured on or after September 1, 1981. Such a short-term measure, which the minister responsible for CMHC indicated "is providing the help people need to get

them through these difficult times," must be questioned as to its effectiveness since some three months after the federal budget we see no improvement on the economic and housing horizon. This is not surprising since the so-called budget did not address itself to providing solutions to the causes of our economic and housing woes.

In the information kit on the proposed Canada mortgage renewal plan issued on November 12, 1981, in the questions and answers section, this question is posed: "This proposed plan appears to me to be simply a postponement of the inevitable. I will still face a hardship situation in a year from now when this plan runs out. What do I do then?"

The answer section indicates that the Canadian government "is simply unable to afford an extended benefit plan." Recent reports indicate the federal government is to spend millions of dollars on advertising the new Canadian Constitution, which I am sure will be of small comfort to struggling home owners. The answer goes on as follows:

> It is hoped, however, that while the plan is in operation, the personal financial situation of home owners will improve to the point where a decreasing proportion of income will be required to carry monthly mortgage charges. At the same time, this is an opportunity for home owners to consider their personal situations and to plan for the period when the plan terminates.

I would suggest that if the personal financial situation of home owners improves to any degree between now and November 11, 1982, it will not be as a result of any efforts on behalf of the federal government whose three-months-old budget has done little but slam the average Canadian.

I would also suggest, Mr. Speaker, that, at the same time, this is an opportunity for home owners, and indeed for all Canadians, to consider the economic mess in which this government has put the country, and an opportunity to plan to replace this worn out government with a Progressive Conservative government.

Bill C-89, while dealing with provisions of the mortgage interest renewal plan, also deals with various other measures which the government says will make CMHC "more business-like and more flexible". I would hope that such changes would result in effective and efficient programs and service to the public through fair and effective programs designed to improve the housing situation in Canada.

These are trying times for many Canadians. The 12.5 per cent annual average rate of inflation in 1981 was the largest annual average rate in 33 years. Unbelievable interest rates, record unemployment and energy costs, are changing the lifestyles of many hardworking Canadians through no fault of their own. Luxuries are the first items to go as part of the cost-cutting forced by rapidly increasing costs and more slowly increasing incomes. Canadians can learn to live with temporary reductions in their standard of living if they realize that effective solutions are forthcoming to get the nation's economy on the rails again.

After so many years of economic mismanagement by the present government, the Canadian people are losing their patience. In 1968, Canada's standard of living was the third highest in the western world; by 1981, it was thirteenth. With our abundant resources, Canada should have the highest standard of living and be on top. Many hardworking Canadians are finding that these economic hardships are gouging out not just the luxuries of life, but the necessities of life as well. Many Canadians, often families where both the husband and wife work, are finding it difficult to provide food, clothing and shelter for their families. It used to be in Canada that a single breadwinner maintained an increasing standard of living while paying off a mortgage, but now such a concept is but a dream to many Canadians. It is bad enough that many unemployed Canadians are having serious problems maintaining adequate housing, but when working families start losing their homes, the government must realize the seriousness of the problem.

The rural and native housing program, which is administered by CMHC, has caused a great deal of controversy in my riding of Hastings-Frontenac-Lennox and Addington. This program was approved by the federal cabinet in 1974. Its original objectives were to ensure adequate housing for low-income persons living in rural areas and small communities with a population of 2,500 or less. The program encourages client involvement to motivate and help the program's clients solve their housing problems through their own organization and efforts by providing the opportunity for client involvement in the planning and building of the units.

The program operates with various benefits and assistance available to those eligible. Section 40 of the National Housing Act is considered the lead provision under the rural and native housing program. Section 40 is the home ownership part of the program whereby ownership is made possible to low-income families by gearing monthly payments to income in accordance with a purchase-payment-to-income scale. This is a federal-provincial cost-sharing program whereby capital costs and losses are shared on a 72-25 per cent basis. I understand that under this part of the program the houses were to be built or acquired by CMHC and then sold to clients at the subsidized rates.

The program is designed to assist people to purchase a home and to pay for it based on their capacity to pay rather than the housing cost. Payments are based on 25 per cent of income with a minimum down payment of $500—or "sweat equity."

I understand that the program went into operation very quickly after it was approved by cabinet but before adequate guidelines and procedures could be developed, and that in October, 1976, the first formal directives were issued to the field offices, giving decentralized authority to branch managers for rural and native housing under Section 40, resulting in some inconsistencies.

● (2130)

In 1977, because of difficulties encountered in achieving targeted goals for the first few years of the program, a special task force was appointed by CMHC to review the total program, and a number of policy and procedural issues were identified and brought to the attention of management for resolution. In light of recent concerns in my riding over the program, I ask the minister to review policies and procedures

to ensure the smooth and effective working of the rural and native housing program.

In view of the very high interest rates of the last two years, the housing crisis in Canada has deepened beyond certain select groups. People in the cities, towns and on farms are experiencing problems in trying to keep a roof over their heads. Families where both spouses work hard to get ahead are finding it hard to hold on to their houses, if they can even afford one at all. Many who work hard just to hang on to their homes find that many other sacrifices are necessary also.

In light of such troubled times facing so many Canadians, it is necessary that various government programs be not only fair but be seen to be fair and appropriate for the times. Many people who work hard to get ahead and pay their taxes do not feel it is fair when, through no fault of their own, they lose their homes or have to struggle to maintain them, while at the same time the government offers a heavily subsidized program to a chosen few to acquire housing. Such a program, while commendable in principle during sound economic times, is felt by some to be out of tune with today's troubled times. This is not to say there is no need for government programs to aid Canadians' housing problems, but rather that existing programs should be equitable and appropriate.

I understand that under Section 40, CMHC can either purchase existing homes or have new homes built. This would, or perhaps should, entail an adequate selection of sites, builders, or an inventory of houses in a targeted area. Questions arise as to the criteria to be followed, the search process and the best decision for those affected. Questions also arise as to the selection of participants, and here we must remember this program is set up for communities of fewer than 2,500 people where often you find they know each other and what goes on in their community.

There is a controversy in my riding concerning the home ownership aspect of the rural and native housing program, and I would like to set out what I perceive to be some problems associated with it, particularly in Madoc and Marmora. When it is decided to go into an area with the program, it is necessary to select the best way to advertise and make the program known to eligible persons. At a time when so many Canadians are experiencing high housing costs and shortages, it is important that any program be adequately made known to avoid controversy and achieve a fair and representative response.

What are the best means of getting the information to and identifying potential applicants? Does CMHC contact local municipalities, welfare, community and social agencies, or federal and provincial Members of Parliament for a possible client list? Is there to be television, radio or newspaper advertising, or public meetings in target areas to acquaint all interested local residents with the program? After all, this is a taxpayer subsidized program for certain people at a time when many other taxpayers are losing their homes and going into debt. It is imperative that suitable guidelines exist to ensure adequate information and feedback.

Then there is the decision on whether to build new or buy existing housing, which raises questions and concerns. Who does CMHC approach to assess local housing and land markets? Should it be local real estate agents, municipal officials, the applicants, local residents or the local media? Are only those houses and lots listed for sale looked into, or is an effort made to find out about additional property which might come on the market? What guidelines exist as to requirements for the housing being sought, and on what basis is the decision made to buy existing or build new homes? I feel these and other issues must be addressed in order to provide comprehensive guidelines for this important program.

There are also areas of concern as to the successful applicants. How are they assessed and what are the priorities? Is there an application cutoff time, and how is it determined? How much weight is given to such matters as the order in which the application was made, initiative shown, recommendations by various agencies, family income, number of dependants, ability to meet commitments, source of income, credit rating, current housing situation and any interrelationship between applicants? I feel that it is of the utmost importance to have objective and equitable guidelines for this crucial stage of the program, especially in smaller communities where adequate public knowledge and consultation is fundamental to the effective working of such a program.

The concept of any such program and the methods to be followed in its implementation must be comprehensive, objective, fair and make common sense if the program is to work. If one family is struggling hard to keep their home as their expenses increase faster than their income, a program whereby another family in the community is provided with a new subsidized home is bound to create controversy unless managed in a most convincing way. With today's economy and tight housing situation, many beleagured taxpayers trying to keep their homes find it hard to be convinced about such programs because of many of the concerns and problems I have just raised.

I have seen many of these concerns raised at meetings in Madoc and Marmora where people attend from other areas with similar questions concerning the rural and native housing program. Residents of the target area were quite concerned over various aspects of the program such as type of housing selection, availability and applicant selection. During one meeting, a friend and local politician suffered a heart attack and passed away after expressing his feelings on the program. Another politician resigned his post, and a local election of officers resulted to fill council vacancies.

I have been contacted by constituents expressing their concerns on the program as planned for various areas in the riding. Many of the concerns are over topics I have already mentioned, and go to stress the necessity of suitable guidelines and an appropriate program in tune with the economic times if Canadians are to be convinced of the program and if it is to operate effectively and efficiently.

Public consultation, input and acceptance is important to the functioning of such programs in small municipalities, and

it is usually more acceptable for the public to find out things first-hand rather than by rumours. People like to be made aware of the implications of such programs, especially when they are subsidized by taxpayers' money.

Canada is facing severe economic problems right now, and a housing shortage is one of the aspects of the poor state of the economy. The latest budget did little to help Canadians, many of whom continue to struggle in an uphill battle to get ahead. There is a need for federal programs and assistance to get the economy moving again. There is also the need for a comprehensive housing policy to aid various levels of Canadians struggling to acquire or maintain shelter. Such policies must realize the seriousness of the problems facing the country when hardworking families are having a hard time keeping their homes. Programs must be assessed and reassessed to take into account the problems, needs and concerns of all Canadians if they are to be effective and respected in practice. Thank you, Mr. Speaker.

● (2140)

[*Translation*]

Mrs. Céline Hervieux-Payette (Parliamentary Secretary to Solicitor General): Mr. Speaker, I appreciate having this opportunity to speak before the House this evening, especially after publicly announcing my interest in the construction industry this weekend. In fact, I should like to point out that although my colleagues from central and eastern Montreal and I may have asked the Prime Minister (Mr. Trudeau) to add further measures to assist the construction industry, our request to the Prime Minister should not be interpreted as a criticism of the bill now before the House, which has my full support.

To me, this bill is extremely important for the operation and administration of the mortgage insurance fund. It will help the government and the Canada Mortgage and Housing Corporation to be more effective in the area of public mortgage insurance. However, I should like to focus on the social aspects of the bill. Bill C-89 is important because it deals directly with two urgent social problems, namely, renewal of mortgage loans and rental accommodation. The bill is also a tool for dealing with other social problems. It enables the Canada Mortgage and Housing Corporation to facilitate the provision of mortgage loans that are adapted to periods when mortgage rates fluctuate considerably. These loans offer greater security with respect to monthly payments, so that people can still consider purchasing a home as a way of increasing their security and providing for their retirement years.

The bill will help to ensure that the mortgage funds required in the long term will be available on the market. I agree with the minister that the bill does not reproduce all his plans for the housing sector. It is a start in the right direction, but again I agree with the minister that we must go further and deal with the problems of rural and native housing and low-income tenants. In fact, in a few weeks I shall be celebrating, with the people of my constituency, to mark the acquisition of several hundred co-operative housing units by the citizens of the riding of Montreal-Mercier. We have here a federal government program that is helping low-income people to become home owners. Mr. Speaker, it would not be fair to hold up this bill too long because of the provisions it does not contain, since the minister has clearly indicated his intention of dealing with other problems in due time. Members will recall that the decision to set up the plan was first announced in the budget speech by the Minister of Finance (Mr. MacEachen) on November 12. In fact, the previous speaker was asking the minister to elaborate on the programs. Mr. Speaker, I feel that those who attend the proceedings of this House have several times witnessed the indignation and outrage shown by opposition members when the minister made his announcement, and this evening, the same members are asking us to announce the details of these programs. So, Mr. Speaker, what else can I do, except commend a bill aimed at helping our fellow citizens. The first aspect of the bill, Mr. Speaker, is a security provided by the government to those lenders willing to allow home owners with liquidity problems to delay payment of the interest on their mortgage loan. Would-be eligible home owners who must pay more than 30 per cent of the household's gross income in principal, interests and taxes and, as the case may be, half of joint condominium charges. Consequently, those people would have a substantial equity in their home, in that the home has a much higher value than the amount still outstanding on the mortgage loan. The above-mentioned plan will allow them to use their equity to solve their liquidity problems.

This arrangement is not available to everyone. Thus, individuals who do not have a substantial equity in their home, for example, the co-owners of a condominium unit whose value has decreased throughout the years could not resort to that solution. To those who only have a small equity in their home and who have to repay more than 30 per cent of their income in monthly payments, the plan provides a direct grant of up to $3,000.

Mr. Speaker, I am aware that many hon. members have received letters and phone calls from their constituents who are anxious to know whether the plan would apply to their particular circumstances and how they could take advantage of it. Canada Mortgage and Housing Corporation officials who administer the scheme advise people to first contact their lenders. These lenders, I mean the banks, trust companies, credit unions, etc., which grant mortgage loans, are aware of the terms and conditions of the plan and have the application forms. They are ready to discuss this plan with their borrowers and help them decide whether they are eligible for the assistance provided by way of insurance or a grant, as well as fill out the application form. This form is then sent to a branch of the Canada Mortgage and Housing Corporation. CMHC officials advise me that they have already received a number of

applications, but they will not be in a position to offer either insurance or a grant as long as this bill which is now before the House has not been passed and as long as Parliament has not empowered it to act. As everybody knows, Mr. Speaker, there are measures provided for in the MacEachen budget, but for this program to be implemented, this bill must be passed by the House.

There are a few facts which people interested in this scheme should know. First of all, only those who own their own homes and live in them are eligible. For instance, a home owner could not obtain either insurance or a grant for a second house which he is renting out to others or which is occupied by members of his family. However, if he occupies an apartment a duplex or a triplex he owns, he will be deemed to be the home owner occupying that apartment for the purpose of this program. The assistance will apply to only one mortgage, either the first, second or any other, whichever the borrower chooses, on condition this mortgage loan was obtained when the house was bought. Of course, the assistance would apply to only one mortgage renewal. The grants will be paid to the lender on behalf of the borrower and not directly to the latter. It is understood that these grants would be tax free.

Mr. Speaker, I have made it clear to my constituents that a cheque will not be addressed directly to the home owner who is experiencing difficulties but that the Canada Mortgage and Housing Corporation will send one to the lending institution after it has approved the application.

To decide whether or not the income of a borrower makes him eligible for assistance under this bill, the income of the whole family before taxes is taken into account. That is, the income of the wife and husband, as well as other sources of income such as rental income, investment income, family allowances. As I have said before, the mortgage lenders are quite willing to discuss the program with their clients. I can even say that the willingness with which lending institutions have lent a hand with the application of the program has been of great value to the public. Because they have agreed to assume part of the administration of the plan by screening applications for assistance and putting up the funds, those institutions have enabled the government to make substantial savings in terms of costs and man-years.

Indeed, Mr. Speaker, I must emphasize that the Liberal government has always respected that long-standing tradition between the Canada Mortgage and Housing Corporation and the Canadian lending institutions, and co-operated with the private sector to bolster our economy and, of course, the housing sector as well.

Naturally the plan has come under criticism, particularly because it has failed to find a lasting solution to the problems of Canadians who occupy their own homes and who are faced with the difficult rearrangement of their personal expenditures as a result of soaring interest rates. Still we must admit that the program plan does meet its objective which is to help those people who may lose their home owing to high interest rates. I should even add, Mr. Speaker, that the plan offers that assistance in such a way as to make it possible to take into consideration at the same time the restraint which the government must use in the administration of public funds in these trying times and, of course, the urge to help the home owner keep the house on which he has already made sizeable payments.

The Canada mortgage renewal plan is an adequate answer to the problem of the current economic situation. It is a major feature of the bill introduced in the House, and I urge my colleagues to study it very carefully and diligently. The Canada mortgage renewal plan amounts to a fair solution of the problems inherent in renewing mortgages. Generally speaking, owners living in their own home earn appreciably higher incomes than renters do and, something which is just as significant, they have much larger assets than renters do. An over-all assistance program for mortgage renewals would be extremely costly, of course, and it would have transferred the income of small-wage earners to others who are much better off. It would then have been very difficult to reconcile such a program with the will of the government to help the most needy.

● (2150)

[*English*]

This is why in 1979 I so strongly opposed Bill C-20. The program was very unfair. It promoted subsidies and grants for everyone. This, of course, was to be done using the money for those who cannot afford a property.

[*Translation*]

However, the government realized that the tendency of mortgage terms to get increasingly shorter has caused great uncertainty among home owners. Mortgage renewal can affect in many ways the wellbeing of families and create cash problems. Mortgage renewal has been a source of uncertainty both for existing and prospective home owners and rental housing contractors. Confidence is very low, Mr. Speaker, and measures will have to be taken to renew confidence. The Canada mortgage renewal plan helps reduce uncertainty in households that are or will be renewing their mortgages. Other steps no doubt will be needed later, and I am ready to discuss them at other times.

Numerous discussions have dealt directly with the current mortgage instrument problems, namely, their short term, which generally is one year, and their uncertainty. Many people have urged that this instrument be changed. Home owner associations suggested we should come back to a 25-year mortgage term, because it would give families the certainty of being able to meet their monthly payments. Home owners want the assurance they will be able to meet their payments. With that security, families can plan for years ahead. However, Mr. Speaker, I am not sure the current

global and North American economic situation can make such a program possible. And at any rate, I am not sure either that a return to a 25-year term would necessarily solve the problem. such a plan would transfer to investors the uncertainty pertaining to interest rate fluctuations, which finally would lead to a reduced supply of mortgage funds. Other solutions have been put forward, for instance, variable rate loans, loans with capital gain participation, loans with indexed principal. I am not sure these proposals will succeed, but they certainly deserve to be put to the test, and it will take time for the market to accept them. That is why I am happy that Bill C-89 enables the Canada Mortgage and Housing Corporation to propose those types of mortage loans in order that present and future home owners may take advantage of them if they so decide.

Mr. Speaker, it is not possible to consider the social impact of this legislation or the broader question of housing without dealing with rental housing. This is an area I am quite aware of, because the constituency of Montréal-Mercier probably includes a majority of renters. All members of the House are concerned with the supply of rental housing and the problems faced by low-income renters in tight markets.

Earlier, I mentioned the co-op housing program and noted that this was a formula introduced by the Liberal government to allow low-wage earners to become home owners. Mr. Speaker, I believe that this program has proven effective and I am happy that the residents of the Mercier riding can benefit from it. Moreover, the Canadian government will finance 40,000 new rental units in 1982, including 25,000 units under the non-profit and co-op housing programs, which provide housing for low and middle-income tenants. In addition, the Canada rental supply plan will finance another 15,000 units to prevent a worsening of the shortage of rental housing. The bill will play a major role in providing these 15,000 units by enabling the Canada Mortgage and Housing Corporation to insure more substantial loans for rental housing.

Mr. Speaker, we are facing four major social problems: the first is that of the availability and supply of rental housing at reasonable prices. In this regard, the bill now before the House will help to ensure that the 15,000 rental units announced in the budget will prevent a further deterioration of the markets which are faced with a rental housing shortage. No one will claim that this bill will solve every housing problem in Canada, but I believe that it is a positive beginning and this is why I support the minister's efforts and this bill. The commitment entered upon by the government is obvious if we consider the 25,000 non-profit or co-op housing units to be built in 1982.

The second problem concerns low-income tenants throughout the country. Through its non-profit and co-op housing programs, the government has shown its concern for these people. The minister has also expressed support for a housing allowance program and his wish to consider this proposal at length.

The third problem, Mr. Speaker, is the lack of confidence or the uncertainty which besets present and future occupant home owners. The Canada mortgage renewal plan and the provisions of this bill, which will allow CMHC to help develop new forms of mortgage loans, are aimed at solving this problem. In any case, Mr. Speaker, I want to take this opportunity to remind hon. members that it would be a complete fraud to pretend to solve all of Canada's economic problems with the introduction of such a bill. This is why I invite my colleagues in the opposition to consider this positive measure, to try to improve its content, but also to approve it as soon as possible since our constituents are anxious to see it passed quickly.

The fourth problem, Mr. Speaker, concerns the miserable housing conditions of our native and rural population. As I came from a rural area before settling down in an urban area, Mr. Speaker, I must say that I am aware that the housing situation is indeed distressing and in this respect agree with my colleagues across the aisle. However, I do not believe that this is a good reason to prevent or delay the implementation of such a bill. If we are aware of problems in other sectors, Mr. Speaker, other action could be taken, and this is why I urge my colleagues to support this bill. I believe that the government has shown concern for the native people, the problems of employment and the rural situation. With respect to financing, we have had the previous bill on Canagrex, and I believe that this government has shown no reluctance in supporting positive action to help the Canadian people.

● (2200)

[*English*]

I think that a short discussion of this bill is needed. I hope that my colleagues will support Bill C-89. Although I recognize it is the role of the opposition to oppose, they should also take part in discussions and approval of measures.

This is a very positive measure. I believe that Canadians can afford this program and approve these measures, and it is my hope that we will vote on this important bill shortly.

The Acting Speaker (Mr. Blaker): I believe the hon. member for Winnipeg-St. James (Mr. Keeper) wishes to be recognized now so that he may be recognized tomorrow. Is that the case?

Mr. Keeper: Yes, Mr. Speaker.

The Acting Speaker (Mr. Blaker): The Chair has recognized the hon. member for Winnipeg-St. James.

Adjournment Debate

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

GOVERNMENT OF CANADA—TRANSFER OF TOURISM OFFICE FROM OTTAWA TO YARMOUTH, N.S. (B) ADVICE TENDERED BY MINISTER

Hon. Walter Baker (Nepean-Carleton): Mr. Speaker, until November 30, 1981, the main ingredients of the government's decentralization policy were patronage, lack of respect for the taxpayers' dollar, political advantage to a particular ministry and secrecy.

On that day, as a result of two questions to the President of the Treasury Board (Mr. Johnston) and the Minister of State for Small Businesses and Tourism (Mr. Lapointe) on the proposed move of the distribution unit of the Canadian Government Tourism Office, two new elements were added—stupidity and weakness.

Lest you think, Mr. Speaker, that I am too hard on these two hon. gentlemen, I should tell the House the facts. Let me begin by saying that it is now common knowledge that in stopping the decentralization program in 1979, the Clark government saved the Canadian taxpayer approximately $250 million and eliminated countless negative effects on the delivery of government services to the people of Canada. I presume that if this government had asked for the same advice on costs and efficiency from the same public service, it would have received the same advice as our government received. Therefore, the present policy must be based on political advantage, and lack of respect for the taxpayers' dollars, laced with a generous amount of patronage. But there is more, and this is where stupidity and weakness enter.

In 1977, before the Clark government stopped the move, the Minister of State for Small Businesses advised the President of the Treasury Board not to move the tourism distribution unit to Yarmouth. Again, on April 29, 1981, in a letter that the Minister of State for Small Businesses admitted writing to the President of the Treasury Board—which everyone can see if they ask—the minister pleaded an eloquent case against the move. He recalled the consistent advice against the move over the years, related how the standard of service would be lowered and described the distribution centre as much more than a warehousing operation; rather, a sophisticated office with national and international responsibilities to get Canada's message out within a critical delivery component. He detailed how the move to Yarmouth would increase the costs of the operation, impose time penalties on the service and agreed that if there was a strong case against the move to Yarmouth in 1977, there was an even stronger case in 1981, and certainly stronger today.

Only in Ottawa, only within the Treasury Board could such foolishness abound. For example, a distribution unit is to be moved where no postal workers will be available. Material which should be out in the marketplace will have to be stored in the post office in Halifax. These delays will mean missing media deadlines. Agents, embassies and offices abroad will suffer from unco-ordinated shipments, and cost increases will be enormous. For example, with regard to provincial costs, Ontario provided 124,000 pounds of literature in the past twelve months at a shipping cost of $3,200. The Yarmouth cost would be $17,240. British Columbia provided 53,000 pounds at a cost of $9,600. That cost would climb to $15,565. Some might grow fainthearted in the face of this logic and the good sense of the letter, but no one should ever accuse the government of faintheartedness when it comes to stupidity. It embraces stupidity in a manner which is truly breathtaking. The Minister of State for Small Businesses and Tourism recognized stupidity for what it was and admitted it to the House. He said he wrote the letter; he did not agree with the move; it would make him a laughing stock; and he asked for another unit to be moved. When I read that, I said there was a glimmer of hope for this poor benighted creature. However, seconds later, he dashed this slim glimmer of hope to the ground. He said, and this is where he demonstrated his weakness: "Please save me from the member from Yarmouth. She is thrashing me to death with her purse. Find me another unit for Yarmouth. I can't stand it." Another unit could not be found, so he changed his mind, and what was ridiculous, what was irrelevant, and what was stupid before now became the order of the day for government business.

● (2205)

Even this tired, listless, weak-willed, patronage-ridden and ramshackle excuse for a government has to account to the people at some time. Let it do so now. Let it produce all the correspondence. The parliamentary secretary is here. Let him produce all the correspondence and the studies on decentralization. Let the government find that other department or unit to go to Yarmouth. Nobody disagrees with the federal presence in Yarmouth, but how can the government fly in the face of a move which has been condemned by everyone and even by the minister himself? Who is in charge over there? What establishes the rule over there? Is it good sense; is it patronage; is it the appropriate delivery of government service; or is it the hon. member for South West Nova (Miss Campbell) or the public interest? Find another unit, please, Mr. Speaker, even if you have to intervene personally. It is painful for me to have to sit here day after day and to see the government make such a fool of itself.

Mr. Ralph Ferguson (Parliamentary Secretary to Minister of State (Small Businesses and Tourism)): Mr. Speaker, I am somewhat shocked to hear some of the adjectives used by the hon. member for Nepean-Carleton (Mr. Baker) because when we look at the employment rate of that area of Nova Scotia and compare it with that here in the nation's capital, we note that it is over 4 per cent higher than here in central Canada. There are, therefore, humanitarian reasons behind this move, and humanitarian reasons behind moves to other areas in the

Atlantic region which do not enjoy the opportunities we enjoy here in central Canada. Part of the decision was based on the need for decentralization so we could be in closer contact with people in outlying areas. We should look at this matter in the true Canadian context of sharing. We must provide the people of that area with a standard of living comparable to that in the nation's capital. I hope this is one move in that direction. We should not be greedy and hold everything in central Canada. We should be willing to share.

Work is proceeding on the Canadian Government Office of Tourism facility in Yarmouth, Nova Scotia. Completion of the new structure and occupancy is scheduled for 1983. Officials of the office of tourism have had several meetings with officials of the city, Canada Post and the Department of Employment and Immigration, to ensure the transition is done as smoothly as possible so as not to inconvenience people seeking travel information and literature on Canada. Transportation companies, including CP Transport, have been asked for plans and estimates of costs for moving the tourist information to the Yarmouth distribution centre. Officials of the Canadian Government Office of Tourism also met with Canada Post officials in Halifax recently and were assured of the fullest co-operation possible. A postal plan for servicing Yarmouth will be presented to the CGOT shortly to allow time for the new Crown corporation to settle in.

Meetings have also been held in Yarmouth with Employment and Immigration Canada in relation to possible staffing requirements for the new facility. Here in Ottawa a professional career counsellor is advising those employees of the distribution centre who will be relocating in the national capital area on retraining, job rotation and relocation.

The Canadian government wants to decentralize, and, in view of the high unemployment figures in the Yarmouth area compared with those in the city of Ottawa, I do not think we should be complaining but, rather, trying to help those people who are disadvantaged.

● (2210)

THE ECONOMY—QUERY RESPECTING MATTERS CONSIDERED WHEN PREPARING BUDGET. (B) DURATION OF RECESSION

Hon. Sinclair Stevens (York-Peel): Mr. Speaker, my remarks tonight centre on a question I put to the Prime Minister (Mr. Trudeau) on December 9 of last year. At that time I was pointing out to him that, in the absence of the Minister of Industry, Trade and Commerce, (Mr. Gray) in the House, I felt he should inform the House concerning the plight of some 140,000 people who the Canadian Manufacturers' Association had indicated only that day had lost their jobs over the last three months. The emperor was in one of his snarky moods that day and simply said "I will be very happy to convey the hon. member's representations to the minister; I believe he will be in the House presently." I followed up my question by asking would he indicate why he and the Minister of Finance (Mr. MacEachen) and the Minister of Industry, Trade and Commerce had put us in the place where we were experiencing such a serious recession in Canada. The emperor then came back and said that he could not agree with that premise and that he had no answer to give.

The reason I have reiterated the question and the two answers is that I think that in reality this government does not fully realize the hardship it is creating in this country. The CMA people at that time indicated that 140,000 people had lost their jobs. As we know, within the last week the president of the CMA is now saying that it may be 400,000 Canadians who will be out of work as a result of the present recession we are in.

The Prime Minister may feel he can quibble with our words. He may feel he can say that it is technically not a recession, but every economist in Canada would disagree with him. The fact is that for the last four years this country has had a negative real growth on a per capita basis in each of those four years.

Let me not ask you to accept my figures, Mr. Speaker. In the October issue of the internationally well regarded magazine *Euromoney,* it was pointed out that Canada among world countries had an economic performance between 1974 and 1981 ranking number thirtieth. That means we ranked after countries such as Taiwan, Singapore, Hong Kong, Saudi Arabia, Malaysia, Iraq, Egypt, Thailand, Cyprus, Japan, Korea, Burma, Paraguay, India, Honduras, Libya, Pakistan, Indonesia, Tunisia, Trinidad and Tobago, The Philippines, Panama, Guatemala, Ecuador, United States of America, Norway, Germany, Austria, Malawi—and then Canada.

I mention this because I think it is time that not only the emperor himself but his ministers, those dwarf ministers that surround him, somehow accepted the plight they have caused in the country. We have a competitively high inflation level in Canada. In fact, the same economic review I have referred to, the October issue of *Euromoney,* says that as far as inflation is concerned we have the nineteenth worst inflation level they record. As far as economic growth in those years is concerned, 1974 to 1981, we ranked forty-eighth.

I am suggesting to the House this evening that, bearing in mind the riches we have in this country, the resources that we have, the agricultural produce and capability we have, our talented people, and the proximity we have to the wealthiest market in the world, it is time the government accepted the challenge to make us number one again among world nations.

● (2215)

This is why I am suggesting, since we have now slipped into a recession, that the Prime Minister should offer some explanation not only to the House but to the people of Canada. He should be willing to tell us why, in terms of personal wealth, for example, we have slipped behind Switzerland which now has personal wealth for every man, woman and child of $14,240 in United States dollars. He should be willing to tell us why we are behind Luxembourg with $12,820 in personal earnings; Sweden with $11,920; Denmark, $11,900; Germany, $11,730; Belgium, $10,890; United States, $10,820; Norway, $10,710; Iceland, $10,490; The Netherlands, $10,240; France,

$9,940. Then comes Canada! We used to be a proud No. 2 on the list. How come the emperor has allowed us to sink so low?

Mr. Doug Frith (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, several points were raised by the hon. member for York-Peel (Mr. Stevens) with which I will deal in the order he presented them. Originally the hon. member asked his question on December 9, 1981. In his preamble he said to the Prime Minister (Mr. Trudeau):

> In view of the fact that we are now faced with the worst red ink figures in our relationship with the rest of the world in terms of trade—

Then he went on to ask why we were in the same situation in terms of losing jobs; basically that was the question he asked.

If one listened to the rhetoric of the question, one would assume that in fact our trade balance in 1981 was the worst on record. In fact, the way it was worded one would think there was a trade deficit in 1981. Yet the figures show that in 1981, despite the fact that the hon. member quoted from *Euromoney*, the economic review, Canada had a $6.5 billion trade surplus. Admittedly that is not quite as good as the record of 1980. I remind the hon. member that there was still a Liberal government on this side of the House when Canada had its largest trade surplus in history of $7.8 billion. If one listened only to the rhetoric of the hon. member opposite, one would think that the country was faced with a trade deficit, and the facts prove the opposite.

In 1981, in terms of trade, had the fourth quarter or the last quarter of that year been projected on a yearly basis, the result would have shown an even better record trade surplus between Canada and its major trading partners in the world. Evidently the Minister of State for International Trade (Mr. Lumley) has done an excellent job in terms of promoting Canadian products. This shows up in our trade surplus with other markets.

In addition, the hon. member asked why Canada was doing so poorly when we were in such close proximity to the wealthiest market in the world. I would assume by that he meant the United States. It is fair to say that roughly 70 per cent of all exported Canadian products are traded with the United States. The hon. member opposite would be in agreement with me that the United States is in its worst recessionary period since the post war period as well. It should be borne in mind that when 70 per cent of everything produced in the country goes to the United States, whose economy is in trouble as well, that the Canadian economy will be in trouble. With the budget and by some of the measures we have introduced we are trying to alleviate the unemployment situation to which the hon. member referred. I am confident that as the United States economy turns around, we will find the economy of Canada will correspond in a like manner.

• (2220)

HEALTH—REQUEST FOR VACCINATION PROGRAM TO COMBAT RED MEASLES

Mr. Stanley Hudecki (Hamilton West): Madam Speaker, on November 20, 1981, my question to the Minister of National Health and Welfare was phrased as follows:

> A disease which is seriously underrated by the public and also by some health workers, as far as morbidity is concerned, and one that can and does cause significant brain damage, is red measles. This serious virus infection is preventable by vaccination. The United States is committed to a national vaccination program, with a goal of completely eliminating the disease arising within that country by 1982. Does the Minister of National Health and Welfare have any plans to stimulate and co-ordinate such a program in Canada where the responsibility for health rests with the provinces?

The Minister of National Health and Welfare answered:

> Madam Speaker, the jurisdiction for implementing such health policy remains with the provincial health authorities. However, the fact is that the National Advisory Committee on Immunization which prepared guidelines for the eradication of measles in Canada strongly recommended that legislation be enacted in each of the ten provinces requiring measle immunization prior to school entry. Unfortunately it has not been implemented in some parts of Canada. I do not have the direct power to do it, so I guess an occasion such as this to tell the public is of value.

My purpose in bringing this question to the attention of the minister again is because I feel this is an important issue and one which focuses on the physical wellbeing of all Canadians and our progeny.

The urgency of this situation is heightened by the fact that in 1980 the reported rate of measles in Canada was approximately ten times higher than in the United States. In Canada there were 13,750 cases, having a rate of 58 per 100,000 population; whereas in the U.S.A. there were 13,430 cases (the rate being 6 per 100,000 population).

It was estimated that approximately 2,500 Canadians were infected with red measles in 1981. While this figure is down considerably from previous years, it becomes less impressive when we realize that only 2,347 measle cases were reported in the entire United States during the first 26 weeks of 1981. What we must all realize is that we have reached a point where we can eliminate this infectious disease. Red measles has hitherto been referred to in Canada as a common childhood disease. It is not by any yardstick a benign disease. Complications such as middle-ear infection and bronchopneumonia occur in one out of every 15 cases. Inflammation of the brain or encephalitis occurs in one out of every 1,000 cases of measles. This condition leaves some with permanent brain damage and others with residual paralysis. Mental retardation occurs once in every 3,000 cases sometimes due to a result of the encephalitis. The disease can be eradicated but in order to do so a 100 per cent comprehensive program of public, not private, vaccination is required.

In June, 1981, the Canadian Paediatric Society passed a resolution promoting a more universal use of the vaccine to immunize citizens against the disease. The National Advisory Committee for Immunization has continually made similar recommendations. In addition, the Canadian Medical Association in August, 1981, recommended compulsory vaccinations to eradicate this disease. Implementation of such a program is

the responsibility of the provincial legislature. The response to these submissions has not been favourable in any province except the province of New Brunswick.

Compare this response with that in the United States where all 50 states have such legislation in force. There, children must have a certificate in order to be admitted to school and if a case of measles breaks out, all members of the school must show an immunization record as proof of having been vaccinated. If no such proof is available, they are excluded from school. It is only through well supervised programs of this nature that the 1982 goal of completely eliminating the disease within that country will be realized.

• (2225)

Relating this back to Canada, Mr. Speaker, since supplies of the vaccine are already available at the provincial level it seems to me that the federal government's role should not only entail providing educational information and encouraging universal acceptance of vaccination programs, especially those relating to certain age groups, but it should also be encouraging the remainder of the provinces to enact legislation which would facilitate the degree of control now being achieved over the disease in the United States. In this way we would be encouraging a national health strategy to eliminate indigenous measles in Canada. A commitment must be made by the federal government to do this.

Mr. Doug Frith (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, may I just begin by saying that the minister is in agreement with everything the hon. member has said in his preamble. I think the hon. member has correctly pointed out the saddest situation that can arise, which is when the government or the medical profession has the wherewithal and the weapons to eliminate disease and we find these are not being used properly. From a medical practitioner's standpoint, that is one of the saddest things in terms of trying to educate the public.

As an example of that, Mr. Speaker, the major commitment of the World Health Organization in the 1970s was to eradicate smallpox on a worldwide scale. From the medical practitioner's standpoint, one realizes that that is much more difficult in terms of immunization than it would be in the case of measles. I think basically what we have to do as a national government is educate the Canadian public as to the ease with which we can eliminate or eradicate the incidence of measles in Canada. We have to begin by educating the parents to have their youngsters undergo vaccination prior to their entering school, or at least in their very early school years.

The hon. member for Hamilton West (Mr. Hudecki) points out quite correctly that roughly one in every 15 reported cases results in ear infections and pulmonary pneumonia. As he mentioned, we have severe brain inflammation in one out of every thousand cases. Even more important, we have records of several unnecessary deaths occurring in Canada in the last few years because young children contacted measles.

The minister has pointed out that the United States, on the other hand, in 1978 instituted a program to eliminate measles by the year 1982, and it has been rather successful. I just want to point out, Mr. Speaker, that the Minister of National Health and Welfare (Miss Bégin) will be meeting with her provincial counterparts in the next six to seven weeks and we hope to be able to convince those provincial ministers to institute compulsory immunization programs. That is the only way we are going to eradicate measles in this country.

The Acting Speaker (Mr. Blaker): Order, please. The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at two o'clock p.m.

At 10.29 p.m. the House adjourned, without question put, pursuant to Standing Order.

APPENDIX

P.C. 1982-367

Certified to be a true copy of a Meeting of the
Committee of the Privy Council, approved by
His Excellency the Governor General on the 8 February, 1982

The Committee of the Privy Council, on the recommendation of the Prime Minister, advise:

1. that in the absence from Ottawa of the Prime Minister or in the event of his being unable to perform the functions of his office, the next senior minister who is in Ottawa and is able to perform the functions of the Office of Prime Minister, be authorized to act for the Prime Minister;

2. that in the absence from Ottawa of a Minister whose name is set out in Column II of an item of the Schedule to this Minute, or in the event of that Minister being unable to perform the functions of his Office, the Minister whose name is set out in Column III of the item be authorized to act for the Minister named in Column II in respect of the Office set out in Column I of the item;

3. that in the absence from Ottawa of the Ministers named in Columns II and III of an item of the Schedule to this Minute, or in the event of both of those Ministers being unable to perform the functions of their Office, the Minister whose name is set out in Column IV of the item be authorized to act for the Minister named in Column II in respect of the Office set out in Column I of the item;

4. that in the absence from Ottawa of the Ministers named in Columns II, III and IV of an item of the Schedule to this Minute, or in the event of all those Ministers being unable to perform the functions of their Office, the Prime Minister or, if the Prime Minister is absent from Ottawa or unable to perform the functions of his Office, the next senior minister who is in Ottawa be authorized to act for the Minister named in Column II in respect of the Office set out in Column I of the item;

5. that where an Office set out in Column I of an item of the Schedule to this Minute is vacant, the Minister whose name is set out in Column III of that item be authorized to act in the Office of the Minister whose Office is set out in Column I of that item; and

6. that where an Office set out in Column I of an item of the Schedule to this Minute is vacant, in the absence from Ottawa of the Minister whose name is set out in Column III of that item, or in the event of that Minister being unable to perform the functions of the Office set out in Column I of that item, the Minister whose name is set out in Column IV of that item be authorized to act in the Office of the Minister whose Office is set out in Column I of that item.

LIST OF ACTING MINISTERS

	COLUMN I	COLUMN II	COLUMN III	COLUMN IV
	OFFICE	NAME	ACTING MINISTER	SECOND ACTING MINISTER
1.	Agriculture	Mr. E. Whelan	Mr. J.-L. Pepin	Mr. L. Axworthy
2.	Communications	Mr. F. Fox	Mr. J. Roberts	Mr. H. Gray
3.	Consumer and Corporate Affairs and Canada Post Corporation	Mr. A. Ouellet	Mr. C. Lapointe	Mr. D. Johnston
4.	Economic Development	Mr. H. A. Olson	Mr. M. Lalonde	Mr. H. Gray
5.	Employment and Immigration	Mr. L. Axworthy	Mr. P. De Bané	Mr. C. Caccia
6.	Energy, Mines and Resources	Mr. M. Lalonde	Mrs. J. Erola	Mr. J.-L. Pepin
7.	External Affairs	Mr. M. MacGuigan	Mr. E. Lumley	Mr. P. De Bané
8.	Finance	Mr. A. MacEachen	Mr. P. Bussières	Mr. D. Johnston
9.	Fisheries and Oceans	Mr. R. LeBlanc	Mr. J. Roberts	Mr. W. Rompkey
10.	Indian Affairs and Northern Development	Mr. J. Munro	Miss M. Bégin	Mr. M. Lalonde
11a.	Industry, Trade and Commerce	Mr. H. Gray	Mr. C. Lapointe	Mr. E. Lumley

COLUMN I	COLUMN II	COLUMN III	COLUMN IV
OFFICE	NAME	ACTING MINISTER	SECOND ACTING MINISTER
11b. Regional Economic Expansion	Mr. H. Gray	Mr. C. Lapointe	Mr. E. Lumley
12a. Justice and Attorney General	Mr. J. Chrétien	Mr. R. Kaplan	Mr. A. Ouellet
12b. Social Development	Mr. J. Chrétien	Mr. J. S. Fleming	Miss M. Bégin
13. Labour	Mr. C. Caccia	Mr. L. Axworthy	Mr. F. Fox
14. National Defence	Mr. G. Lamontagne	Mr. M. MacGuigan	Mr. W. B. Campbell
15. National Health and Welfare	Miss M. Bégin	Mr. J. Chrétien	Mr. W. B. Campbell
16. National Revenue	Mr. W. Rompkey	Mr. J.-J. Blais	Mr. A. MacEachen
17. Privy Council	Mr. Y. Pinard	Mr. W. Rompkey	Mr. R. Kaplan
18. Public Works	Mr. P. Cosgrove	Mr. Y. Pinard	Mr. J.-J. Blais
19a. Science and Technology	Mr. J. Roberts	Mr. R. LeBlanc	Mr. J. Munro
19b. Environment	Mr. J. Roberts	Mr. R. LeBlanc	Mr. J. Munro
20. Secretary of State	Mr. G. Regan	Mr. J. S. Fleming	Mr. F. Fox
21. Solicitor General	Mr. R. Kaplan	Mr. J. Chrétien	Mr. Y. Pinard
22. Supply and Services	Mr. J.-J. Blais	Mr. P. Cosgrove	Mr. P. De Bané
23. Transport	Mr. J.-L. Pepin	Mr. L. Axworthy	Mr. E. Whelan
24. Treasury Board	Mr. D. Johnston	Mr. A. MacEachen	Mr. A. Ouellet
25. Veterans Affairs	Mr. W. B. Campbell	Mr. G. Lamontagne	Miss M. Bégin

HOUSE OF COMMONS

Tuesday, February 9, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

FISHERIES

AFFIRMATION OF RIGHT TO HUNT HARP SEALS—MOTION UNDER S.O. 43

Hon. James A. McGrath (St. John's East): Madam Speaker, I rise under the provisions of Standing Order 43. I believe, Madam Speaker, you will find after consultation that there is unanimous consent for this motion which is on a matter of urgency because there is a resolution before the European Parliament which would have the effect of banning the importation of seal products into the countries of the European Economic Community. Therefore, I move, seconded by the hon. member for Don Valley East (Mr. Smith), and with the support of the hon. member for Nunatsiaq (Mr. Ittinuar):

That, in the opinion of this House, the annual harvest of harp seals by Canadians is an important source of income to a large proportion of the native population of northern Canada and approximately 6,000 fishermen living in Newfoundland and Quebec, which last year generated well over $12 million into the economy of these areas, and that this House reaffirms the right of Canadian sealers to go about their legitimate pursuit under the strict supervision of the Government of Canada, free from harassment and interference.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Madam Speaker: Does the House agree to the said motion?

Some hon. Members: Agreed.

Motion agreed to.

* * *

HUMAN RIGHTS

CHARGES LAID AGAINST VASYL OVSIYENKO BY U.S.S.R. AUTHORITIES—MOTION UNDER S.O. 43

Hon. Steven E. Paproski (Edmonton North): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Considering that a member of the Ukrainian Helsinki Group was recently transferred to KGB headquarters and is being charged with "verbal agitation and propaganda" for having written to the United Nations describing severe conditions in the labour camp where he was previously held, I move, seconded by the hon. member for Saskatoon West (Mr. Hnatyshyn):

That the Canadian government make representations on behalf of Vasyl Ovsiyenko to the Soviet authorities in order that these charges be dropped and Ovsiyenko freed.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

POLITICAL PARTIES

CROWSNEST PASS RATE—POSITION OF PROGRESSIVE CONSERVATIVE PARTY—MOTION UNDER S.O. 43

Mr. Doug Anguish (The Battlefords-Meadow Lake): Madam Speaker, I rise under the provisions of Standing Order 43. Some members of the Conservative Party have been creating the illusion that they would not change the Crow rate if they were in government. The former Tory minister of transport, the hon. member for Vegreville (Mr. Mazankowski), is quoted as saying, "I want to assure you that any change in the application of the Crow benefit will come only after there is full consultation with the producers—" and "—if there is any change of application of the Crow rate it will have to be coupled with adequate service guarantees—". Therefore, since it is clear that the policy of the Conservative Party is not to keep the Crowsnest Pass rate, I move, seconded by the hon. member for Dauphin (Mr. Lewycky):

That the Conservative Party commit itself immediately to full public support of Liberal attempts to change the Crowsnest Pass rate, so that its public position reflects its real position, which is to abandon the Crow rate.

Mr. Mazankowski: What did Blakeney say?

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

THE ECONOMY

PROPOSALS TO STIMULATE HOUSING CONSTRUCTION AND EMPLOYMENT—MOTION UNDER S.O. 43

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, given the assurance of the Prime Minister (Mr. Trudeau) to the House yesterday that "this cabinet and caucus is very much united", I know this motion will receive unanimous consent. I move, seconded by the hon. member for Yukon (Mr. Nielsen):

That the government bring forward measures to stimulate the housing construction industry because of its well-known spin-off effects and help business hire more youths under the age of 25 right now, and that the government adopt these proposals as set out in a letter dated February 3, 1982, sent to the Prime Minister, released publicly, and signed by the Minister of National Health and Welfare and the Minister of State.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

AGRICULTURE

PRAIRIE FARM EMERGENCY FUND—USE FOR RESEARCH AND DEVELOPMENT—MOTION UNDER S.O. 43

Mr. Doug Neil (Moose Jaw): Madam Speaker, over one year has gone by since the Minister of Agriculture (Mr. Whelan) agreed to refer Bill C-245, to repeal the PFA Act and set up a trust to fund research into cereal grains and oilseeds suitable for use in the Canadian Wheat Board area, to committee. Almost six months have gone by since western grain farm organizations formed the Western Grains Research Foundation with similar objects to those set forth in Bill C-245. To date the minister has taken no action, with the result that approximately $2 million of interest on the prairie farm emergency fund producers' money has been lost to research. I move, seconded by the hon. member for Assiniboia (Mr. Gustafson):

● (1410)

That the Minister of Agriculture take immediate action to ensure that the money held in the prairie farm emergency fund, together with accrued interest since February 3, 1981, be made available for research and development as proposed by both Bill C-245 and the Western Grains Research Foundation.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

[*Translation*]

AIRPORTS

REQUEST THAT LAND UNNECESSARILY EXPROPRIATED BE RETURNED TO PEOPLE—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa): Madam Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. I move, seconded by the hon. member for Churchill (Mr. Murphy):

That this House require the government to put an end to the bureaucratic control exercised by the Canada Lands Company (Mirabel) Ltd., which in requesting the investment of millions of dollars in Canada is merely looking after its own interests, and that the government immediately return all land unnecessarily expropriated.

Madam Speaker: Under the provisions of Standing Order 43, this motion requires the unanimous consent of the House. Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

EXTERNAL AFFAIRS

SOUTH AFRICA—REPORTED COMMENTS MADE BY MEMBER FOR WINNIPEG-ASSINIBOINE—MOTION UNDER S.O. 43

Mrs. Ursula Appolloni (York South-Weston): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgency that was raised yesterday in this House but was denied unanimous consent by some hon. members. I am referring to the comments made about blacks in South Africa by the hon. member for Winnipeg-Assiniboine (Mr. McKenzie). Once again, Madam Speaker, I move, seconded by the hon. member for Parkdale-High Park (Mr. Flis):

That this House request the member for Winnipeg-Assiniboine to retract his repugnant and despicable statements; failing this, that this House urge the Conservative caucus as well as the Right Hon. Leader of the Opposition to expel the member from their caucus.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

PENSIONS

DELAY IN MEETING PENSIONERS' NEEDS—MOTION UNDER S.O. 43

Mr. Vince Dantzer (Okanagan North): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. In his address to the National Pensions Conference in March, 1981, the Prime Minister said:

We are determined to bring about a substantial pension reform—that determination imposes a sense of urgency.

The Prime Minister then promised a July meeting with the provinces on pensions. We have had no such meeting. The government then promised a green paper on pensions for October. We have had no such green paper. October became December, December became February, and now we are told that we should expect it in May, and the paper is no longer green. Therefore I move, seconded by the hon. member for Calgary North (Mr. Wright):

That this House censure the Prime Minister, the Minister of Finance and the Minister of National Health and Welfare, all of whom were participants in the National Pensions Conference held in Ottawa last March, for their irresponsible delay in failing to provide adequate or any solution to the urgent and pressing needs of pensioners in Canada.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE JUDICIARY

NEW BRUNSWICK APPOINTMENTS—MOTION UNDER S.O. 43

Mr. Bob Corbett (Fundy-Royal): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. With respect to the recent appointment of the defeated former New Brunswick Liberal leader, Joe Daigle, to the $70,000 a year seat on the New Brunswick Court of the Queen's Bench, and the earlier appointment of his defeated predecessor to the provincial supreme court in 1978, I move, seconded by the hon. member for York-Sunbury (Mr. Howie):

That this House commend the Minister of Justice for his noble and purely humanitarian gesture and trust that he will continue his completely impartial and unbiased practice of appointing all has-been Liberals to such esteemed and lucrative positions.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

CANADIAN ARMED FORCES

MEDICAL CRITERIA USED IN RECRUITMENT PROCEDURES—MOTION UNDER S.O. 43

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. The Ministry of National Defence has recently initiated a new recruitment campaign for the Armed Forces. Recruitment officers in employment centres across the country are informing applicants that successful cartilage operations will not be a deterrent to their admission into the forces. However, young persons are, in fact, being turned down by the Armed Forces after initial recruitment on the grounds of non-medical compliance, simply because they have undergone corrective surgery for cartilage-related problems. In light of this unfair practice, I move, seconded by the hon. member for Prince Edward-Hastings (Mr. Ellis):

That the Minister of National Defence review recruitment procedures with a view to eliminating unfair and unduly restrictive requirements, without which young persons who have corrected minor medical problems would be admitted into the forces.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

● (1415)

ORAL QUESTION PERIOD

[*English*]

THE ADMINISTRATION

DEFINITION OF CABINET SOLIDARITY

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I want to come back to the question of the split in the government over the budget, and I would address my question to the Prime Minister who will recall, I am sure, the classic definition of cabinet solidarity as given by the late Prime Minister Sir Wilfrid Laurier on the occasion of his firing of the minister, Israel Tarte, from his cabinet over a disagreement on tariff policy. Mr. Laurier said at that time, in 1903:

It would be a mere redundancy for me to affirm that the necessity for solidarity between the members of the same administration is absolute; that the moment a policy has been determined upon, then it becomes the duty of every member of that administration to support it and to support it in its entirety.

That was Prime Minister Laurier's standard, and it has been the standard of all Prime Ministers to this date. Does the Prime Minister accept that definition of cabinet solidarity?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I am satisfied that the caucus is entirely behind the Minister of Finance in this matter.

Mr. Crosbie: How far?

An hon. Member: What about the cabinet?

Mr. Trudeau: And the cabinet, too.

Some hon. Members: Oh, oh!

Mr. Trudeau: The Leader of the Opposition is not so satisfied. I just ask him to keep that in mind the next time he is asked to form a cabinet.

Mr. Scott (Hamilton-Wentworth): That will be soon, Pierre.

REQUEST THAT TWO MINISTERS BE FIRED

Right Hon. Joe Clark (Leader of the Opposition): The Prime Minister dismisses a century of parliamentary tradition—

Some hon. Members: Oh, oh!

Mr. Clark: —trying to keep together his tattered and divided cabinet. The Prime Minister will know that in the speech dated January—

Miss Bégin: Twenty-fifth.

Mr. Clark: —twenty-fifth. I thank the Minister of National Health and Welfare in one of her last actions, I trust, if she is a woman of principle in the cabinet.

Some hon. Members: Hear, hear!

Mr. Clark: The Minister of Finance said at that time in a speech, part of which the Prime Minister quoted selectively, and I am quoting the minister:

> For all these reasons, I believe that we must resist the temptation to veer away from restraint, whether to gain a temporary and minimal increase in jobs or simply to reap the transitory political benefits.

That was the Minister of Finance's statement on January 25.

We now have both the Minister of State and the Minister of National Health and Welfare veering away from the central policy of the budget, that of restraint, admitting that they cannot compute the cost in millions of dollars of the programs they are recommending in disagreement with the minister. Obviously we have a clear disagreement between what the Minister of Finance has said and what two of his cabinet colleagues have said.

My question to the Prime Minister is very straightforward. Is he going to fire the two ministers who disagree with his Minister of Finance, or is he going to abandon the Minister of Finance and abandon a century's tradition of cabinet solidarity?

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): As I said yesterday, Madam Speaker, the Leader of the Opposition is showing more concern about unity in our government than he is about unity in his own party.

Some hon. Members: Hear, hear!

Mr. Trudeau: That is the way he has of forgetting his own problems. I can assure the Leader of the Opposition that I have heard these ministers in and out of cabinet, I saw them vote on the budget, I saw them supportive of the budget, and I have seen them exercise that role in caucus, in cabinet, and in the House of Commons. That is satisfactory to me.

Now, if the Leader of the Opposition wants to get a great deal of joy out of quoting Laurier, I can understand that because he is one of the great men to whom they should look.

Some hon. Members: Hear, hear!

• (1420)

Mr. Trudeau: I only hope that this line of questioning will continue for quite a while, because I am happy with the situation in my caucus. I can understand why the Leader of the Opposition is not happy with the situation either in his caucus or in our caucus, but let us continue to discuss it. I would like to hear some more quotes from the opposition, preferably from Sir John A. Macdonald this time.

Some hon. Members: Hear, hear!

QUERY RESPECTING FREEDOM OF MINISTERS TO DISAGREE ON POLICY

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, as the Prime Minister did when he described hon. members of Parliament as nobodies, and as he did when he muzzled this House, he now proposes to joke about the fundamental traditions of our Parliament as he ignores them. Our interest here is not in quoting Laurier; rather, our interest here is to ensure that respect is given to what Laurier stood for and what every Prime Minister before this Prime Minister stood for in terms of cabinet solidarity.

Some hon. Members: Hear, hear!

Mr. Clark: I would like to make the very loose standards which the country has come to associate with this Prime Minister exactly clear. Is the Prime Minister now saying that because the Minister of National Health and Welfare, the Minister of State, and Lord knows how many other ministers, have written to him disagreeing with his Minister of Finance, and because they once voted for the budget, they are free to disagree with every major thrust the Minister of Finance puts forward? That is what the Minister of National Health and Welfare has done. That is what the Minister of State has done. If that is the standard of the Prime Minister, let him say so; if it is not, let him tell us his standard of cabinet solidarity.

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, there is a very simple test of cabinet solidarity, and it is the one which Laurier applied. The right hon. member should look at the circumstances described by Laurier in the case he cites. It is that, when a minister disagrees with the cabinet, he resigns from that cabinet.

Mr. Nielsen: Right on!

Mr. Baker (Nepean-Carleton): Or she resigns.

Mr. Trudeau: Or she resigns if she disagrees with the position of the budget or of the government on any particular

matter; or, if he or she is a member of the caucus, he or she does what members in the caucus of the Leader of the Opposition did. He or she resigns from the caucus and gets out.

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

Mr. Trudeau: That is what cabinet solidarity means. In every other circumstance, the ministers and the caucus are holding together, and they are sticking with the government. This does not mean, as I said—

Mr. Crosbie: The weasels, Allan.

Mr. Trudeau: It is really very interesting to see the amount of time we will spend in this question period answering questions by the opposition seeking out a division in this caucus. If there is a division, why don't the members sit as independents?

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Trudeau: You have an example. Just in the past months two hon. members of that caucus left the caucus because they disagreed with the Leader of the Opposition. We did not spend our time gloating about it.

Some hon. Members: Oh, oh!

Mr. Trudeau: We have the same freedom every time there is a vote on the budget. I have a lot of time to give to this subject, Madam Speaker.

Mr. Baker (Nepean-Carleton): We haven't, for you!

Mr. Trudeau: I hope you will let me stay on my feet in spite of all of this heckling and guffawing. I have more to say, Madam Speaker.

Some hon. Members: Hear, hear!

Madam Speaker: The Right Hon. Leader of the Opposition.

PRIME MINISTER'S RESPONSIBILITY

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I will be brief, but I want to pursue—

Some hon. Members: Bravo!

Mr. Clark: The Liberals are trying to shout me down, Madam Speaker.

Some hon. Members: Oh, oh!

Mr. Chrétien: We love you, Joe!

Mr. Hnatyshyn: Very difficult for you, Allan!

Mr. Clark: I do want to pursue this brand new theory of cabinet solidarity which the Prime Minister is bringing out in contempt of the conventions—

An hon. Member: We like it!

Mr. Clark: Yes. Yes, the Liberals like it because it is in contempt of Canadian history and Canadian practice.

Some hon. Members: Hear, hear!

Mr. Clark: The Prime Minister has just said that cabinet solidarity is honoured by ministers, and that if ministers disagree with a policy, they resign. In other words, the responsibility is theirs. That was not Laurier's view. Laurier believed that a leader has a responsibility. Laurier believed that if there was a disagreement such as now exists in the cabinet of Canada, the Prime Minister had a responsibility to find the courage either to fire the dissident members or fire his Minister of Finance.

• (1425)

Mr. Nielsen: Or resign as a bloc.

Mr. Clark: Or resign as a bloc.

Some hon. Members: Oh, oh!

Mr. Clark: The Prime Minister smirks.

Some hon. Members: Order.

Madam Speaker: Order. It is going to be one of those days, like it was yesterday. I am afraid we are very late in the progress of our question period. I have to ask members on both sides of the House to be very brief in their questions.

Mr. Nielsen: And their answers.

Mr. Clark: We will be brief in our questions, and I trust in the answers and the heckling. My question of the Prime Minister is this. Does his brand new theory of cabinet responsibility and cabinet solidarity mean that the Prime Minister can abdicate all responsibility for maintaining a common front and maintaining cabinet solidarity? Is it entirely up to the ministers, or will the Prime Minister accept his duty to ensure that his ministers speak with one voice, instead of saying one thing through the voice of the Minister of Finance and a totally different thing through the voice of the Minister of National Health and Welfare?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I hope a great deal more of this question period will be taken up with the expression of concern on the other side for a division in this cabinet.

Mr. Waddell: Why don't you talk about jobs?

Mr. Trudeau: Why don't you talk about jobs? I do not think the member of the NDP, arrogant as he is, can suggest—

Some hon. Members: Oh, oh!

Madam Speaker: Order. I simply ask the Prime Minister to answer only the question that was asked of him, and not encourage the hecklers.

Mr. Trudeau: I accept your direction, Madam Speaker. I point out to the member of the NDP that I cannot be faulted for answering a question from the Leader of the Opposition.

I put it to the Leader of the Opposition that the test of any Prime Minister, and that certainly included Laurier, was not to go to the Leader of the Opposition to ask him what he thought about the solidarity of the government's cabinet. If I want to change ministers or ask for their confidence, I will do it because I judge it as necessary to show that this government is united on this budget. I do not think it was Laurier's theory that I should go to the opposition and say, "Now, are you satisfied with the solidarity in my cabinet? Do you think everything is okay over here because, if you don't, I will ask for a few resignations." I am satisfied with the state of this government.

Some hon. Members: Hear, hear!

Mr. Nielsen: You are the only one.

Some hon. Members: Oh, oh!

Mr. Trudeau: There is great jubilation over there about the state of this government. Let them continue worrying about solidarity on our side. It will help them to forget about the knives that are being stuck into the Leader of the Opposition's back by his own party.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Baker (Nepean-Carleton): That, ladies and gentleman, is our Prime Minister!

INQUIRY WHETHER MINISTER OF AGRICULTURE WROTE LETTER REQUESTING BUDGET CHANGES

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, let me remind the Prime Minister that there is a reason why we are pursuing this matter. It is because the people in this country do not know whether to listen to the Minister of National Health and Welfare, the Minister of State, the Minister of Finance or the Prime Minister. That is the point that is at issue, not the flippant responses he has given us just now. We have had an incredible display here of political cowardice—

● (1430)

Madam Speaker: Order, please. At this time we usually go to the other party. The official opposition has already taken the first 15 minutes of question period.

Mr. Crosbie: Blame the Prime Minister. No, we will not put up with that. There is the guilty party right there!

Madam Speaker: Order, please. Obviously, there have to be answers to the questions. The point is that this first question has taken 15 minutes, and I do have to enforce the rule strictly. Otherwise, I will have to move on to the other party.

Mr. Wilson: Madam Speaker, I will be brief, but I need one sentence of introduction. The point is that there has been an incredible display of political cowardice—

Some hon. Members: Order.

Mr. Wilson: —where a minister, after voting for the budget, has turned right around—

Madam Speaker: Order. The hon. member knows that he is supposed to ask a question, not make a speech or comment on answers.

Mr. Wilson: Madam Speaker, then let me put my question to the Minister of Agriculture.

Some hon. Members: Oh, oh!

Mr. Chrétien: Send him back to the minors.

Mr. Baker (Nepean-Carleton): Can you not keep order, Madam Speaker?

Mr. Wilson: Since the Minister of Agriculture has been known to be in opposition to this budget, and since one of his staff has said that there is nothing in the budget for agriculture, has the minister written a similar letter to the Prime Minister asking for changes in the budget?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, I want the hon. member to know that I am not aware of any of my staff saying that there is nothing in the budget. I think I have sent at least 1,000 letters to people who have asked me what is in the budget.

Some hon. Members: Oh, oh!

Mr. Whelan: We have explained to them what is in the budget. There are some very good things in the budget for agriculture. Changes were made by the Minister of Finance in December—

Mr. Clark: Order!

Mr. Whelan: —which were even better than we had expected at that time.

I want to say to the hon. member that the letters which I exchange with my Prime Minister always have "personal and confidential" on the top.

POSITION OF MINISTER OF INDUSTRY, TRADE AND COMMERCE

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, it is unlike the letters from the Minister of Health and Welfare and the Minister of State.

My supplementary question is for the Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion. The minister said two years ago that he would resign if interest rates went above the current level of 13 per cent at that time. It has since become common practice for ministers to vote one way in the House and say another thing

in their constituencies in order to save their political hides—to use the words of the Minister of Finance, to reap the transitory political benefit.

Would the minister take this opportunity to say what he has proposed to the Minister of Finance and the Prime Minister in support of those auto workers and other manufacturing workers who have been laid off as a result of the budget and as a result of the high interest rate policy of the government, or does he support the high interest rate policy of the government?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, I voted for the budget, as did other members on this side of the House.

Miss MacDonald: And high interest rates.

Mr. Gray: The hon. member is so busy trying to develop fictitious rifts on this side of the House—

An hon. Member: Answer the question.

Mr. Gray: —that he overlooks completely the fact that less than two weeks ago I announced a program to provide $25 million over the next two years to help auto parts companies develop new projects which would bring people back to work and create thousands of new jobs.

Some hon. Members: Hear, hear!

An hon. Member: And increased rates.

Mr. Crosbie: So what.

Mr. Gray: I also announced a program involving an expenditure of approximately $93 million to encourage new production facilities in the area of microelectronics and advanced production machinery and which would also assist all levels of industry, including auto parts manufacturing. It will help them to adopt new production processes in order to become more productive and efficient and maintain existing jobs and create thousands of new jobs. The hon. member is talking while we are acting in a concrete way to deal with the real problems of the economy.

* * *

RAILWAYS

CROWSNEST PASS RATE—PURPOSE OF ESTABLISHMENT AND CONSEQUENCE OF CHANGE

Mr. Edward Broadbent (Oshawa): Madam Speaker, at last! I have a question for the Prime Minister. Does the Prime Minister agree that one of the original purposes of the Crow rate was to encourage the establishment and maintenance of rural communities on the prairies and, if so, does he realize that the proposal made by the Minister of Transport in Winnipeg yesterday could have exactly the opposite effect if implemented, namely, the destruction of those communities?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Crow rate was established in order to encourage the development of agriculture in the west. Of course included in that is the establishment of a solid economic base for many communities in the west.

There have been some changes in the country over the last 100 years with regard to methods of transportation, methods of production, the size of our markets, the growth rate of communities, urbanization movements, in demographic movements within Canada, and in changes of the age groups.

After this period of time I think it is perfectly reasonable for the government to review something which has existed since the last decade of the nineteenth century, in conjunction with all the interests in the west, and to appoint a westerner, a professor of agriculture and economics in the west, to help bring together the various and sometimes opposing views in the west on how this should be done. That is the position of the government.

PRINCIPLE OF EQUAL RATES FOR EQUAL DISTANCE

Mr. Edward Broadbent (Oshawa): Madam Speaker, I now hope the Prime Minister will deal with the question which I asked. I will put it in more precise form.

Despite the opposition of the overwhelming majority of farmers in the prairies to any move that would change the principle of equal rates for equal distance, the Minister of Transport said in his announcement yesterday in Winnipeg that changing this principle is clearly one option that the government is considering. Does the Prime Minister understand that, if this option is acted upon and this principle destroyed, the railway companies will not only have the power but will also have the financial incentive to destroy hundreds of small communities on the prairies? If he agrees with that, will he take steps to ensure that that option is no longer one which this negotiator can consider?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Leader of the New Democratic Party insists that the overwhelming majority of people in the west are opposed to the government's initiatives in conjunction with many western groups.

Mr. Broadbent: I am talking about the principle of equal rates for equal distance.

Mr. Trudeau: I do not know where he gets those statistics.

I know that the NDP is opposed to any change, but I have here a list of many organizations which support a change in the Crow rate. There is Unifarm, 63,000 members; Alberta Cattle Commission, 13,000 members; Alberta pool, 55,000 members; United Grain Growers Ltd., 60,000 members—

An hon. Member: Order.

Mr. Clark: Who is in charge, Madam Speaker?

Mr. Baker (Nepean-Carleton): Order, Madam Speaker.

Mr. Trudeau: —Saskatchewan Wheat Pool, 70,000 members. So the list goes, Madam Speaker. There is the Canadian Cattlemen's Association, 90,000 members.

Some hon. Members: Order.

Mr. Trudeau: Madam Speaker, everyone in the west is not like the NDP. They are not afraid of change. They are not afraid of improving their economic situation by looking again at institutions. They are not slavishly bound to the principles of the Regina Manifesto.

Some hon. Members: Hear, hear!

REQUEST FOR REMOVAL OF NEGOTIATOR

Mr. Edward Broadbent (Oshawa): Madam Speaker, all I can say to the Prime Minister is that if he had acted on the principles of the Regina Manifesto we would not have the problems in Canada that we have today.

Some hon. Members: Hear, hear!

Mr. Broadbent: Of course, the Prime Minister was around at the time; he is old enough to have signed it. It is alleged that he believed in it at one time.

I can provide a list, including the leader of the Liberal party of Saskatchewan, of many groups, including two governments in the prairies—

Mr. Baker (Nepean-Carleton): Read it.

Mr. Broadbent: —that oppose what the Prime Minister is doing. He ignored the question. I was talking about the principle of equal rates for equal distance. However, I will set that aside and deal with the man who has been appointed the negotiator. Considering the fact that this man, Mr. Clay Gilson, is the same man who was a member of an earlier Liberal commission which actually recommended the death of many small communities in the prairies, will the Prime Minister at least recognize the importance of such small communities and remove this man from his participation in this important inquiry?

• (1440)

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, dealing with the preamble first, the hon. member says I could have signed the Regina Manifesto. I was in my middle teens then, and I suppose I did have the kind of immaturity which would have permitted me to sign it.

Some hon. Members: Oh, oh!

Mr. Trudeau: The hon. member says it is further alleged that I still believe—or believed—in the principles of the Regina Manifesto. I ask the Leader of the New Democratic Party, do he and his party believe in the principles of the Regina Manifesto, or have they turned their backs on it now to be a mere opportunistic electorally bound party? The Leader of the New Democratic Party laughs because he does not want to answer, but his is the party which departed not only from its principles but also from its conscience a long while ago.

Some hon. Members: Hear, hear!

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FISHERIES

ACTION NEEDED TO HELP EAST COAST INDUSTRY

Hon. John C. Crosbie (St. John's West): Madam Speaker, the Prime Minister obviously does not mind having weasels in his cabinet who vote one way and talk another.

My question is to the Minister of Fisheries and Oceans. Two of the minister's colleagues have tried to escape their responsibility for the budget by writing the Prime Minister a letter asking him to adopt certain policies which are not contained in the budget. I call them the Judas goats. Has the Minister of Fisheries and Oceans washed his hands of the budget and of the Minister of Finance, and has he written a letter to the Prime Minister asking the Prime Minister to expedite measures to help the east coast fishing industry which is now devastated and which will not be functioning in April if steps are not taken to give it financial assistance? Has he written to the Prime Minister to save the fishermen? We cannot wait until next summer for the Kirby report. If he has not done that, does the Minister of Fisheries and Oceans support the budget and the policies of the government?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Madam Speaker, I did not have to write letters to anybody. A few days before Christmas we made decisions in cabinet which in fact allowed the plants at Gaultois and Grand Bank to continue operations. It was the sort of encouragement that allowed the fishery to take place this winter in a disciplined and orderly way and, in fact, which gives me much more of a sign of hope than I have seen for a good number of months. So the hon. member might save his rhetoric and look at what we are doing, not at letters I did not write.

Some hon. Members: Hear, hear!

Mr. Crosbie: Madam Speaker, it is good to find one minister with some backbone, and not an India rubber man or woman.

Some hon. Members: Oh, oh!

Mr. Crosbie: The minister is going to sink with the ship.

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THE BUDGET

POSITION OF MINISTER OF NATIONAL REVENUE

Hon. John C. Crosbie (St. John's West): Madam Speaker, my supplementary question is directed to the Minister of National Revenue. Is the minister a follower or a modern day

Pontius Pilate, or will he answer my question? Is he just going to wash his hands of this? The minister realizes the high unemployment rate in Newfoundland, the highest in Canada. He will also realize that the few people working in Newfoundland who are receiving benefits under dental or hospital plans paid for by their employers are being taxed under the budget. Is the minister making representations to the Minister of Finance to exculpate himself from this responsibility, or does he accept responsibility for the fact that the budget taxes the employed and does nothing for the unemployed? What is his position, or is he going to jump the sinking ship like the other furry creatures across the aisle?

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, I have said before that this budget is better for the average Newfoundlander than for people in any other province in Canada. There will be 250,000 Newfoundlanders who will benefit. Nineteen thousand families will be better off as a result of this budget. That is far better than imposing an 18-cent tax on gasoline as the hon. member did.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. McDermid: That will come back to haunt you, Rompkey.

POSITION OF MINISTER OF EMPLOYMENT AND IMMIGRATION

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, my question is directed to the Minister of Employment and Immigration. Colleagues of the minister, including the Minister of National Health and Welfare, have rejected the restraint measures of the budget and have put forward a new program of grants to encourage business to create jobs for those under 25 years of age. I would like to ask the minister if he also has urged this proposal upon the Minister of Finance, or does he, in fact, reject the proposal put forward by his ten colleagues in the House of Commons at a time when the unemployment level for people under the age of 25 is running at one half million?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, last Thursday in the House when we had an opportunity to debate the question of job creation, I issued an invitation to hon. members opposite to come forward with some constructive proposals about what things we could do. The fact that there were absolutely no constructive proposals coming from the opposition meant we were quite willing to accept them from members on our own side. We seem to be the only ones prepared to come forward with good ideas about how to deal with job creation.

I merely remind the hon. member that in the last several weeks we have brought forward a number of special measures. We have brought forward an innovative measure for work sharing, which has been taken up by members of trade unions and employers right across Canada. We signed an agreement yesterday with the province of Ontario for a job-creation program—it could be extended right across Canada—to put many people back to work. We are listening very carefully to members of this caucus who are prepared to be positive and constructive, and not simply destructive like hon. members opposite.

Miss MacDonald: Madam Speaker, so much for the additional 40,000 people under the age of 25 who last Friday also found themselves without jobs.

POSITION OF MINISTER OF PUBLIC WORKS

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, I would like to address a question to the minister responsible for housing. Ten Liberal members from Quebec, including the Minister of State, do not believe that the housing measures in the budget go far enough, and they have asked for special incentives for the construction industry. Has the Minister of Public Works submitted any additional housing proposals to the Minister of Finance, or is he content to stick with the budget measures which have been put forward by the Minister of Finance, in defiance of the proposals put forward by two of his cabinet colleagues?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, I am sure Canadians listening to that question understand that it comes from a member of the previous cabinet whose sole offer to assist in housing was the offer to privatize CMHC, to withdraw from social housing, to withdraw support for co-op and non-profit housing, and to back away from housing totally. Our record of government shows that we have supported non-profit housing and co-ops, we have supported supply, and we have supported affordability. That is what we are doing in the legislation which is before the House today. If the hon. member were serious, she and her colleagues would support that legislation to create supply, and that would assist Canadians in a better way than the question she has asked today.

Some hon. Members: Hear, hear!

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RAILWAYS

USE OF WESTERN DEVELOPMENT FUND MONEYS

Mr. Stan J. Hovdebo (Prince Albert): Madam Speaker, my question is for the Minister of Transport. However, I see that he is again avoiding Parliament and making major policy announcements outside the House.

Some hon. Members: Oh, oh!

Mr. Hovdebo: Yesterday the Minister of Transport made an announcement about $1.35 billion of that elusive Western Development Fund being spent for western transportation needs. This House is well aware of the repeated government folly of subsidizing railway companies. Perhaps the Minister of Agriculture can answer this question.

An hon. Member: No, he can't.

Mr. Hovdebo: What kinds of guarantees will be put into legislation to guarantee that the public and farm users can expect a return on this investment of $1.35 billion of western money? What equity will the government take in the railways if this money is given to them? What service improvements can we expect to have if this money is spent on the railways?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, if the hon. member looks at the proposals which were put forward by the Minister of Transport, he will see that one of the very key principles contained in them is the requirement of performance guarantees by the railroads. It is certainly our basic commitment that any changes to the Crow rate would be brought about by negotiations which would involve all parties, including the railroads, and we would expect not only performance guarantees from the railroads but also that they would produce clear evidence as to how this particular change would go to the benefit of the entire western economy by enabling us to diversify our economy into all kinds of other areas of economic activity, and to ensure that much of the production and the investment by the railroads will be contained within western Canada. I can assure the hon. member that this is one of the most important significant improvements to help develop a new western economy. In other words, we believe that all westerners ultimately will share in that particular commitment.

• (1450)

BENEFITS GIVEN TO CANADIAN PACIFIC RAILWAY

Mr. Stan J. Hovdebo (Prince Albert): Madam Speaker, those guarantees we hope will be in the legislation which will come before this House.

I have a supplementary question to the Minister of Agriculture, or to whomever wants to answer it. In the light of what the Right Hon. Prime Minister said in answer to the question from the member from Oshawa, the government seems about to change the Crow rate which is in an act of Parliament, one that westerners regarded as part of the terms of their entering Confederation. If the government can abrogate this statute, take away these benefits to a particular group in the west, the farmers, can the government also take away those benefits which were given to the Canadian Pacific Railway by the Railway Act in 1881, the benefits of 25 million acres of mineral rights? Is it possible that the government could include that in the legislation and renege on that bit of legislation as well as on the statutory Crow rate passed in 1925?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, in reply to the hon. member, the direction and guidelines given to the negotiator are to include all parties who are essential to the development of an expanded railway capacity. The direction that the negotiator will be following in the discussions and consultations will be to determine the best financial formula to be shared by the government, by the producers and by the railroad. The negotiator must ensure that there is a proper financial package to enable the capital to be invested so we can expand the carrying capacity of the railroad, so the farmers can move their goods, sell on the export market, and so that they can prosper. The best guarantee we can give the western farmers is to help them to move their goods to the market so that they can gain the kind of return they deserve for their products.

CROWSNEST PASS RATE—EFFECT OF CHANGE ON FARMERS

Mr. Len Gustafson (Assiniboia): Madam Speaker, I have a question for the minister responsible for agriculture. In regard to the statutory Crow rate which, as the member for Moose Mountain said, is the Magna Carta for western Canada, the minister knows that farmers have been faced with the highest cost of production in the history of farming. Fuel costs under this government have risen 65 cents a gallon. Gasoline costs have gone up 86 cents a gallon under this government's administration. Machine costs have gone up 100 per cent in the last three years. Facing these increased costs to farmers, in the minister's judgment is it fair to put the increased cost of freight on the farmers at this time?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the hon. member makes far-reaching statements before he asks his question. I would just answer in this way, when he talks about fuel. The farmers in Canada have fuel much cheaper here than the farmers in the United States of America. They are still better off than the main farmers with whom they compete.

The hon. member asks is it fair. I believe that in 1970 farmers were paying about 70 per cent of the cost of transportation of their grain at that time. They will be paying by 1985 about 20 per cent or around that figure; and by 1990 they will be paying about 7 per cent of the cost. The many farmers whom I have talked to have said, "Look, give us a good transportation system; we are willing to pay more for it." We are not suggesting that they pay the full cost of transportation, we are suggesting that they contribute more to the cost of moving their produce.

The minister has just stated that by moving that grain to market, rather then having it in storage on farms or in elevators, we can show by just a 10 per cent improvement there will be $400 million more into the farmers' pockets in western Canada. That is what it is all about, making that economy stronger, making it work better and in a better fashion for all people concerned.

PROJECTED COST TO FARMERS

Mr. Len Gustafson (Assiniboia): Madam Speaker, the minister knows that the national energy policy of this government took $52 billion out of western Canada. Is the minister able to say in this House that, in his judgment, by the year 1986 the cost to the farmer might be, or might not be, $1 a bushel for shipping grain?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the hon. member in using figures is grasping them out of the sky or some other place. There is no way that we have said they would pay 100 per cent of the cost. The Minister of Transport made it clear in Winnipeg when he made his press announcement, and the document clearly stated, that they will always have preferred treatment for the movement of grain. They will get a bigger share of the cost. As the Prime Minister said, thousands and thousands of farmers said, "We are ready to sit down and talk; we are ready to negotiate a proper program for the transport of our grain so that we can get it to market, so that we can sell the product that we produce."

The former minister of transport can tell you he was about ready to recommend some changes in the current Crowsnest Pass rate himself.

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EXCISE TAX

TRANSFER FROM MANUFACTURING TO WHOLESALE LEVEL—DATE OF IMPLEMENTATION

Hon. Marcel Lambert (Edmonton West): Madam Speaker, my question is to the Minister of Finance. I wonder if the minister remembers that in his budget speech he said that the shift of the excise tax to the wholesale level from the manufacturing level would be delayed until July 1, 1982, to provide time for the business community to study the proposals and make constructive comments.

Madam Speaker, in view of the fact that we are now at February 9 and about to start the study of main estimates, would the minister agree with the submission of the industry as a whole that the effective date should be January 1, 1983, rather than July 1, 1982, because it will be impossible to make the necessary recommendations to him in this matter?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I wish to advise the hon. member that I have had representations from interested groups who have expressed some concern about the implementation date. It is expected that we will be able to produce draft legislation within the next month or so and at that time I would be able to make clear whether it is possible to extend the date of implementation. Certainly the matter will be reviewed in light of the concerns expressed by interested parties.

Mr. Clark: What does Monique think?

REPRESENTATIONS TO COMMITTEE

Hon. Marcel Lambert (Edmonton West): Madam Speaker, I hope the minister will understand that the House committee in this matter will be rather preoccupied with his own main estimates and other matters necessarily referred to it, and cannot dedicate the necessary time to hear public representations, which they are allowed to do and should do, so as to make the appropriate recommendations to the government and have them considered by July 1.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I do not find myself in conflict with the hon. member's questioning or with his suggestion. I am saying to him and to the House that I am currently reviewing whether a delay is warranted. It may very well be. I will announce my decision when the draft legislation is available for the House.

Mr. Clark: What about Monique?

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LABOUR CONDITIONS

REQUEST THAT MINISTER TAKE EARLY ACTION TO HELP REDUCE UNEMPLOYMENT

Mr. David Orlikow (Winnipeg North): Madam Speaker, my question is to the Minister of Finance. Some two weeks ago when he spoke to the Canadian Club he said that he was not prepared to stimulate the economy now in order to deal with the increasing unemployment but that, if circumstances changed, he would give some consideration to that idea some six months down the road. Given the fact that since the minister spoke, the new unemployment figures are out, that for the first time since the 1930s we have more than one million unemployed, the ten provincial premiers, and Liberal members of Parliament from Quebec and, we understand, some of the Ontario Liberal members, have called on him to take steps now to stimulate the economy and to start reducing the number of unemployed, I wonder if the minister could indicate whether he is giving serious consideration to doing something now rather than waiting six months?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I am not aware of using the expression "six months" in my Toronto speech. What I did say was that I could not at the present time contemplate a major stimulant of the economy. I listed the reasons why I thought it would not be the best way to create jobs in Canada, that what we might do now we would lose later on. But I said that within the policy of restraint I was quite prepared to state that the government would consider taking targeted and specific measures to improve growth, productivity and investment. I believe that the comments made by my caucus colleagues were perfectly consistent with the particular approach I laid out in that speech.

● (1500)

REQUEST FOR POLICIES TO PRODUCE JOBS

Mr. David Orlikow (Winnpeg North): Madam Speaker, this morning's edition of *The Gazette* reported that 800 workers at Quebec's largest domestic appliance manufacturing plant were laid off last Friday. It is not suprising that Quebec members are concerned about what is happening. Besides the more than

one million unemployed according to Statistics Canada, there are also 400,000 or 500,000 people who have not been counted because they have quit looking for work. How long will we have to wait? How much more unemployment will we have before the minister realizes that his policies are leading to further disaster? Will we receive policies to create jobs rather than to destroy them?

Mr. La Salle: Will it be another one million, Allan?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member referred to the appliance industry. Just a week or two ago, in an effort to assist the appliance industry and to change circumstances, we dedicated, I believe, $15 million over a two-year period to assist the industry. It is in that specific targeted way that I believe we can take the best steps at the present time to meet the problems of lay-offs and unemployment.

* * *

FORESTRY

SIGNING OF FEDERAL-PROVINCIAL AGREEMENTS

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, my question is directed to the Minister of Employment and Immigration. It is a follow-up to a question which I asked him last year with respect to the serious crisis faced in the forest industry with lay-offs of over 100,000 people throughout Canada. I was delighted to hear yesterday that he followed my suggestion that idle hands in the forest industry should be used in the task of forest renewal and in its various areas. How many agreements has the minister signed with provinces? Is it the intention of the federal government to go into partnership directly with industry to ensure that the gap is bridged, that some of these people retain their jobs, and that in so doing we make a long-term investment in our future, namely, the replenishment and renewal of our depleting forestry resources?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, at this point in time the agreement we signed with Ontario is the only one. It is based upon the proposal to put several thousand workers back into Ontario forests. At the time of the announcement I also indicated that that particular arrangement is available to all other provincial governments which have major forest industries within their jurisdiction. I will be writing to the provincial ministers of those provinces to outline the details and criterion of the program. In the hon. member's province of British Columbia there has already been some initial indication of interest. Certainly I welcome his help in developing a program for that province, as I would in any other province.

At the same time we have available for the forest industry the work-sharing concept, which means that forestry companies would be able to maintain part of their work force under a work-sharing arrangement. We would deal directly with the companies and the unions in that respect. I would certainly welcome any help the hon. member would give in working with the companies and the provincial governments in this area. I would be quite happy to speak with him after question period so that we can work out arrangements.

FUNDING FOR PROJECTS

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, as I understand it, the minister is relying solely upon the resources of the unemployment insurance fund to sustain these new programs. Is there any additional money at his disposal to further the aims of what he announced?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Yes, Madam Speaker. Just before Christmas we brought forward a special $52 million employment program which had, as part of its reserve, additional moneys for community development projects and a special reserve for what we call "special response features". This means that we can put direct employment money into hard-hit communities. We have already allocated that to certain resource communities, to certain manufacturing areas in Ontario, and to certain fishing communities. We still have some money available. If the hon. member wants to make representations, I would be glad to hear them.

* * *

[*Translation*]

PETITION

MR. NYSTROM—SENIOR CITIZENS

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table the one hundred and seventy-fifth report of the Clerk of Petitions stating that he has examined the petition presented by the hon. member for Yorkton-Melville (Mr. Nystrom) on Monday, February 8, 1982, and finds that it meets the requirements of the Standing Orders as to form.

* * *

POINT OF ORDER

HON. CHARLES LAPOINTE—REQUEST HON. WALTER BAKER WITHDRAW REMARKS

Hon. Charles Lapointe (Minister of State (Small Businesses and Tourism)): On a point of order, Madam Speaker.

Madam Speaker: The Minister of State for Small Businesses, on a point of order.

Mr. Lapointe (Charlevoix): Madam Speaker, I should like your advice, because I believe that in the course of the debate in the House yesterday, more specifically during the adjourn-

ment debate, my privileges as a member of this House have been breached.

Madam Speaker, yesterday evening the member for Nepean-Carleton (Mr. Baker) quoted me as having made a statement regarding the member for South West Nova (Mrs. Campbell), and I formally deny having made this statement. It is just not true, Madam Speaker. I want to make it clear that I have never expressed such views in writing, orally or in any form whatsoever and have no intention of doing so. I think that quoting me as the author not only constitutes a breach of my privileges as a member of this House, it is also an insult to my colleague for South West Nova, and I think the member for Nepean-Carleton should withdraw what he said last night.

Madam Speaker: The fact that a member quotes another member as the author of a statement does not constitute a question of privilege nor even a point of order. This is the kind of debate we are constantly having in the House of Commons, involving opposing views on the manner in which certain statements are interpreted. The hon. member for Nepean-Carleton made a statement and he interpreted one of the minister's statements. He is responsible for his interpretation, that is all. I am very sorry, but I cannot accept this as the subject of a point of order or a question of privilege.

[*English*]

Miss Coline Campbell (South West Nova): Madam Speaker, I rise on the same point of order. I was the Member of Parliament to whom the hon. member referred. It seems to me a very sexist remark when Members of Parliament are denigrated because of their sex. What would the hon. member for Nepean-Carleton (Mr. Baker) suggest for a male Member of Parliament?

Madam Speaker: Order, please. Since there was no question of privilege or point of order, I can hardly accept a second speaker on the matter.

* * *

PRIVILEGE

MR. NIELSEN—CONCEPT OF COLLECTIVE RESPONSIBILITY OF CABINET

Hon. Erik Nielsen (Yukon): Madam Speaker, I rise on a far more serious and important question of privilege.

Some hon. Members: Oh, oh!

Mr. Nielsen: I hear the jeers of Liberal hecklers across the way before they even know the nature of my question of privilege.

Mr. Lapointe (Charlevoix): I said "Let's hear it".

Mr. Nielsen: The Minister of State for Small Businesses and Tourism (Mr. Lapointe) is one of the hecklers. I rise not only as a member of the House to make this appeal on behalf of every individual member and all members collectively, but as one of the officers of the House who has an obligation and a responsibility to see to it that the constitutional conventions of this place remain intact, indeed that the institution itself is not eroded.

It concerns a very valid distinction which must be made between the concept of cabinet solidarity and collective responsibility. In the former case it is a political question. The splits and the cracks as they show might entertain us, but do not suggest themselves as a remedy on a question of privilege. But the latter principle of collective responsibility strikes at the very heart of the reason for being in this place.

• (1510)

I have only had the opportunity since the matter arose during this question period to provide myself with three precedents which I will submit to the Chair for consideration in a moment.

Collective responsibility, which is not what was being spoken of today in the exchanges but was the subject matter of the exchange, is a concept which legitimizes the position and advantages possessed by the ministry in this House, being responsible government. It strikes at the very roots of responsible government. Responsible government, the foundation of our parliamentary democracy, holds that the ministry must have the support of the majority of the House of Commons to carry out the functions of the administration. I will be citing from Sir W. Ivor Jennings in that light in a moment or two.

Collective responsibility, in my submission, Madam Speaker, recognizes that each of the members of the ministry draws his or her personal mandate from majority support given by the House to the cabinet as a whole. If a cabinet minister, and the authorities are clear on this point, tries to put distance between the cabinet's stated policy and his or her own public declarations, then that person puts himself or herself and the House of Commons in a false position, which the House has a right to see resolved.

In my submission, the cabinet is collectively responsible to the House of Commons for the development of policy and the administration of the government. This responsibility is confirmed in a series of votes held throughout the parliamentary year, most notably the Speech from the Throne, on opposition no-confidence motions and on the budget votes, which we have already taken in this House. It is because the present government has carried the House and its members with it on these votes that it is entitled to carry on as a ministry.

Each individual minister draws his or her own position, authority and privileges as a cabinet minister from the acceptance by the House of the policies of the government. Ministers are accorded by the House the right to answer questions, to table documents, to move certain motions and to speak at times for extended periods. They have larger offices and staff allocations. Flowing from this position in the House ministers are able to exercise executive direction over their departments.

If a minister publicly expresses disagreement with a key element of government economic policy by putting forward the

idea that short-term economic stimulation is not antithetical to the long-term battle against inflation, then he or she is directly opposing the stated view of the Minister of Finance (Mr. MacEachen) and is attacking a policy approved by the House when it supported the finance minister's budget.

The two ministers are thereby challenging their own right to continue as ministers because they are challenging the policy by reason of which the House has confirmed the government's mandate as a government. Members of the House are therefore entitled to ask, how do these two members of cabinet justify their continued exercise of the rights and privileges of a cabinet minister when they themselves have rejected the policies on the basis of which the House has allowed them these rights and privileges?

Logically, Madam Speaker, and in constitutional practice, there are only two conclusions that may be drawn. Either the two ministers feel that the House does not in fact still support the budget of the Minister of Finance (Mr. MacEachen) and, therefore, it is the rest of the cabinet, and not themselves, which is ignoring the will of the House. Or the two ministers who signed the letter have chosen to disagree with the policy still supported by this House, and consequently must resign the positions and privileges accorded to those who accept the implications of collective responsibility.

I submit that this interpretation is the normal and obvious one. It is supported by two quotations, one from Laundy and Phillips in "An Encyclopedia of Parliament". The other is from Redlich's "The Procedure of the House of Commons".

Because the House allows specific privileges to ministers and because the majority in the House has supported the cabinet in certain of its policies, cabinet ministers who will not support these policies have an obligation to the House to resign. That is a paraphrase from page xiii of Redlich's "The Procedure of the House of Commons."

As the spokesman of the House to the Crown, I submit that you have an obligation to assist the House in resolving the invidious position in which this House and all of its members have been placed by this utter disregard of the principle upon which the institution itself has been founded, namely, the principle of collective responsibility. Nothing could be clearer from the two references which I have referred to you for your consideration.

In "An Encyclopedia of Parliament", the pages for reference are numbers 66 and 67. I will quote briefly from the bottom of page 66 as follows:

> The cabinet is thus a committee drawn from the ministers of the government, presided over by the Prime Minister, whose function is to frame the general policy of the government and to co-ordinate its administrative activities. It accepts collective responsibility for all the activities of the government, from which it follows that there must be no fundamental disagreement amongst its members.

Further on in the same paragraph, we find this:

> Every minister must abide by cabinet decisions or resign, and an attack upon an individual minister is an attack on the cabinet as a whole.

Cabinet proceedings are then described, and so on.

I have one last quotation for the attention of the Chair from Sir W. Ivor Jennings. It is found in the third edition of "Cabinet Government". I do not think there can be any doubt about the standing of Sir Ivor Jennings as an authority. No one would quarrel with him. Here is what Sir Ivor Jennings says about cabinet responsibility, since the Prime Minister (Mr. Trudeau) does not seem to like the word "Solidarity". At page 277 of the third edition, Jennings quotes Lord Salisbury as follows:

> It is only on the principle that absolute responsibility is undertaken by every member of the cabinet who, after a decision is arrived at, remains a member of it, that the joint responsibility of ministers to Parliament can be upheld, and one of the most essential principles of parliamentary responsibility be established.

In other words, the collective responsibility of cabinet for everything that is done is one of the most essential principles of parliamentary responsibility.

If we are to allow this, Madam Speaker—and I urge upon you the responsibility which you, in my submission, have for the protection of the rights of all of us in this institution—and if you will not assist in helping us to resolve this issue, then the government will continue this invidious practice and the whole concept of collective responsibility falls to the ground, much to the ultimately disastrous consequence of the usefulness of this institution.

● (1520)

I therefore very strongly suggest, Madam Speaker, that you take the matter under advisement, consider the references I have cited, and if you should indeed find there is a very vital question of privilege involved here, collectively and individually, then I would move the appropriate motion to have the whole question examined in the Standing Committee on Privileges and Elections in the hope they could report at the earliest possible moment in order that there be no further erosion of a long accepted principle, one which is so vitally important to the continued function of this institution.

Madam Speaker: In response to the hon. member, to begin with it was not clear to me whether this question of privilege really arose directly out of today's deliberations, but I listened anyway. There were questions asked about the matter of cabinet solidarity so I assumed that this question flowed from today's deliberations, which is why I listened to the hon. member, although he was referring to something which happened outside the House and might have required notice. I just want to point that out to the hon. member for Yukon (Mr. Nielsen) because he did not say quite clearly for what reason he was rising at this moment to invoke his question of privilege.

If the hon. member looks at the definition of a question of privilege, and I am sure he has looked at it nearly as often as I have, he will see that he has not demonstrated to me in any way that he was subjected to any type of harassment, threat or any other impediment which might have founded his question of privilege. He refers to cabinet authority as emanating from this institution. I must reply that these matters concern ethics, and if ministers are to be more or less in solidarity with

government policies, that is a choice they themselves make. It has very much to do with their personal conception of ethics.

As for what the Prime Minister's conduct should be in these cases, that also refers to any Prime Minister's personal concept of ethics and to the importance that he attaches to the way cabinet solidarity should be expressed. I can see the hon. member does not agree with the Prime Minister's concept of cabinet solidarity. That is his choice and his privilege, of course, and he may dispute it as much as he cares to. I am sure he will not let any occasion pass by where he can express his sentiments on this particular matter.

Throughout the history of Canada I suppose we have had several types of cabinet and several types of expressions of cabinet solidarity, and that these cabinets have been more or less efficient, related or not to the way in which they dealt with cabinet solidarity. I guess this is what makes for the strength or weakness of cabinets, but I fail to see it as the foundation for a question of privilege, be it individual or collective. I do not see how we can consider a collective question of privilege because it is defined as relating to an individual member.

However, the hon. member has invoked a personal privilege so I can answer him. Despite the pleas the hon. member makes to me to assist the House in obtaining redress on what he feels is a question of privilege, I must say I cannot assist him in obtaining this redress. This is the kind of thing that parties in the House dispute and debate at length, and I invite them to do just that on the proper occasion.

The hon. member has quoted many authorities, all extremely remarkable, and it was interesting to hear these quotations and refresh our memories about some of the principles which form the basis of cabinet solidarity, which is more a custom than anything else. However, he has not demonstrated to me where his privilege was affected in this particular circumstance; therefore, I must tell him that I cannot find a prima facie case of privilege.

* * *

ORAL QUESTION PERIOD

UNDUE LENGTH OF QUESTIONS AND ANSWERS

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, I rise on a point of order arising out of some remarks you made today during question period. I rise to support and encourage you in what you said to us at that time. I believe this affects all of us here, and indeed affects the function of the institution of Parliament itself.

My point of order has to do with the length of some questions and answers in question period. I blame no particular person, but this afternoon it just happened to be the Leader of the Opposition (Mr. Clark) and the Prime Minister (Mr. Trudeau), in an exchange which took some 15 minutes and gobbled up the time of other members. I just thought it was important that some of us rise and say that we will support and encourage you to try to police question period as much as possible.

Point of Order—Mr. Nystrom

In doing that I want to refer you to Beauchesne's fifth edition, page 131, Section 358(2), where it says:

Answers to questions should be as brief as possible—

I think, Madam Speaker, after watching the Prime Minister in particular today, that the answers were very long indeed. In addition, I would refer you to Section 359 of Beauchesne's, where it says:

A brief question seeking information—

The words are "brief question". It goes on to say:

(1) It must be a question, not an expression of an opinion, representation, argumentation, nor debate.

(2) The question must be brief. A preamble need not exceed one carefully drawn sentence. A long preamble on a long question takes an unfair share of time and provokes the same sort of reply. A supplementary question should need no preamble.

I point this out, Madam Speaker, because there are 284 members in this House. All of us are politicians, all of us can be very verbose, and if we let this trend continue there is going to be less and less participation from all of us in this House.

I make these remarks in a totally non-partisan manner because we can all be as guilty as the next person. I just wanted to encourage you to do what you can to make question period a bit more snappy and functional, which in turn will make Parliament a bit more meaningful for the people of Canada.

Some hon. Members: Hear, hear!

Hon. Erik Nielsen (Yukon): Madam Speaker, I have been observing question period for a long time as well. Without intending any reflection whatsoever on the Chair, it has been my observation that, generally speaking, the remarks of the hon. member for Kindersley-Lloydminster—

Mr. Clark: Yorkton-Melville.

Mr. Gimaïel: In Saskatchewan.

Mr. Nielsen: Yorkton-Melville, I am sorry. I have a better idea of where Saskatchewan is than the hon. member who is interjecting. I happen to have been born there. What we are doing on this side is acting in self-defence because it does the Chair no good to chastise this side for lengthy questions when the Liberal ministers answer at great length. The initial exchange, incidentally—and I have checked with the deputy opposition House leader who keeps a stop watch on the questions and answers—was timed at 12 minutes, of which—

Mr. Cosgrove: Nine minutes were interruptions.

Mr. Nielsen: The Minister of Public Works (Mr. Cosgrove) will not stop yapping so he can hear the accurate statistics being quoted. Of the total of 12 minutes, the answers of the Prime Minister (Mr. Trudeau) took up seven minutes. So that should answer that.

Then yesterday, Madam Speaker, we on this side were told to keep our questions short, but no encouragement was given to the Liberal ministers to keep their answers short. We know

what the Prime Minister is up to when he stands in the House and takes up all of our time. He realizes that there are a few million TV viewers out there and that the more TV time he gets, the better he will appear. That is the real purpose behind what he does.

● (1530)

I would therefore urge the Chair, like the hon. member for Yorkton-Melville (Mr. Nystrom), to keep questions and answers brief. Your Honour will recall that at the beginning of this session we certainly did set an example by keeping questions short. However, the lengthy answers, which became longer and longer, forced us into the position in which we find ourselves, where we must ask lengthy questions in order to get our appropriate share of the time, the 45 minutes, which is a very short time within which to ask our questions, in any event.

We will certainly co-operate with the Chair. If the Chair wishes to impose stricter standards of conduct on hon. members by asking them to keep their questions short, we will co-operate if the same attitude is taken with respect to the answers given by ministers. If ministers will keep their answers short and direct them to the questions, we will certainly keep our questions short, snappy, brief and concise.

[*Translation*]

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, since the question usually comes first, it stands to reason that if the question is short and to the point, it will be much easier for us to provide short and concise answers.

[*English*]

Madam Speaker: I could not more greatly welcome the remarks which have been made concerning the shortening of questions during the course of the question period.

Mr. Andre: And the answers.

Madam Speaker: My frank opinion is that the whole matter is getting completely out of hand, and I must get up like a jack-in-the-box to remind hon. members that their questions should be short.

Mr. Andre: How about their answers?

Madam Speaker: If hon. members do not follow these directions from the Chair, what else can I do but conclude that we will have fewer questioners during the course of the question period and, as the hon. member for Yorkton-Melville (Mr. Nystrom) has said, fewer hon. members will be able to participate during the question period.

Concerning the shortness or length of questions and answers, I do want to remind the hon. members that, as I do with regard to questions, I occasionally rise in an attempt to get hon. members to terminate their answers.

Mr. Andre: Very occasionally.

Madam Speaker: If one looks at *Hansard*, one finds that that is substantiated. However, I think hon. members are overlooking the fact that the Chair is here every day and knows what is happening in the House. I do not pretend to be the only one who knows what is going on in the House, but I do know what is going on. I am here every day; I can judge who is lengthy one day and who has been lengthy for a whole week. From time to time I decide to move in on an hon. member to ask him to be a bit more brief. Perhaps I might have been lenient for two or three days in a row if I felt the hon. member had a point to make; but, then, on the fourth day, I might decide to move in on him because he simply might have thought that I would allow him to carry on in this manner forever.

There are circumstances in which some hon. members must have more time in order to expose their questions, and I try to judge such circumstances as best I can. As I say, I am not always universally correct in my instant judgments, but I do my best. I would like the trust of the House with regard to this particular task which, believe me, is not exactly an easy one.

When hon. members do not follow my direction to be shorter in their answers, I do compensate. Hon. members will have noticed today that four Liberals wanted to ask questions, but none of them was allowed. I did not recognize them in compensation for the fact that some of the answers had been rather lengthy. Furthermore, I extended the question period by seven minutes to compensate for the time which had been taken during the question period as a result of heckling and applauding so as not to penalize those hon. members who were very eager to ask questions.

I welcome the remarks of hon. members because I hate to stand up here and preach to them every day. I do not conceive my role as being one which tries to prevent people from doing what they want to do, but, on the contrary, one which ensures that the debates are conducted in such a fashion that everyone will have a chance to express themselves. I must make such judgments on a daily basis. I therefore welcome the remarks and the terrific resolve shown by hon. members to ask questions which will be short, snappy and to the point. That would result in a great question period.

Mr. Nielsen: And the answers.

[*Translation*]

Mr. Pinard: Madam Speaker, I rise on a point of order that has to do with this one and concerns the duration of question period. The Standing Orders are also very clear as to the duration of question period, at what time it is supposed to begin and when it is supposed to end. If questions are too long or if members are noisy on either side of the House, I submit that the Speaker of the House is bound by the Standing Orders and has no discretion to extend question period beyond the time set in Standing Order 15(3), which is very specific.

We are prepared to moderate the length of our answers, provided the questions are brief as well. We want to be clear and concise and comprehensive, but on the other hand, we

should also appreciate it if the Standing Orders were applied literally, where the duration of question period is concerned. It is not because we are sticklers for form, but because we the ministers, including myself, have other commitments, and our daily schedules are arranged on the assumption that we shall be able to leave at three o'clock and not at 3.07 or 3.09.

[*English*]

Mr. Nielsen: Madam Speaker, I deplore the fact that the government House leader has shown criticism of the Chair in such a manner. Our Standing Orders are shot through with orders which relate to time limits, such as an order which requires us to rise at ten o'clock in the evening, an order stipulating a time limit on the late show, and orders which relate to rising at six o'clock on Wednesday and five o'clock on Friday. However, in this place, both under the old rules and under the new rules, it has been the practice for the Chair not to see the clock, or, indeed, for hon. members to suggest that the Chair not see the clock, thereby by implication suspending those Standing Orders.

Mr. Pinard: By unanimous consent.

Mr. Nielsen: The government House leader says "by unanimous consent".

Mr. Pinard: Right on!

Mr. Nielsen: That has not been the practice in the House in the past.

Mr. Pinard: Oh, yes! Oh, yes!

Mr. Nielsen: The Speaker has simply not seen the clock. Indeed, on many occasions, the Speaker has seen that a time has expired before it actually has expired. I see that Madam Speaker is indicating no. However, hon. members have often called it ten o'clock before it was ten o'clock, and they have often called it six o'clock before it was six o'clock.

Mr. Pinard: By unanimous consent.

Mr. Nielsen: If there is no dissent, then no debate arises on the matter. Technically, the government House leader is correct. However, that has been a longstanding practice in the House, particularly in circumstances such as those which the Chair, herself, recognized today, which justified not seeing the clock for an extra seven minutes.

Mr. Doug Lewis (Simcoe North): Madam Speaker, with reference to your ruling, and I am speaking with the greatest of respect, I thought Your Honour might perhaps have dwelt a little more on answers rather than with questions and with ministers rather than hon. members.

However, for my part, as an hon. member on our side and as the deputy House leader responsible for the question period, I would much prefer that Your Honour cut questions and answers equally short rather than compensate by continuing. I would prefer to hear cabinet ministers answer questions rather than read. I compliment the Prime Minister (Mr. Trudeau) for being well briefed. However, rather than hearing him read a list of organizations, inadvertently omitting the Liberals from Saskatchewan, I would rather see Your Honour jump in to cut off the questions and answers. Let us run this place the way it should be run.

[*Translation*]

Madam Speaker: The President of the Privy Council is right. The Standing Orders are quite clear, and anyone who reads them will see that question period is supposed to end at a given time. However, as the hon. member knows, sometimes my eyesight is not very good, and there are days when I really cannot see what time it is. It is one of the few prerogatives I have as the Speaker of the House. I hope that the House will allow me to use this prerogative, which is really minute, and which I try to use as little as possible. Hon. members must have noticed that question period ends on time, since I know perfectly well that members as well as ministers may have appointments to keep and they must be able to schedule their time. It is therefore very important to have question period finished at the time it is supposed to finish, and I try to conform to this rule as much as possible.

As for the remarks by the hon. member for Simcoe North (Mr. Lewis), I should like to point out that there are some courtesies the Speaker of the House must observe with regard to the Prime Minister of this country and the Leader of the Opposition. I have my own concept of what these courtesies should be, and I try to be fair and, of course, I must be fair. But there are also days when I may decide to laugh along with the hon. members, and I find it is a way of relieving tension in the House. I have noticed that there are members who sometimes object to the fact that I smile from time to time, but I think it is a very healthy attitude for the Speaker not to take life too seriously, and I think that when emotions start rising in the House, the Speaker should remain calm and keep a sense of humour. That happens to be my style. I am not going to change: that is the way I am. I am getting used to you, and I hope you will get used to me.

● (1540)

ROUTINE PROCEEDINGS

[*English*]

Madam Speaker: I have had notices of intention to move the adjournment of the House under Standing Order 26. I will hear first the statement of the hon. member for Vegreville (Mr. Mazankowski) and later from the other member.

S.O. 26

MOTIONS TO ADJOURN UNDER S.O. 26

[*English*]

TRANSPORT

PROPOSED CHANGES TO CROWSNEST PASS RATES

Hon. Don Mazankowski (Vegreville): Madam Speaker, under the provisions of Standing Order 26, I ask leave of the House to consider a matter of urgent and pressing necessity. It arises out of the announcement made in Winnipeg yesterday by the Minister of Transport (Mr. Pepin) concerning major changes to the Crowsnest Pass freight rates. The minister chose to make this important announcement outside the House, thereby denying members of the House of Commons the opportunity to respond and to seek clarification of the many complex aspects of the government's proposal.

The announcement, Madam Speaker, proposed to remove an historical and statutory right enjoyed by the grain producers of Canada and will result in an openended freight rate structure which will cost producers hundreds of millions of dollars. This comes at a time when producer costs are rising and incomes declining. Because of the profound effect this policy will have on Canada's grain producers, because Parliament has been circumvented by the minister's announcement, because the policy requires clarification and answers to the many questions it raises, I believe it is imperative that Parliament be allowed to debate this urgent and vital matter.

If you find these conditions consistent with the terms of Standing Order 26, Madam Speaker, I will be prepared to move the appropriate motion.

Madam Speaker: Since the two notices are very similar, I will hear now the hon. member for Yorkton-Melville (Mr. Nystrom).

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, I have given you the appropriate notice, seconded by the hon. member for Humboldt-Lake Centre (Mr. Althouse), to move the adjournment of the House pursuant to Standing Order 26 for the purpose of debating a specific and important motion requiring immediate consideration, namely the government's announcement outside Parliament in Winnipeg yesterday that it is proceeding to abandon the Crowsnest Pass grain rate, the confederation bargain protecting western farmers against the monopoly powers of the railways of this country, which will depress farm income even further and have serious ramifications on the national economy of Canada.

As you know, Madam Speaker, the rules do not permit me to elaborate on the reasons for moving the motion, except to say that I believe the representatives in this House of the people of the prairies must have an opportunity to have some input into the debate on this very important issue. The Crowsnest rate agreement in western Canada is like the Magna Carta to our part of the country and we need an opportunity to discuss it here in this House.

Madam Speaker: These two notices of motions are quite similar in nature, although worded differently. They were examined very closely so as to make a judgment on whether they fulfil the requirements of Standing Order 26.

I need not remind hon. members that since its inception in 1897, the Crowsnest Pass agreement has been the subject over the years of many discussions and debates in the House of Commons. The fact that the Minister of Transport (Mr. Pepin) has now announced a change in those rates, a change which will be subject to consultations, studies and even legislation, does not meet the requirements for a debate under Standing Order 26, although I recognize that it is very important to debate this question.

The hon. members who submitted the motions, in my opinion, have not demonstrated clearly and precisely that, in the words of Section 16 of Standing Order 26, the matter proposed for discussion relates to a genuine emergency calling for immediate and urgent consideration. It is my understanding that the Minister of Transport will be introducing legislation respecting the Crowsnest Pass agreement, at which time there will be ample opportunity for debate.

In addition, there are several opposition days remaining in this supply period when hon. members may set down motions to discuss this particular subject. Accordingly, it is with regret that I cannot accept the hon. members' applications.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 3,230, 3,455, 3,473, 3,474, 3,475, 3,476 and 3,504.

[*Text*]

RCMP SECURITY SERVICE FILES

Question No. 3,230—**Mr. Cossitt:**

Will the government give a firm guarantee that no files possessed by the RCMP security service prior to the announcement of the establishment of a civilian security service will be destroyed, altered or changed in any way (a) during the transfer to the new agency (b) after the new agency is in full operation and, if not, for what reason?

Hon. Bob Kaplan (Solicitor General): (a) No. Although no destruction is taking place at this time, a complete review of security service file schedules and destruction policy is currently under way.

(b) No. This government cannot guarantee that security service files will not be destroyed, altered, or changed in any way after the new agency is in full operation as new government controls may preclude retention of some classes of information.

BLANK CASSETTE TAPES FOR MILLHAVEN INSTITUTION

Question No. 3,455—**Mr. Cossitt:**

1. In the past two years, how many lots of blank cassette tapes were purchased for inmates at the Millhaven Institution and what was the total number of cassette tapes purchased?

2. How many cassettes were actually issued to student inmates?

3. Did any cassettes end up elsewhere and, if so, where?

Hon. Bob Kaplan (Solicitor General): In so far as the Correctional Service of Canada is concerned:

1. During the past two years (November 19, 1979 to November 19, 1981) one lot of 130 blank cassette tapes was purchased by the academic department at Millhaven for educational purposes.

2. Seventy-one blank cassette tapes were used to recopy some master programmed tapes, replace damaged or defective ones and to produce some programmed tapes of the teacher's own making. In turn, all of these tapes have been distributed to inmate-students for instruction in their courses. Of the lot, 59 cassette tapes still remain unused.

3. No.

TRAVEL OF SOVIET DIPLOMATS

Question No. 3,473—**Mr. Cossitt:**

With reference to the answer to question No. 2,692 which stated in part that Soviet diplomat Mr. I. Lobanov travelled to Kingston, Ontario on October 21, 1980 for a period of one day (a) what were all the reasons for the trip (b) what details are known to the government about the trip?

Hon. Mark MacGuigan (Secretary of State for External Affairs): (a) and (b) A Soviet diplomat is not required to state the purpose of the trip when filing the prescribed travel notice.

See also reply to question No. 1,551 answered February 1, 1982.

Question No. 3,474—**Mr. Cossitt:**

With reference to the answer to question No. 2,692 which stated in part that Soviet diplomat Mr. A. Makarov travelled to Belleville, Ontario on April 23, 1981 for a period of three days (a) what were all the reasons for the trip (b) what details are known by the government about this trip?

Hon. Mark MacGuigan (Secretary of State for External Affairs): See reply to question No. 3,473 answered this day.

Question No. 3,475—**Mr. Cossitt:**

With reference to the answer to question No. 2,692 which stated in part that Soviet diplomat Mr. V. Iouchine travelled to Kingston, Ontario on April 8, 1981 for a period of two days (a) what were all the reasons for the trip (b) what details are known to the government about this trip?

Hon. Mark MacGuigan (Secretary of State for External Affairs): See reply to question No. 3,473 answered this day.

Question No. 3,476—**Mr. Cossitt:**

With reference to the answer to question No. 2,692 which stated in part that Soviet diplomat Mr. I. Konovalov travelled to Toronto and Niagara Falls on January 20, 1981 (a) what were all the reasons for the trip (b) what details are known to the government about this trip?

Order Paper Questions

Hon. Mark MacGuigan (Secretary of State for External Affairs): See reply to question No. 3,473 answered this day.

DPW—COST OF METRIC CONVERSION

Question No. 3,504—**Mr. Domm:**

Since early 1980, did the Department of Public Works operate fully in metric measurements and, if so, what was the total cost of conversion from Canadian units of measurement?

Hon. Paul J. Cosgrove (Minister of Public Works): Public Works Canada has been operating fully in metric since January 1, 1980, in its tendering processes and internal operations. The total cost of conversion to metric units of measurement to date is $472,000.

[*Translation*]

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered.

* * *

STARRED QUESTION

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, would you be so kind as to call starred question No. 3,440?

[*Text*]

*AD HOC FEED GRAIN SUPPLY COMMITTEE

Question No. 3,440—**Mr. Murta:**

With reference to the Ad Hoc Feed Grain Supply Committee announced on August 11, 1980 (a) how many meetings were held and (i) on what dates (ii) at what locations (iii) which organizations or individuals made representations (b) what amount was spent by the government on the Committee and what was the breakdown of the expenditures, including meeting costs, entertainment costs, allowances to the members of the Committee and costs associated with the preparation of the final report?

[*English*]

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): Madam Speaker, in reply to question No. 3,440, in so far as the Canadian Wheat Board is concerned, six meetings were held; on September 5, 1980, in Ottawa, September 18, 1980, in Ottawa, October 7, 1980, in Ottawa, October 24, 1980, in Winnipeg, November 24 and 25, 1980, in Ottawa and January 29, 1981, in Ottawa. The locations are as above.

The Canadian Wheat Board, the Canadian Livestock Feed Board, the Grain Transportation Co-ordinator and the Winnipeg Commodity Exchange attended.

The answer to (b) is $19,650.26, of which meeting costs, including travel expenditures, amounted to $14,600.26, fees to advisers $5,050, entertainment costs nil. Costs of typewritten reports to ministers were not separable.

[*Translation*]

Mr. Smith: I suggest, Madam Speaker, that the other questions be allowed to stand.

Madam Speaker: Shall the remaining questions stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*Translation*]

WAYS AND MEANS

INCOME TAX ACT (No. 2)

Hon. Yvon Pinard (for Mr. Bussières) moved that a ways and means motion to amend the Income Tax Act (No. 2), tabled in the House on Thursday November 12, 1981, be concurred in.

Motion agreed to.

EXCISE TAX ACT (No. 1)

Hon. Yvon Pinard (for Mr. Bussières) moved that a ways and means motion to amend the Excise Tax Act (No. 1), tabled in the House on Thursday November 12, 1981, be concurred in.

Motion agreed to.

PETROLEUM AND GAS REVENUE TAX

Hon. Yvon Pinard (for Mr. Bussières) moved that a ways and means motion to amend the Petroleum and Gas Revenue Tax, tabled in the House on Wednesday January 27, 1982, be concurred in.

Motion agreed to.

• (1550)

[*English*]

Mr. Nielsen: Madam Speaker, may I ask the government House leader whether that has anything to do with the borrowing bill that he will be bringing in?

Mr. Pinard: Madam Speaker, I am not sure if I understood the question. If this has anything to do with the borrowing authority bill? Yes, Madam Speaker. The disposition of those ways and means motions will be reflected in a bill dealing with borrowing authority, oil and gas revenue tax and excise tax. This bill will be introduced tomorrow but will not be debated tomorrow. It is unlikely that it will be debated this week, and therefore the business for the remainder of the day is as announced, debate on the bill related to the National Housing Act. Tomorrow we will debate the second reading stage of the Customs Tariff Act and, if necessary, we will come back on Thursday to the National Housing Act, unless we terminate debate today.

Mr. Nielsen: Madam Speaker, I thought that would be the intention. As a matter of courtesy, I want to inform the government House leader and the Chair that we will concur with the passing of these notices of ways and means today but will be raising a point of order with respect to the form of the bill, which the government House leader has had the courtesy to inform me of, before first reading.

It is an unusual time to raise such a point of order, but due to a previous ruling by Mr. Speaker Jerome, there appears to be a Catch-22 situation wherein by virtue of one of his previous rulings we cannot argue the point at second reading. It has to be done prior to that time and the only other time it can be done is either between the notices of ways and means and first reading or between first and second reading. I think tomorrow would be the appropriate time to raise the point. I wanted to inform both the Chair and the government House leader that we intend to raise that point.

* * *

NATIONAL HOUSING ACT
CANADA MORTGAGE AND HOUSING CORPORATION ACT

MEASURE TO AMEND

The House resumed from Monday, February 8, consideration of the motion of Mr. Cosgrove that Bill C-89, to amend the National Housing Act and the Canada Mortgage and Housing Corporation Act, be read the second time and referred to the Standing Committee on National Resources and Public Works.

Mr. Cyril Keeper (Winnipeg-St. James): Mr. Speaker, I am rising today to discuss Bill C-89 which has been introduced by the government. It provides legislative authority to the government for its housing programs and for the implementation of the measures in the November 12 budget dealing with housing. It provides the authority for neighbourhood improvement and public works at the municipal level.

It almost goes without saying that the provisions in this legislation are totally inadequate to meet the housing needs of Canadians and completely fail to provide the economic stimulus needed to provide work for the over one million Canadians who are unemployed today. It is not only Canadians and New Democrats who are aware of these failures to provide economic stimulus; this knowledge is even beginning to penetrate the backbenches of the Liberal caucus. That in itself is an accomplishment because of the reputation the Liberal party has of being a party with discipline.

I would like to read from an article in *La Presse* dated February 8, an article which I think is important for people to be aware of. It reads:

[*Translation*]

Following two meetings of their regional caucus, the members of Parliament for the central-eastern part of Montreal have released a letter to the Prime Minister asking Mr. Trudeau to immediately initiate measures to fight unemployment.

The first proposal calls for the stimulation of the housing construction industry because of its well known spin-off effects.

It is extraordinary that Liberal backbenchers would recognize that there is a real need for economic incentives.

[*English*]

The question that we must ask ourselves is, why do the programs of the government, particularly in housing, fall so dismally short of what is needed? Not only do they fall short of people's basic human needs, but they do not provide any help for the general health of the economy.

There are some basic reasons why these programs fall short of what is needed, and I must say that some of these reasons apply equally to the programs of the past Conservative government. I do not wish to leave those hon. members in comfort. Quite simply, this government, as well as past governments, has refused to understand and recognize the value of investing the public dollar, particularly in the area of housing with which we are concerned today. The government is blinded by its preoccupation with deficits. Incidentally, if you consider both federal and provincial revenues, these deficits would come much more into balance.

Not only does the government refuse to recognize the value of investment, but it is also afraid of charting an independent economic policy for Canada. It does not have the courage to establish Canada's own fiscal policies with its own approach to public expenditures. It does not have the courage to establish our own monetary policies. Of course, this is a well known fact to all Canadians as we watch the government simply follow the actions of the United States government.

There is another important reason why the housing programs of the government do not live up to what is needed. The government does not believe in providing economic leadership. This is clearly what is needed today and it is what Canadians are calling for, including ten Liberal backbenchers. Economic leadership is needed, especially when people are suffering, and it is obvious that Canadians with mortgages are suffering greatly, as well as people who rely on rental accommodation.

Having set out the basic inadequacies of the government housing programs, I would like to deal with them more specifically. First, I would like to deal with the mortgage renewal program. I am disappointed that the Minister of Public Works (Mr. Cosgrove) is not in the House for this debate. I do not know if he is behind the curtain but I hope he will be here when I deal with some other important matters during my speech.

The minister quite clearly tried to align his mortgage renewal program with the mortgage assistance program established by the new Manitoba government. I will not go into detail on this point because my colleague from Winnipeg North (Mr. Orlikow) will lay out in detail the differences between those programs later. I will simply say that the federal Liberal program takes the interest which people cannot pay today because of the government's economic policy and rolls it back into the capital debt which these people have in their mortgage. All the government is doing is piling up debt for the future. If this strategy is being applied for the average home owner who is struggling now, in light of the predictions for another rise in interest rates—another ride up the rollercoaster—Canadians surely cannot afford to ride up that rollercoaster again.

• (1600)

The federal program simply protects banks but does nothing to help people. This has forced provincial governments in Manitoba and Saskatchewan to take some real action. I will read to hon. members something printed in an article in *The Globe and Mail* about the Manitoba program. I point out that it is in *The Globe and Mail* so that hon. members will know it is not a biased account of the program. *The Globe and Mail* is hardly a socialist journal, at least not yet. Perhaps with the new New Democratic Party leader in Ontario *The Globe and Mail* will see the light.

Manitoba's NDP government unveiled a . . . interest-relief program yesterday that will put cash into the pockets of needy home owners.

It will not go into the pockets of bankers but into the pockets of home owners.

Home owners whose new mortgage payments exceed 30 per cent of their household income will receive benefits up to $275 a month . . . The money doesn't have to be paid back.

The article went on to indicate clearly that any long-term solutions to high interest rates must come from Ottawa. That is where the problem was created. However, clearly there is a difference between the quality and the efficacy of the federal program, which falls far short, and the provincial program in Manitoba, which provides real assistance in the form of real dollars to real people.

Mrs. Mitchell: Well said.

Mr. Keeper: I want also to draw to the attention of this government the action being taken in Saskatchewan. Manitoba responded with a program. Saskatchewan has responded with legislation and has introduced mortgage moratorium legislation. The Saskatchewan government introduced legislation which will guarantee that no citizen loses his home by virtue of the ever-rising interest rates the government across the way is creating. The federal government clearly could take some legislative action, and the first good move would be to tax the windfall profits of banks and use that money to get some real assistance to people having mortgage difficulties.

I want to refer to the hon. member for Vancouver East (Mrs. Mitchell), who is sitting at my side today. She spoke yesterday about this housing bill, and I must say I was very impressed. Her speech contained a depth of information which

is certainly lacking on the other side of the House. Hon. members opposite do not know how to deal with facts. The hon. member for Vancouver East dealt not only with the mortgage renewal program but also with other important areas of housing.

Mrs. Mitchell: I dealt with the minister too.

Mr. Keeper: The hon. member dealt with all these things quite well. I am glad the minister is in the House today. I welcome him here. I hope he can learn something from this side of the House.

Mr. Cosgrove: I am here to check the facts.

Mr. Keeper: I am glad the minister is not hiding behind the curtain. The social housing programs this legislation allegedly enables are totally inadequate and, in the words of my colleague, leave one million poor at the mercy of the private sector. My colleague dealt with the program in detail, but that is an accurate evaluation of it. The rental housing program being pursued by the government provides only 15,000 units. It has been said, even by members of the Tory party, that those 15,000 units will not even meet the need in Vancouver. If those rental units were to be built in each community across the country where people rely upon rental units, I doubt there would be one unit for every community in the country. The program is clearly inadequate. Since my colleague, the hon. member for Vancouver East, has dealt in full detail with this aspect of the government's housing programs, I merely point out that they fall short of what is needed, and I will build on what my colleague said and deal with some other aspects of housing.

I intend to deal, for example, with a priority of the minister, native housing. I hope he listens to my comments. I want to deal with the policy, and then perhaps the minister will adjust his policy. I want to deal with native housing, neighbourhood improvement and federal-provincial-municipal financial relationships. These are all matters which I am sure are close to the minister's heart. In his own speech yesterday he said that he places a very high priority on the rural and native housing program. I hope his actions will bear out those words. I hope to make some comments which might provide him with some perspectives on that program which he might find useful, if he is willing to take action.

Mr. Cosgrove: I hope you will support the new program.

Mr. Keeper: The rural and native housing program has been around for a decade. It was begun as a result of very heavy lobbying by the Native Council of Canada. The fundamental essence of this program is that it is a native run program. It was native conceived and provides for the needs of native people. The government rightfully plays the role of providing the financial and human resources necessary to support this type of activity, but I must say that the fundamental principle which must underlie this program and its growth and development is the principle that the program be native run. In other words, it must respect the right of self-determination for our native people. That is a right about which we hear native people speak eloquently and strongly right across the nation. That right is often expressed in relation to nations, but I think it can also apply to communities and government programs. The principles of self-determination and that this program be native run are fundamental. The program has achieved the creation of native housing corporations, but I suggest there is potential for future growth and for strenthening the concept of self determination.

One of the difficulties associated with the present program is that it is subject to two housing bureaucracies. It is subject not just to the federal bureaucracy but also to provincial bureaucracies at the same time. That is because the program is run under a federal-provincial arrangement. In many cases federal-provincial agreements are appropriate, but I suggest such an agreement is inappropriate in relation to native housing corporations. Such corporations should not be subject to two bureaucracies when groups such as co-ops and others who develop housing are involved with only one bureaucracy. Private developers deal essentially with only one housing bureaucracy. I see the minister shaking his head. I ask him to listen carefully: this point is fundamental. It has to do with the fundamental principle underlying the program. It has to do with the fact that only if native people are able to run their own programs will there be any real development of native leadership. That is the only way native people will ever move out of the poverty which has engulfed our communities for the last 100 years.

I believe the first step which must be taken—and it has been taken already—is the creation of native housing corporations. The second step is for the federal government to go it alone in this area and to provide 100 per cent of the money required for native housing so that native people are no longer subject to both federal and provincial bureaucracies. I suggest that would make for a more efficient administrative process. It would deliver a bigger bang for the buck. More housing would be delivered faster because there would be less bureaucracy through which to move.

I would like to look into the future for a moment. I hope the minister has learned something from my previous comments. Once we have only one bureaucracy policing native housing corporations, I suggest the next step should be toward greater and greater responsibility to be held by native housing corporations. This would increase the level of responsibility of native leadership to deal with the real problems of native people. Such an increase in the level of responsibility would increase the strength of the leadership. It would increase its authority and bring about more respect on the part of the native community. This would be beneficial for the whole country.

That is the fundamental principle I see involved in the rural and native housing program, and that principle should be reflected in any projected improvements to the rural and native housing program. I hope there will be improvements. Even if they do not meet my ideals, I would like to see an attempt made to follow these principles.

Mrs. Mitchell: How about more money?

• (1610)

Mr. Keeper: That is exactly what I am talking about. It is not just a question of money, it is how that money is utilized. That is why I just mentioned the principle.

The second aspect of native housing that I would like to deal with is the question of urban native housing. Although it is related to rural native housing to some degree, it is a separate item. Once again we have native housing corporations. They certainly need more money because the native housing corporations under the present program have to rent three units at near market rents in order to be able to subsidize one unit for a moderate income native family. What is left out in this process is the native person who is on low income. If there is anything that a native housing corporation in a city such as Winnipeg or Vancouver or Montreal should do, it is to serve the native people who have the lowest incomes.

I would like to suggest that there is a necessity here to add dollars to the package to improve the assistance that will allow for the subsidy of rent so that the native housing corporations can serve those native people who have the greatest need, those who have low incomes. This can be done and it is important that it be done. I like to give credit to the federal government for what it does, and I have no objection to that. I have no objection to politicians making great announcements and taking credit.

Mrs. Mitchell: Give him credit for MURBs.

Mr. Keeper: Here is a real opportunity for him to take unilateral action. The government designed a program which has been around for a decade, one which assumed provincial financial participation. That provincial financial participation has not materialized, but perhaps it is time to learn that that program was in the first instance ill designed. It is time to change the design of the program and for the federal government to go it alone in order to see that no native person in this country will be without adequate housing. I think that is important in the light of the general economic benefit for the native people across the country.

There is one exception with regard to the provinces that I must mention, and that is the province of Saskatchewan, the province of my colleague. The province of Saskatchewan made a commitment for 1,000 units and tied that into the federal program. That is a significant move. So there is an exception. However, I do not want the minister to wait for another ten years to see if another province will move in that direction. I think it is time for him to take some real action which will fill some human need and provide some economic stimulus.

I would like to say something about why it is important to improve the housing conditions of native people in cities, particularly those in poverty conditions. I come from Winnipeg and I think Winnipeg is a good model of what I am thinking about right now. In the inner city of Winnipeg there is unemployment of upwards of 40 per cent, 50 per cent or 60 per cent. There is an old housing stock, and there are native people living in the worst kind of housing conditions. When people are living in those kinds of housing conditions, they move around a lot; the children end up going to four or five different schools in one year. One can imagine what a detrimental impact that has on their education.

The teachers in the schools came to me when I was a city councillor in Winnipeg dealing with the question of housing and indicated quite clearly that if those children are going to make use of the dollar that we and the public put into the educational system they must have good, adequate housing and are not living in four or five different locations in the city in one year. How can they get a good education if they have to move every few months? It is just not possible. There is a fundamental issue of justice here.

There is also an economic question here in the sense that if we want to utilize the public dollars that we have invested in education, for example, in order to give people equal opportunity, we must provide them with adequate housing, with good housing, so they can live in one spot, the children can go to one school all year round rather than to five different schools which would put an unnecessary stress and burden on the teachers as well as on the children. Therefore, this matter is essential and important.

I would make one other comment with regard to native housing. I raise this caution to the minister. I hope he listens to what I have to say because I really do feel that perhaps there is some hope that he will act on some of my suggestions, at least partially, and take some remedial action. If I name the principle, perhaps he can at least take a step in the right direction.

I want to caution the minister. I read his news release with regard to the bill we are dealing with today, and a good one it is.

An hon. Member: Which is good, the news release or the bill?

Mr. Keeper: He makes reference in this news release to a more businesslike approach. I know that will find much approval in many quarters. He is trying to present a particular public image. Again we have the game of politics. I have no objection to anyone playing politics but I do want to caution him, in the application of his ideology, his business-oriented ideology, that he not carry it so far as to impair the potential delivery of programs. In other words, if he applies this notion of making it more businesslike to national housing programs, that he not do it in a way that would make it impossible for native housing corporations to deliver housing.

I just want him to be very careful of how he applies his ideology, to read carefully the recommendations from his own bureaucrats, because he does mention in this same news release "flexibility". He is anxious to have more flexibility. Who is going to have the flexibility? Obviously, it is the bureaucrats. We want to be sure that whatever is being done not be lost in any effort to present a particular kind of public image for the government.

This is just a caution to the minister, a friendly caution, and I hope that as he examines the recommendations from his civil servants he will keep that in mind. I really hope that he will. As he follows his ideology, he could still allow for the program to be workable. That is the important point, in my mind.

So, Mr. Speaker, that is really what I have to say on native housing. I hope the minister takes some recognition of what I had to say and that it has some impact on the government's native housing programs and policies. If it does not, I will take note of it and will have something to say here again.

I would like to move on to some other matters that I said I would cover. One of those is the older neighbourhoods. Once again we have the enabling legislation here, which allows the government to get involved in such things as the community services contribution program. That is the program that was to help with the rehabilitation of older neighbourhoods. I wish to share a little information here with the House. The community services contribution program is a program of which the minister last year announced a termination. He still has the gall to continue to issue press releases claiming credit for public works under that program in my province.

Mr. Cosgrove: I am still paying for it.

Mr. Keeper: The minister should not only be paying for it but should be increasing the amount of funds that are available for these municipal public works, in order to provide increased employment across the country and so that the one million people who are unemployed today will have jobs. It is not just a claim for credit for reducing expenditure, for expenditures that are going to end.

Mr. Cosgrove: Reduced.

Mr. Keeper: Reduced. Let me give the House an example. I do not want to get lost in names, but at one point this program was not called the community services contribution program. Let me quote from the document I have here:

> The community services contribution program replaced the municipal infrastructure, municipal incentive and neighbourhood improvement programs.

It replaced three programs.

> These 3 programs provided $399 million in loans and grants for 3 kinds of services. The CSCP which began in April of 1980 provided $250 million a year for 10 kinds of services.

They had three programs before they consolidated, they reduced the budget and called it the CSCP and now they are reducing that and soon will be contributing nothing. There has been no assurance from the government side of the House that there will be a replacement program. Bill C-89 enables the government to implement a replacement program, but there is no evidence in the budgetary or expenditure statements of government that it will be replaced. It continues to cut back and to follow its own economic lunacy. The minister should know that there are people in the country who are concerned about the fact that CSCP is being terminated. In fact, many municipal mayors and councillors are concerned. I am sure the minister knows them.

• (1620)

Mrs. Mitchell: They do not speak to him now.

Mr. Keeper: Shame, indeed. I have a letter from the city of Winnipeg outlining the damage which will result from the termination of the program. I have an inch thick file of letters from towns and cities right across the country. In a letter from the city of Edmonton it was indicated that if the government wanted to show it cared for the west this was the way to do it—institute a replacement program which will aid municipalities in their public works. I have a letter from the city of Calgary which indicated its concern about Liberal government cutbacks of funds to local communities. Also I have letters from the Surrey municipal council and the city of Moose Jaw, etc. I have more documentation outlining the genuine concern of Canadians across the country that the program be reinstated and expanded.

Perhaps it is too much to ask of government to institute a replacement program.

Mrs. Mitchell: What about a replacement government?

Mr. Keeper: That would be ideal, but dealing with the reality of today, the minister should give serious thought to a replacement program. I notice the enabling legislation allows the minister to make loans for neighbourhood improvement and such. At least it is possible for the minister to have a replacement program based upon a loan program that would be in line with his privatization philosophy, if he is not prepared to give grants. He has not indicated a willingness to take that small step. We are waiting for the minister to take seriously the appeals of cities and towns across Canada for funds for municipal public works. The people who are out of work would like to see some dollars for that purpose as well.

I should like to talk briefly about federal-provincial-municipal finance. When the government was first elected Parliament dealt with a bill respecting grants in lieu of taxes. At that time the minister promised, after the legislation went through the House, to study the program put in place. Apparently the study was to be brought before committee so that hon. members could have another look at it. Nothing has happened. The tragedy is that the government continues with a grant in lieu of taxes system, wherein the federal government retains arbitrary authority for how much it will pay for a building located in any municipality when a better model exists and has been put in place. This model is based upon the notion that the federal government respects the local taxation system. We should have a taxation system, rather than a grants system.

In this area there is much to learn from the province of Quebec. There are many hon. members in the House who are from Quebec, so the government has a good source of advice. Quebec implemented a taxation system which respects the local taxation system and local democratic institutions; it is not an arbitrary authoritarian grant program which leaves the final decision with the senior government.

Of course, municipalities are in need of financial resources. The federal government is bloated in terms of financial

resources. It should treat fairly local governments as it relates to them in a federal relationship. We know the government has much to learn in the area of intergovernmental relations. I once again flag the fact that the issue is not forgotten. There are municipalities which want the federal government to respect local governments. As well, there are citizens who want the government to respect their locally-elected representatives and to treat them fairly.

In conclusion, all my remarks, whether they relate to this housing legislation, mortgages, social housing, rental housing, native housing, neighbourhood improvement or local municipal finance, are really an appeal to the government to respond to the needs of Canadians. Quite simply they assume a government which is capable of seeing the value of investing in communities and people. They assume a government with the courage to develop Canadian economic policies in the area of monetary and fiscal matters. They assume a government willing to show leadership in economic matters at a time when the people of the country are hurting. They involve a renewed commitment to democracy, not only to political democracy and rights but to economic rights of people. It is time for the government not only to listen but to act.

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, it is a privilege to speak on Bill C-89 which was brought in by the Minister of Public Works (Mr. Crosgrove) who I am delighted to see present. It amends the National Housing Act and provides very necessary funds. The government says that the proposed legislation would give Canada Mortgage and Housing Corporation more flexibility in responding to housing problems and enable it to conduct its operations in a more businesslike manner. I am sure we will all say amen to it and hope it is correct.

I have had dealings with various CMHC offices and certainly in most cases they have been excellent. On other occasions I have not been overly enthused with the delay and doubletalk. In one specific case we were endeavouring to obtain a loan for an apartment house in my home village. We had all the necessary information and approvals. It was getting on to autumn and, just when the entrepreneurs were to commence building, they were told by CMHC that they required special land tests and so on. The upshot was that after spending a few thousand dollars the project involving seven or eight apartments went down the drain.

The plan will offer interest deferral guarantees of up to $3,000 for borrowers who have some equity in their homes and are obliged to renew their mortgages at rates of interest which would require an excessive proportion of their income. For borrowers with the same problem but with no substantial equity, the government will provide grants up to $3,000. The program will apply to mortgages renewed between September 1, 1981, and November 12, 1982. It will only be for home owners who are required to pay more than 30 per cent of their gross family income. It is really a scheme for home owners to borrow against equity to pare down their payments and to pay off the amount at a later date.

This grant and loan guarantee program will assist a total of 50,000 home owners out of nearly a million who will renew their home mortgages during the time limit imposed by the government. In fact, 37,500 of the 50,000 assisted will receive temporary help, but only 12,500 will receive real financial assistance.

• (1630)

Decent affordable accommodation is a basic right which all Canadians feel they should have. Housing is one of the most necessary of consumer goods. Buying a home is probably the largest single investment made by any family. Houses are purchased for investment or for security reasons. Every single Canadian has a direct interest in housing. People rent, own, construct or maintain a home, sometimes all of those things. Residential construction is a major industry and a significant segment of the economy.

It has been said that as the construction industry goes, so goes the economy. We are all aware of the sad situation with respect to the economy at the present time. When housing starts decline, renters and owners are not the only ones affected. A decline in housing starts has a snowball effect on many segments of the economy. The pressure on low-income people comes about by available housing becoming more costly. Reduced mobility of the work force is another very serious situation. This is caused by the unemployment connected with trades associated with construction, such as bricklayers, cabinet makers, plumbers and so on.

What about those selling or manufacturing bricks, insulation, carpets and on and on? Many bankruptcies have occurred in these particular industries. Some are just hanging on more or less by their teeth hoping that things will improve.

A depressed market results in less money in circulation. Cutbacks will, of course, have long-term effects. We are all aware how long it takes to build houses. You cannot have the economy change overnight and just say "presto" and have houses appear.

I can speak with some experience because I have been a real estate broker for a great number of years. I am not active at the present time, naturally, but I have a small firm that is operated by my sons. I checked with one of them today to find out how the little village of Burks Falls is affected by the serious situation in 1981. My son told me that by working his butt off in 1981 he managed to increase the business. I say more power to him. But in a great many cases housing sales have declined considerably. As a result, real estate brokers have been feeling the pinch too. That situation occurs not only in small places in Canada but even in the metropolitan areas with booming populations.

My hon. friend from Mississauga says the real estate market there has been very depressed. Mississauga was the fastest growing area in Canada. I do not know whether it has that same distinction now but its real estate market has been affected.

Being able to afford a home is very important. A great many people across Canada, both young and the not so young, all

hope some day to be able to purchase a home. However, because of high interest rates the affordability of housing has become a major problem.

As far as availability of housing is concerned, Canada needs just over 220,000 new housing units each year. In 1980, only 159,000 were built. In 1981, only 178,000 units were built. For 1982, the latest forecast predicts that only 180,000 units will be built. This will result in a shortage of 143,000 units over a three-year period.

High interest rates have resulted in a dramatic decline in the construction of new apartement units. For a landlord in Ontario to break even on the financing of a new building at today's interest rates, he would have to charge $800 per month for a one-bedroom apartment. Because this rate is more than double current rental rates, construction of buildings has all but ceased. The vacancy rate, or the number of housing units available to Canadians, has dropped dramatically all across the country. People just cannot find a place to live and cannot afford those that are available. The situation is getting worse and people are getting desperate.

In the third quarter of 1981, the price of an average home in Canada was $78,000. Assuming a 10 per cent down payment, $1,000 in property taxes and using the rule of thumb that total payments for principal, interest and taxes should not exceed 30 per cent of the gross family income, a family income of $44,500 is now needed to afford an average-priced home in Canada. House prices in the major cities, such as Toronto, Calgary and Vancouver, are higher. I understand that Vancouver has the distinction of having the highest priced housing in the country.

In 1978, mortgage rates were in the vicinity of 10.25 per cent. As most of us are aware, the rate now is in the vicinity of 18 per cent. The cost of an average home in 1978 was $55,000. The increase in the price of a home, coupled with higher interest rates, means a 129 per cent increase has occurred in the cost of servicing a mortgage on a new home. Approximately 1,200,000 Canadian families are facing renewal of their mortgages over the next two years. Those people renewing a 10 per cent mortgage at 18 per cent will see their monthly payment rise by 41 per cent. Some 40,000 Canadians are expected to lose their homes as a result.

Last fall the minister, as most of my colleagues will remember, asked members to write to him to give him specific cases of those people who would be losing their homes because of mortgages coming up for renewal during that very high interest rate period. I believe I wrote ten letters outlining ten cases to the minister. Some people came to my office almost crying. People were telling me that their payments in the $300 to $350 bracket would rise to the $700 bracket if they renewed their mortgages. Certain people told me that the mortgage companies had issued ultimatums to them saying they would not renew mortgages. I made it my business to contact either the head or the regional offices of the mortgage companies. In some cases, the mortgage companies stated that the individual mortgagor was slow in paying or was getting behind and the company was not interested in that kind of a hassle. Because of insufficient annual income, mortgage companies knew that those who were having a difficult time paying their present mortgages would find it absolutely impossible to pay a rate half as much again. This put many of them in a very serious situation and they had to walk away from their homes.

● (1640)

Now, Mr. Speaker, the great budget of November 12, the help the poor and soak the rich budget, certainly has not done much for housing. There is virtually no relief for the housing market. The net effect may be that housing starts will plummet even further. The budget offers builders some assistance in the construction of apartments, but the interest-free loans of up to $7,500 per unit will only have a slight impact on the $800 per month break-even point faced by most builders.

I am also aware, Mr. Speaker, that only 15,000 units are going to be built under this plan. They are in certain areas where, in all fairness, the need is great but where the economy is probably the most buoyant. I do not think the small rural areas qualify. Toronto, maybe Hamilton, Calgary and Vancouver will. I am well aware they are just crying for apartments and houses, but that is where the money will be allocated. However, if we were to contact CMHC in Parry Sound-Muskoka or some other rural areas, I think we would find a line-up and nothing would be available.

We are all aware of the cancellation of MURB which was responsible for the construction of about 25,000 units last year, 10,000 more than the government expects from its new program. Of the $150 million available through this bill, $112 million will go to those 15,000 units, which leaves $38 million for all the other programs. And I tell you, Mr. Speaker, that is going to be spread pretty thin across the country.

The government is also reducing its commitment to subsidize social housing in 1982 from 30,000 to 25,000 units. These two policy decisions will result in a total reduction of 15,000 units. Only this blundering government would consider reducing incentives for the construction of rental housing in a period of severe rental housing shortage. Throughout the summer and fall the government promised to bring in some measure of relief for home owners in dire straits. However, the relief in the budget is little more than a program which allows people to keep their homes by going further and further into debt. In February, 1980, the Liberal government promised to make home ownership easier so that more Canadians could choose between renting and owning. Is this the way they keep their promise?

The Progressive Conservative Party believes an urgent need exists to provide relief to home owners in the form of mortgage interest and property tax credits. For a person renewing a $40,000 mortgage at 18 per cent, the tax credits would have lowered the effective interest rate to 14¾ per cent for the 1981 tax year, and to 13½ per cent for the 1982 tax year.

Another reservoir of funds has dried up or may dry up, Mr. Speaker, because of this ridiculous budget and its regulations regarding life insurance. I suppose I could be accused of having a conflict of interest because I have had a licence to sell

life insurance since 1938, despite the fact that I am not doing so at this time. However, I am very familiar with the situation. Life insurance companies provide untold millions for home mortgages and for business.

I will admit, Mr. Speaker, that when I contacted the insurance company I was agent for and said that Mr. and Mrs. John Smith would like to have a mortgage in Burks Falls or Huntsville or wherever, I was very annoyed to be told that it just was not feasible for them to service a mortgage in that area; they would rather look out of the window of their skyscraper and say "We can loan all the money we want to right here and keep an eye on it". Mind you, that has changed down through the years and they now provide mortgage money for rural areas, but I can tell you that 25 or 30 years ago it was pretty difficult to get a life insurance or mortgage company to go into a small town. Of course, CMHC came along and did a good job. And then they did not do so good a job, so hold your applause.

Mr. Cosgrove: Mr. Speaker, I wonder if the hon. member will accept a question at the termination of his remarks?

Mr. Darling: Yes, I will, Mr. Speaker. Now, the CMHC in its wisdom, when no other funds were available, made direct loans to individual home owners in villages and rural areas. Then, of course, some bureaucrat came along with the brilliant idea that these villages would no longer qualify unless they put in sewers. A good many of the small municipalities could not do that, and there was a period where finally someone got to the minister and the bureaucrats who made the decision, and it was changed so that they were able to get these direct loans.

I want to emphasize again, Mr. Speaker, that I hope the minister responsible and other members on that side of the House will talk to the Minister of Finance (Mr. MacEachen), quietly but in a persuasive manner, and tell him that he should forget all about the few paltry millions from the life insurance proceeds because it will not be worth sending out the bureaucrats and collectors to try to get the money. There are other more simple ways, and surely to God they will have enough brains to do it.

Those of us sitting here make a reasonable income. In fact, in the eyes of some it is an unreasonable income. Now, all you have to do is have those with an income of $50,000 or more pay 10 per cent more in taxes. We might squeal like stuck pigs, but that, in my view, is fairer than trying to squeeze it out of those in the very low income bracket.

Let me say that we on this side of the House are certainly in support of the bill. We are aware that in all probability the minister is more than aware of the serious situation. The minister had considerable experience before he was demoted. I hope he is listening to this because he, along with myself, served for many years in the highest form of government, that is municipal government; now we are in the lowest form of government! The minister, as the head of a very prosperous city, as a member of the great metro council, and also, I am quite sure, as a member of AMO, the Association of Municipalities of Ontario, and other municipal organizations, should know just how serious the situation is with respect to housing. I feel, and I hope I am right, that we do have more or less of a friend in court, as the minister knows the problems for small centres as well as big centres.

• (1650)

I want to mention one other problem which the hon. member who spoke previously mentioned, and I wish to commend him for it, and that is the problems of native people and those in rural areas concerning housing. I believe the minister did intimate that there will be another bill or something coming through which will particularly relate to rural and native housing. I say amen to that. I am also hoping that the RRAP, the Rural Rehabilitation Assistance Program, will be continued because that provides improved housing for areas in which there is no great boom of new housing. That is certainly important. Of course, some of that money is available in grant form to those who qualify on the means test.

We are all aware of the palace revolt. In this great metropolitan daily newspaper, I see the headline "Grits in Palace Revolt".

Mr. Cullen: *The Toronto Sun.*

Mr. Darling: *The Toronto Sun.*

An hon. Member: The bible of Toryism.

Mr. Darling: I do not know about that entirely, either; but it certainly keeps the Liberal government on its toes and may it continue to do so.

Some hon. Members: Hear, hear!

Mr. Darling: We are well aware of the palace revolt. I believe ten Members of Parliament were greatly concerned and I guess for very good reason, because they had been getting the message when they went to their respective ridings. Two of them were cabinet ministers. They were worried enough to write a letter to the king-emperor himself, voicing their disapproval in no uncertain terms, which took considerable courage.

Despite the fact that some people say the two cabinet ministers should resign because of this, I say that they should stay in cabinet and keep putting the heat on the Minister of Finance and the Prime Minister (Mr. Trudeau). I know very well that it is not restricted to ten hon. members. The hon. member for Sarnia (Mr. Cullen) was at home for five weeks, I assume; perhaps he was holidaying for part of the time, but I bet he got the message. Probably the only people who had a reasonably enjoyable and quiet holiday were the Members of Parliament in the opposition, because I do not know how any Liberal Member of Parliament could go out in public without being confronted by people concerned about the terrible budget, or MacEachenitis, or whatever one calls it.

A good many of our members can remember a task force on housing about a decade ago. I am now speaking about senior members of Parliament. I know I was not here at the time, and

in looking around this august chamber today, I do not see too many in the House who were here at that time. There are two hon. members on our side who were probably here. This task force on housing was instituted and headed by the hon. Paul Hellyer, who was responsible for housing at the time, I believe. Paul Hellyer came out with an outstanding report and presented it to the cabinet. I believe it recommended that one million homes be built over the following five years. The Prime Minister took it, and I guess he put it up on the shelf and let it gather dust. Mr. Hellyer was so disenchanted that he resigned from the cabinet; he later resigned from the Liberal government when he saw the light and came over to this side of the House. When he was defeated, the House of Commons certainly lost an outstanding parliamentarian.

As I mentioned before, we are still in a continually high interest rate period although interest rates have come down from the highest level reached back in September of 1981, I believe, when mortgage rates reached the astronomical figure of 21.4 per cent. I know that at that particular time businessmen were paying 24 per cent and 25 per cent for loans at their banks. As a result of that, many of them ended up by going bankrupt, and some are still simply hanging on. We are still in the 18 per cent bracket when it comes to renewing mortgages, and this is certainly a serious situation.

In 1965, the average new home cost about $17,000, and older homes were even less. In 1981, the average home cost $74,000 and, of course, much more in some cities. I am also aware that the average wage in 1965 was about $5,000 and that the interest rate was pretty well around the 7 per cent bracket. I guess we all wish that we could come back to the 7 per cent bracket, but not necessarily to the $5,000 average wage.

The average income in Canada today is about $18,000, with mortgage rates in the 17 per cent and upward range. However, estimates now state that in certain areas the average house will cost $100,000 to build, which is far beyond the capability of well over 90 per cent of the people of Canada.

Let us not forget that last fall a great many irate people appeared on Parliament Hill whose mortgages were coming due on their homes. I can tell hon. members that they comprised a very unhappy group. They wanted to talk to people. I believe they did talk to a group, and they spoke to the minister in one of the committee rooms in the West Block. I happen to be one of those who went out on the Hill and was able to speak to a good many of these home owners. I asked them, "Well, how did you vote in the last election?" Needless to say, a considerable number of them said that they voted Liberal, but they would never vote that way again. I said, "Well, it serves you damn well right." I said, "I should not say that. I certainly feel sympathy for you, but that is the message I want to try to get across to you."

An hon. Member: Stan, Stan!

Mr. Darling: That is true. That is just telling it like it is. It was amazing to hear the stories of these people, who were very worried. One particular man was getting on in years, and by that I mean he was not very young. I said, "Have you got a mortgage?" He said, "No but I am here to protest because my daughter and her husband have a mortgage and it looks as though they will lose their home." He was a resident of Ottawa. I am quite sure that a good many of the people who appeared on Parliament Hill finally had to decide that there was nothing else to do but to take the keys and hand them back to the mortgagees, and then walk away to look for some sort of rental accommodation within their budgets.

We are all well aware of the tragedy which occurred two or three weeks ago in the little village of Spanish, Ontario, up in the Sudbury area. Nine people died in a fire there, including a family of seven. As most hon. members have read, this particular family was purchasing a home in Spanish. In fact, I have seen a picture of it, and it was a modern bungalow. Because of the drastic increase in the family's mortgage payment as a result of high interest rates, they finally decided that there was just no way they could swing it and keep it. They just walked away from that home and moved into an apartment in a converted school. As a result of moving there, they all burned to death.

Mr. Lewis: How do you feel about that, Paul?

Mr. Darling: A case like this could happen time and time again. We know that many people here in Canada are living in very poor accommodation, accommodation which is unquestionably unsafe under fire standards and maybe under health standards as well. Something must be done.

The minister must get the message across to the rest of his government that housing is important. We must do something concrete so that it will help a great many more people than it seems this bill will help. In the past, I heard one of the hon. members mention that literally billions of dollars have flown from Canada to the United States because the economic climate is more attractive there. Interest rates are higher. When the interest rates again go up here, some of this money will return. I am aware of this and I am sure the minister must be as well. Many successful developers who are developing and have developed land, built homes and apartments, have reached the point where the economic climate is not satisfactory in Canada, so they have gone to the United States where they are welcomed with open arms. That is a fine state of affairs when we are literally crying for housing here.

• (1700)

The Canada Mortgage and Housing Corporation and the federal government are partly to blame, but not entirely. As I mentioned in the House, the other levels of government are also to blame. There is the red tape of the municipal governments, the damn planners, zoners, and all the rest who hold up the development of buildings. Consequently the developers have said "That's it".

Each time there is a delay, it adds to the cost of the land. The developers borrow money on a short-term basis. When interest was at 12 per cent, money was borrowed for short periods in order that they could get the plans ready and the

lots subdivided. By the time they were ready to build, they were paying 16 and 17 per cent. This is because they had been held up by the bureaucracy.

Some municipalities in the United States have come up with a brilliant idea which I wish our municipal and provincial governments would adopt. They presented their idea to the planners and citizens' groups. If an apartment or housing development is going to be built in a certain area, there are always many citizens who do not want the additional traffic, housing and schools, and they immediately start petitions. This causes delay, delay, delay and raises the cost of housing. It also cuts down on the amount of housing available.

In certain areas of the United States they have decided to cut down on the long delays. The planners, zoners, and municipal groups which have to approve these matters are being told that the procedure will be done in reverse. Rather than plans sitting on their desk for months or even years, they are given 90 days in which they had better come up with a damned good reason why the project should be delayed or it will go through automatically. If we followed that procedure here, it would help the housing industry and would probably result in cheaper housing.

I hope the minister will accept some of these suggestions presented by members on all sides of the House. He is aware that much needs to be done. We on this side have presented various suggestions with regard to housing. As we stated, mortgage interest deductibility and municipal tax deductibility are both suggestions that should be considered. I bet that a great many of the thousands of people who voted Liberal in February, 1980, wished they had the opportunity to vote again today. They would welcome that program with open arms.

Having been a municipal mayor for a number of years, I am sure the minister will agree that having to pay tax on tax is unfair. Why should people who pay municipal taxes to Scarborough or to the village of Burks Falls not be able to deduct that amount from their income tax up to a certain level?

When I was a vice-president of the Ontario Mayors and Reeves Association, I made that suggestion. It received the endorsement of 90 per cent of those who were present, but did not get very far when it came to Ottawa, where it was just thrown in the ashcan. It is one area where a home owner would get a break. This has been done in the United States for years. We have adopted some of their other tax measures, such as capital gains.

This brings me to another can of worms, the capital gains tax and the way it is being tightened up. According to the Minister of Finance, all businessmen have more or less been tarred as crooks. That is it in a nutshell. In a holier-than-thou attitude on November 12, the minister said that he would tighten all loopholes for businessmen and women, yet those "loopholes" were legitimate business expenses.

Mr. Taylor: Absolutely.

Mr. Darling: They were brought in by the government in the first place, having been dreamed up by the bureaucrats. I spoke to the former minister of finance, the hon. member for St. John's West (Mr. Crosbie), about this. He said that those same bloody bureaucrats brought those suggestions to him, but he told them where to put them. Why did the present Minister of Finance not do the same?

Something else that affects the economy and housing is the capital cost allowance, which has been reduced. The minister in his wisdom says it will make no difference. I can tell him that it will make a considerable difference to those who were going to expand their operations and purchase additional equipment. They are no longer going to do that.

There were 17 items on which the minister recanted on December 18. Many of us are still worried about the effect that some of the items he listed will have. Some are just a delay. Others may be good and he may follow through with them. Before the budget is finally passed, I hope the minister will take seriously the suggestions with which he has been bombarded. I also hope that this housing bill will provide more money than originally intended.

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Ethier): Order. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Burlington (Mr. Kempling)—Trade—(a) Importation of light trucks (b) Request that government take action; the hon. member for York-Sunbury (Mr. Howie)—National Defence—Possibility of leasing equipment from United States; the hon. member for Fundy-Royal (Mr. Corbett)—National Defence—(a) Committee study of Canadian Forces Base Chatham, N.B.—(b) Minister's recommendations.

GOVERNMENT ORDERS

[*English*]

NATIONAL HOUSING ACT CANADA MORTGAGE AND HOUSING CORPORATION ACT

MEASURE TO AMEND

The House resumed consideration of the motion of Mr. Cosgrove that Bill C-89, to amend the National Housing Act

and the Canada Mortgage and Housing Corporation Act, be read the second time and referred to the Standing Committee on National Resources and Public Works.

Mr. Cosgrove: On a point of order, Mr. Speaker, the last speaker indicated that he would entertain a question at the end of his comments.

The Acting Speaker (Mr. Ethier): I understood that, but the hon. member used all his time. This can be done only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Cosgrove: The hon. member made some interesting requests with regard to the role of the Government of Canada in housing. I wish to refer to comments by his colleague who represents the Conservative Party and sits to his right. I quote from *Hansard* of February 5, 1981, page 6932:

> The province of British Columbia is well-off and can look after its own housing problems; it does not need to come to the federal government for assistance. This government should stick to the areas in which it performs well and not go into areas of provincial jurisdiction—

Mr. Lewis: On a point of order, Mr. Speaker, the minister of housing would have benefited considerably from the Speaker's comments at noon today—

The Acting Speaker (Mr. Ethier): Order. I will first have to hear the minister who has the floor on a point of order.

• (1710)

Mr. Cosgrove: Mr. Speaker, my question was, who is representing the position of the Conservative Party, the last speaker or the hon. member for Mississauga South (Mr. Blenkarn)?

Mr. Darling: Mr. Speaker, I presume that the minister will be in his seat this evening. The hon. member for Mississauga South (Mr. Blenkarn) will be speaking later this evening and I suggest that he direct his question to him.

As far as Vancouver, British Columbia, is concerned, Mr. Speaker, I represent a rural area, not one of the great wealthy areas like a borough of metropolitan Toronto or even wealthy British Columbia, although there are poverty pockets even there. Therefore, I feel that the government certainly has a job to do to assist the housing industry. Regardless, that is the message I will deliver and continue to deliver.

[*Translation*]

Hon. Roch La Salle (Joliette): Madam Speaker, I should like to comment on this bill, which affects a major sector of the economy in Canada and particularly in Quebec, namely, housing. Two years ago, in a situation similar to the one we have today, our friends opposite were objecting to a program we had brought in, which today, as the minister is aware, would provide $150 per month. The bill was voted down with the help of the New Democratic Party, which is now complaining that nothing has been done for two years. Looking back, Canadians must realize that the solution we proposed 24 months ago was the right one, considering the situation prevailing today. What has happened since? Not much, except for an election and a government that is categorically opposed to helping home owners and is letting a major industry, namely, residential construction, go into bankruptcy.

Yesterday, the minister asked us to pass the bill quickly. I can see why he would rather not have a long debate in the House, and if I were in his shoes, I would feel very uncomfortable. However, I believe some of the members of this House will remind the minister, and he deserves to be reminded, that a bill that is supposed to help only 10 per cent of those who need help is entirely unsatisfactory and incomplete. When everyone keeps repeating that 40,000 Canadians stand to lose their homes, the minister comes up with a proposal that is going to help one out of ten, and only under certain conditions.

Since the session resumed, I have been trying to make my colleagues wake up to various facts such as the present state of the economy, a budget that is unacceptable, the hundreds of representations coming from all parts of the country and the present high rate of unemployment. Today, we are concerned with housing. I remember, Mr. Speaker, I probably forgot to tell the House about this. In August, 1981, when I was returned to Parliament after a byelection, one of the three main points I stressed in my campaign was the lack of a policy on interest rates, which was causing so much suffering and concern and had caused thousands of people to lose their homes—I shall be giving some figures later on, not my own, but provided by a highly respected organization. It was clear that people were very unhappy about the fact that nothing was being done and wanted action, so I promised the people of the riding of Joliette that I would go and remind the minister that he had a responsibility here, and would ask him to have a little more guts and use his influence to persuade the Minister of Finance (Mr. MacEachen), who refuses to listen or talk to them. I believe our repeated attacks were successful in waking up ten of our colleagues who actually went so far as to sign a piece of paper. Incredible! Mr. Speaker, either this is some kind of joke, and the public will be their judge, or these people are in earnest. If they are, it means that by writing to the Prime Minister and publishing their letter, they are actually admitting they are unable to speak to the Prime Minister directly, and this group includes two ministers.

Or else it is part of a plan, considering the results of the recent federal-provincial conference, where the government lost the confidence of the ten provincial premiers, and considering the fierce opposition from all parts of the country, with organizations actually telling the government that it is leading the country straight into bankruptcy. The Right Hon. Prime Minister (Mr. Trudeau) realizes that he can no longer keep his Minister of Finance or in any case maintain his economic philosophy which has been a colossal failure—and it wasn't me that said it at the federal-provincial conference! In the circumstances, the Right Hon. Prime Minister is clever enough not to

want to give the credit to all his opponents. The Minister of Finance has to be allowed to backtrack, and with this plan involving two ministers and eight other members, the Right Hon. Prime Minister would subsequently be able to say that he backtracked because of internal pressures. If that were true, not ten but at least 50 members would have signed the letter.

I wonder whether the members for Frontenac (Mr. Corriveau) and Duvernay (Mr. Demers), whom I saw a while ago, and the member for Verdun (Mr. Savard) would have signed the letter as well. And today, the Minister of National Health and Welfare (Mrs. Bégin) had even harsher words than usual in front of the television cameras, and during oral question period, we had this absurd situation where the Right Hon. Prime Minister felt he had to challenege his caucus and his members. He looked them in the eye and asked them: It isn't true you don't support me, is it? And the Minister of National Health and Welfare even applauded. Quite a show. Unfortunately, this is the kind of attitude I have often seen around here. I was reading in yesterday's *Hansard* the speech made by the Parliamentary Secretary to the Solicitor General (Mrs. Céline Hervieux-Payette) who, after signing the letter in which they asked for emergency measures in the housing sector, because they realized that the country was losing 50,000 units, asked us to push this bill through at top speed. I am sorry, Mr. Speaker, but I think there are members of the official opposition who have some comments they want to make to the minister, and I have felt for quite some time that the minister must feel very dissatisfied about his failure to convince the Minister of Finance that more should be done than what he is giving us today. This bill is deplorable, and it fails to meet any of the needs of Canadians today.

● (1720)

The present government seems to forget that to turn the economy around, it has to do more than increase its expenditures by 22 per cent and put hundreds of thousands of people out of work as a result of the energy agreement, which is generating billions for the federal treasury. The government should have redistributed this revenue fairly and used the money to turn around the most productive sectors of our economy, including the construction industry. Mr. Speaker, the House will agree that the situation has been very tough in this sector during the last two years. A sector that involves 33 per cent of the labour force has been ignored. Once more, the minister is going to ask us to trust him, to support his policies and to help pass this entirely inadequate measure. If we consider the construction industry's significance as a producer of economic spin-offs and as an industry that generates 30 per cent of the jobs in this country, it is really hard to believe that a federal subsidy affecting 15,000 housing units in Canada, including between 1,000 and 1,500 in Quebec, is going to turn around construction, when we actually need 200,000 units. In Quebec alone, at least 35,000 units are needed each year. Because there is a shortage of new housing, the construction industry is in a slump, there is a shortage of accommodation and rents are inflated.

I also deplore the lack of any concrete measures to promote the recovery of the building industry. I greatly deplore the fact that the government has failed to implement our proposal to set a preferential interest rate for mortgages, thus enabling thousands of home owners to keep their homes and thousands of other Canadians to realize their legitimate dream of becoming home owners. Nothing has been done in this regard, Mr. Speaker. It seems to me that socially, to become a home owner is something good and positive for an individual. He becomes more committed to his own municipality, to his province and to his country. Nothing in this legislation confirms that the government pursues that objective.

Of course, 12,000 Canadian taxpayers out of approximately 900,000 who will face renewal of their mortgages in 1982 will receive assistance. No one can deny that enabling renters to become home owners not only has very positive social and human consequences but also enriches the community and contributes to the general welfare. I would also like to point out that the budget of the Conservative government included a proposal which would have helped home owners. That proposal involved a $150 monthly credit, as I said earlier. That type of housing credit would have prevented the social tragedy that we experienced last year and are still experiencing. It is useless to blame the United States and international economic conditions because nothing prevents a government with some sense of morality and social responsibility to implement a special program of preferential interest rates, which would at the same time be a good way to boost the building industry.

I am thinking, Mr. Speaker, about some of the figures mentioned yesterday in the House when my hon. friend for St. John's East (Mr. McGrath) said the following:

> We know that the proposals contained in this bill will affect only about 12,000 households in Canada out of approximately 900,000 which will be renewing. It barely addresses the problem, and those who are in "dire straits"—a term used by the Prime Minister in addressing what the government intended to do; he suggested it would help those in dire straits—can look forward to a one-time payment. Yet we are told that mortgage interest rates are on the way back up again after falling from the high of 21.4 per cent of last September. We are told they are on their way back up again and will again reach 20 per cent this year.

It is obvious that the legislation now before us does not provide this assurance and encouragement to those who want to become home owners. To meet the needs of the Canadian people, an average of 220,000 housing starts a year would be needed between 1981 and 1986. In 1981, there were only 178,000 housing starts while 222,000 would have been necessary to meet our needs.

Mr. Speaker, I would now like to quote a few figures, those of the Quebec Homebuilders Association. In 1976, there were 68,748 housing starts; in 1977, 57,580; in 1978, 43,671; in 1979, 41,730; in 1980, 29,186; in 1981, 29,500, and 26,000 are expected in 1982. Mr. Speaker, this shows how important it is

to deal with this matter today, and I think it would be interesting for the minister to realize the negative impact of such a lack of measures and how costly it is for Canadians. For example, I have here a report of the eastern township branch of the same organization, from which I would like to quote the following excerpt:

> We would like to point out to you that every thousand dwellings that remain unbuilt results in a dead and irremediable loss of $84 million for the gross national product as well as a loss of 680 direct jobs and 580 indirect jobs, not to mention the 950 jobs lost through the multiplying effects.

A quick calculation—and it is important that the minister know this and realize exactly what this government is responsible for in the end—a quick calculation reveals that 44,000 units were not built in 1981, keeping in mind the needs of Canada, and that it entails the loss of 30,000 direct jobs, a loss of 25,520 jobs and a total loss of 41,800 jobs if we take the multiplier effect into consideration. That amounts to a gross national product loss of $3.696 billion. That is the result of a lack of policy which happens to be of great significance to Canadians who need it.

Mr. Speaker, I am thinking about those figures and the prevailing situation across Canada, about those hon. members who dared speak their mind ever so gently and very politely castigate the Minister of Finance and his colleague responsible for housing for failing to do the bare minimum. I hope there are more than ten on the other side. When I look at the current situation in my province alone—I say that because a lot of members from my province sit across the aisle—I have the impression that there must be at least five times as many who feel the same way. They would not run the risk of being called dirty names as some of them were by the Société Saint-Jean-Baptiste not so long ago. As Quebecers and Canadians, I suggest we have responsibilities and duties in the House.

• (1730)

I told the people of my riding of Joliette that I would urge this government to take measures which meet their needs and which flow from moral and social responsibilities. That is what I am doing today. I strongly condemn this minister and this government for failing to propose adequate measures. One member from Quebec spoke last night, and I hope there will be others. I hope that the ten members who signed that letter will stand up and rake the minister over the coals, as I am doing, because he failed to come up with a measure to meet the minimum requirements of thousands of Canadians. Then again, maybe the whole thing was a big joke to enable the Prime Minister to discredit members of the opposition who for too long have been doing their job and discharging their daily responsibilities in seeking improved benefits for people who are suffering. In the short term, there may not be 25 solutions, there are no miracle solutions, true enough, but we have to make a choice. There are certain classes of people who cannot be left to fend for themselves.

Today I will not mention the thousands of home owners who, in addition to interest rates, have to cope with a problem created by an unacceptable product, urea formaldehyde foam insulation, which the government approved but for which it will not take any responsibility. There are enough Canadians who are suffering as I speak. There are enough Canadians whose first ambition is to become home owners. Thousands of Canadians are worried and wondering whether they will be able to keep their own home. God knows how hard they worked and did everything they could to keep their home!

Mr. Speaker, it seems to me that there is no need debating in the house day after day and asking this government to come to its senses. Would it be that the Prime Minister has lost all contact with reality? Is the Minister of Finance persevering in his lunacy to the point where ten hon. members and, I hope, more of them, will press him further?

How can a government imagine that it still deserves the public's confidence when it leaves so many problems unsolved? How can the minister responsible for housing still sleep soundly tonight, feeling that he is answering the needs of Canadians? I do not doubt the minister's intention to try to obtain more from the Minister of Finance, but if indeed he has tried, I must tell him now that he has failed miserably. We have known other ministers who had needs and who had made known the respective needs of their departments, and who have failed in their efforts to communicate with this Minister of Finance who will not hear anything nor accept the fact that his current policy, in line with his predecessors' policies, is a complete failure. On behalf of thousands of Canadians, and Quebecers too, I can say to the housing minister that there are in Canada people who have problems—these figures are self-explanatory—

Mr. Cyr: They are Canadians too!

Mr. La Salle: Yes, they are Canadians too. Perhaps the member for Gaspé (Mr. Cyr) could tell me what else is new. I was referring to Quebecers because I am from Quebec, and other members are going to talk about Ontario or Alberta. Mr. Speaker, whatever I say, they are going to be offended. I want to ask the Minister of Housing to make a statement and to give us something better than this inadequate legislation. I am sure, and I cannot say it often enough, that if they have been forced to take a position, there must be more than ten members who think this way. It just is not possible that only the opposition takes this view. I believe the members opposite also have a responsibility, and I feel that we must, that it is our duty, to demand that they do more and do it better. The Prime Minister and the Minister of Finance, it was generally felt last week, no longer have the confidence of the provincial premiers. That is obvious. I wonder how long the Prime Minister is going to persist in his stubborn attitude, while Canada's problems get worse and worse. People say he is going to retire. He may not give a damn, but he has no right to make Canadians suffer the

way he is doing now through his own stubbornness and the attitude taken by his Minister of Finance. I want to tell the minister responsible for housing, who needs our support, that we are with him all the way, but not unless he brings in measures that do more than this non-legislation being served up in the House today. Canadians need more than that, and thousands of Canadians are demanding action by the government. The Canadian economy needs to be stimulated, and this can be done by stimulating the construction industry. Thousands of people would get their jobs back. That is why I am making these demands today, and I will continue to do so as long as the government fails to respond satisfactorily to the needs of our constituents across Canada, including those in my own province.

Mr. Speaker, I shall give other members a chance to express their views and make their comments. I hope that there will soon be a measure to deal with interest rates, that there will be programs, and although the program proposals may differ, we know perfectly well that there are not 15 different ways of lowering interest rates in order to turn around the construction industry and give Canadians a chance to have their own homes. Special interest rates are necessary, whatever the program or arrangement, but they should not be restricted to 15,000 units, as the minister said today. Shelter should be a right and it should be available. If this is part of our social policies, it should also be part of the policy of the minister responsible for housing. It should also be part of the philosophy of the Minister of Finance and the Prime Minister, who was talking about a just society only 15 years ago.

Mr. Speaker, we have come a long way since then and our society seems to be getting less and less just. I think many Canadians are realizing that too many promises have never been kept. Today, I once more want to ask this government to provide just and equitable measures that will help thousands of Canadians make a happier life for themselves.

[*English*]

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, a few minutes earlier the minister for housing, who is no better at asking questions than he is at answering them, made some comments with respect to certain comments of mine at an earlier point. Clearly the minister must understand that the provincial governments which are involved in housing in terms of land, land assembly and land servicing—by and large are able to direct the planning of their provinces adequately to make sure that houses can be built, and where we have land costs that are totally outrageous, as we have in British Columbia, or certainly had, that a lot of those problems are stemming from areas of provincial responsibility.

Mr. Speaker, the major national responsibility which the minister refuses to accept is his government's totally inept handling of the interest rate concerns in this country and particularly how those interest rate concerns affect the housing industry. That total ineptness was no more pronounced than could be pronounced in the budget of November 12.

In the past months or year or year and a half, we have seen the total destruction of the capital markets of the country. It is not very long ago that a person borrowed money on a mortgage for 25 years. That slipped to ten years, then to five years, and now, even in accordance with the admission of the minister, to six months. You know, we almost have the interest rates for the long-term financing of Canadian housing today determined every Thursday on the auction of 90-day treasury bills.

Mr. Speaker, this condition in the long-term financial markets of the country lies totally at the doorstep of the Minister of Finance (Mr. MacEachen), the colleague of this minister who now apologetically brings before the House a makeshift, shabby piece of legislation, patchwork of the worst order, to try to solve, in a patchwork type fashion—to try to solve but not even begin to solve, some of the problems that the financial policies of his government have created.

Let me deal briefly, Sir, with the budget and how it destroyed the long-term markets even further than they were already destroyed. The minister will know that one of the major sources of medium and long-term money in this country, perhaps the greatest source, has been the insurance industry. What does this budget do? It attacks the insurance industry, it attacks annuities, it attacks all types of long-term savings, by trying to create a deemed income concept. The insurance industry declared before public hearings, both here in Ottawa and in London and in Kitchener, that that industry will lose at least $1.75 billion of long-term capital for long-term investment in the economy of this country for housing, if you want to put it that way, in this year alone by the action in this budget.

• (1740)

What does the budget do? It attacks registered retirement savings plans by discouraging people from borrowing on a short-term basis to purchase them. It discourages long-term savings and wipes out the IAAC program. It makes deferred annuities unpalatable and attacks long-term life insurance. If the government was looking to do damage to people who wanted mortgages for decent periods of time, it could not have done it better. Where was the minister when that matter arose? Has the minister written a letter, as did his cabinet colleague who is sitting beside him now, to the Minister of Finance and to the Prime Minister (Mr. Trudeau) respecting housing concerns?

What have we heard from the government in connection with long-term capital? John Acheson, president of Dominion Life, said that the effects of the budget with its deemed income provisons will further damage what savings are left in the insurance industry by forcing that industry to keep more and more of its money in short-term investments, because it will be obligated to look after the distribution of income every three years to policyholders and annuitants to pay their income taxes.

The effects of the budget with respect to registered retirement savings plans, IAACs, deferred annuities and life insurance, destroy one of our great sources of long-term capital and pins us even further to the day by day market situation where

people cannot find money for a ten-year, 20-year or 25-year commitment; they will only obtain 90 day commitments.

Gerald Voisin of Kitchener spoke to us during our hearings in that city. He said that builders today were playing Russian roulette. If brave enough they start projects, but in order to do so they are required to do an analysis of the cash flow. He asked how builders could calculate their interest rates. Are they to take 18 per cent out of the sky and say that that will be the interest rate? They cannot obtain commitments on projects which will be open for business, for example, in September. Builders will not be able to fix interest rates on their projects until September, and then they would only be fixed for one year. One must be nuts or playing Russian roulette to commence a building operation in the private market with the present monetary system. What is the minister's attitude toward apartment construction? What about these $7,500 loans? What about the balance of the cash? There is no fixed interest on the balance of the cash. There is no place where a builder can obtain ten-year or 20-year mortgage money to determine his carrying costs, fix his project and package it. Unless there is some stability in the marketplace, $7,500 interest-free loans, about which I will speak later, are absolutely useless.

The government attempts to say that it is doing something for housing in this patchwork bill, but it does not even begin to look at the problems which now exist. It clearly throws out the MURB program. Perhaps there was good reason for doing that, perhaps there were some abuses of the program; there were certainly some problems. But it does not get down to the brass tacks of encouraging investors into the marketplace. The attitude of government in its $7,500 loans for apartment construction indicates that it believes big government knows best where to put the building and what are the housing requirements.

For a moment I should like to talk about the interest rate problem. All hon. members know that to carry a $15,000 mortgage at 10 per cent costs approximately $447 per month. At 20 per cent, it is nearly doubled to $807 per month. There are massive changes in what people can afford to carry. A person who borrowed at 10.5 per cent in 1978 is now looking down the pipe at 19.5 per cent or 9 per cent more, but his or her income has not risen proportionately to carry the cost of the debt. This is one of the reasons for the problems with AHOP loans. People were sucked into buying houses on the basis that they thought they were receiving reasonably long-term financing from the government. They found out they were receiving only five-year financing and that their interest rates doubled. When they were committed up to the hilt to purchase properties, there was no way their incomes could conceivably increase to meet virtual double payments five years later. That is the essence of the situation.

Perhaps the problem is worse today than it was prior to the budget. When a person decides to purchase a house, he is looking at a six-month or one-year mortgage at 18.5 per cent or 19 per cent. What will he do in six months' time when his mortgage comes due? Will interest rates this August be 20.5 per cent or 20.75 per cent, as they were last August?

Before coming into the House today I heard that American interest rates were up again and that the U.S. T bill rate auctioned today at 14.10 per cent. If the government follows the trend in American interest rates and does its usual thing, interest rates in Canada will rise once again and there will be the Thursday auction concept whereby the cost of financing property will vary almost weekly. How can a young couple, or anyone for that matter, make a long-term commitment to purchase a home with the idea that the Thursday cost might be different next Thursday or the following one? We cannot expect people to buy or commit themselves on that basis. Builders cannot work on that basis, prospective owners cannot buy on that basis. The bill does not address the problem.

The ministry issued a CMHC paper entitled, "CMHC 6-81 BP", to which I should like to refer. It indicated that over the next two years approximately 1.2 million households will be renewing their mortgages. It also set out the tables on those mortgages and indicated that most of those households will be able to do so, although adjustments will be painful. It indicated that for these households house payments will increase but that they will still be paying less than 30 per cent of income for mortgage debt. Also it went on to indicate that their equity will allow them to take steps to reduce their mortgages and that 30,000 to 40,000 households cannot even take steps to help themselves and retain their homes.

Presumably it was as a result of this report that the minister came up with the most half-baked expropriatory program ever conceived by any government. Mr. Speaker, when you and I purchased our homes we may have assumed mortgages and made payments on them. Every time we made payments we felt that the debt was reduced a little. Perhaps it was only $10 or $15 per month, but at least it was something. The government says that you use 30 per cent of your gross income toward housing payments. You use all of your blood and sweat to pay the payments, and if you have $44,000 worth of mortgages, like Fernando Brunetti at 2500 Harmond Court in Mississauga, you go into this kind of scheme advocated by the minister. But after a year, you do not owe $44,000, you owe $46,000. What kind of a disgraceful, immoral, indecent suggestion is that? That is the very suggestion contemplated in the guarantee provisions to the insurance and trust companies in this bill. You use 30 per cent of your gross income, your blood and sweat, and you pay and pay and pay, and at the end of the year you owe $2,000 more than you did at the beginning of the year. All of that is justified because you have equity in your property and you are borrowing against your equity. In other words, the Brunettis can live in their house. They cannot afford to do so, but the government says: just live there and owe more and more money. In other words, operate just like the Government of Canada. The government cannot pay its bills, so it borrows more. This bill creates an immoral and indecent suggestion.

• (1750)

It is true that the bill goes on to do something for those people who eventually get to the point where they have no equity. For those people, the minister says "I will be nice to your big bank or trust company. I will pay your big bank or trust company up to $3,000 so they will not throw you out until after November 12, 1982."

Here we have a problem that is going to suck people in to greater and greater debt. These are debts they cannot pay today because they do not have enough income to pay the payments today. But after November 12, 1982, they will owe, as in the case of the Brunetti family, $2,000 more than they already owe. They cannot pay the interest on $44,000 because of this interest rate policy of the government. I do not know how people can pay interest on $46,000. Until interest rates decline 6 per cent, the Brunettis do not get into a positive position of 30 per cent of their gross income for housing. Isn't that great? We have a situation where we know people cannot afford the interest on the $44,000 at the current demanded rate of the trust company, so we say: capitalize the interest. But we know that the effect of capitalizing interest will be to increase the debt by $2,000. We know in our heart of hearts that we only have to look in the financial pages to see what the money markets are like and we know that interest rates will not be down 6 per cent by November 12, 1982. We know, and the minister knows, that the Brunettis will be up the creek for $2,000.

Mr. Cosgrove: Mr. Speaker, I rise on a point of order. Does the hon. member stand by his offer to accept a question at the end of his remarks?

Mr. Blenkarn: I will be most delighted, Mr. Speaker.

I want to leave the question of this despicable system where people owe more after a year than they already now owe. This is a condition certified more or less by this bill. Indeed, the bill offers to guarantee that kind of arrangement.

I want to go to the next matter dealt with in the bill which is that of allowing the Canada Mortgage and Housing Corporation to deal with premiums on its insurance fund.

I suppose I was quite refreshed yesterday when the minister spoke. He said that if his actuaries had looked at AHOP and how to ensure AHOP mortgages properly, they should have received a premium of 8 per cent of the amount of money involved on each AHOP mortgage.

We all know that if Canada Mortgage and Housing Corporation had to charge a premium of 8 per cent as a mortgage insurance fee, there would not have been any AHOP in the first place. A discount of 8 per cent on a $44,000 mortgage is $3,200. That would have been the fee. If that had been the case, there would not have been any AHOP at all. That probably would have been good for Canada. This party was not really in favour of it. I am sure that my friends to the left were not all that hot to trot with AHOP either. AHOP was essentially a deferred mortgage payment program. The same type of philosophy that is behind this "borrow on your equity program" contained in this bill is a philosophy developed by the officials in the Canada Mortgage and Housing Corporation. This minister says that that type of insurance, his actuaries tell him, would cost 8 per cent. That should tell the minister something. That should tell the minister that he has some pretty poor officials in his ministry and in the corporation. These were the people who thought out AHOP and who got the corporation into a financial mess in its mortgate insurance account and lost $600 million or $700 million. This is the group of people who now determine that the insurance fee should be 8 per cent for an AHOP mortgage. Yet this is the group that would go on and on with a program to add interest to debt and put people closer and closer to bankruptcy.

Surely the minister must see through the advice that he is getting. Surely the minister must, in that very analysis of his insurance fee, understand what has happened.

I made a suggestion yesterday in this House. I put a question to the Parliamentary Secretary to the Minister of Regional Economic Expansion (Mr. MacLellan) who, I presume, has something to do with this particular field. I asked whether the parliamentary secretary could indicate whether the new provisions in this bill would enable the Canada Mortgage and Housing Corporation to guarantee a fixed rate of interest for five years.

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

The Acting Speaker (Mr. Ethier): Order, please. It being six o'clock, I do now leave the Chair until eight o'clock this evening.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

The Acting Speaker (Mr. Blaker): When the House rose at six o'clock, the hon. member for Mississauga South (Mr. Blenkarn) had the floor.

Mr. Blenkarn: Mr. Speaker, immediately before the dinner adjournment I was commenting on a question I asked of the Parliamentary Secretary to the Minister of Regional Economic Expansion. I asked him if one of the reasons for the change in the insurance provisions of the act was to allow CMHC to guarantee a fixed rate of interest for five years on payment of an appropriate fee. I made that suggestion because that might be a worth-while thing for the corporation to do. I know the minister wants to ask me some questions with respect to where I or my party may stand, and I suggest that in the process he might answer that question.

Next, Mr. Speaker, I want to deal with apartment shortages that exist throughout Canada. Clearly it is because of this government's program with respect to handling accommodation as an investment that we have gone from a situation where apartment landlords were prepared to give you a trip to

Florida or three months rent free along with all sorts of other advantages if you signed a lease, to one where we have now in Mississauga, according to a report I received today from the corporation, a vacancy rate of 0.3 per cent. That is a reduction from 0.8 per cent in the past year, and clearly all the indications in the minister's own report with respect to rental accommodation are that we are very rapidly getting to the point where there will be absolutely no rental accommodation in the country.

In making that statement, Sir, I ask you to look at our past history. From 1971 to 1973 we were constructing 106,000 apartment units a year, and we produced them because we allowed the owners to deduct the capital cost and associated carrying charges from their other income. We treated apartments the same as we would any ordinary investment income. Now I want to point out that anyone who has ever been involved in the building business, whether building apartments, office complexes, a group of stores or shopping centres, knows the project will not carry itself in the first, second or third years from rent alone. In that case the owner or developer has to have some method whereby he can write off new project losses against other income.

Now ever since 1971, when we changed the Income Tax Act around, the tax laws have prevented those who would invest in rental accommodation from treating it as a business. The consequences are that if you are collecting rent and that is your only business, it does not qualify under the small business provisions of the Income Tax Act. You cannot write off the cost of a car used to collect the rent, or other things associated with that project. If the rent you collect is insufficient to cover your martgage interest or capital costs associated with the building, you cannot deduct those costs from other income. It has to be confined to the rental from the building.

Now, Sir, those very conditions imposed by this government in its tax changes have led to the situation where investors look at residential rental units as a no-no, something you do not want to invest in. And the minister wonders why we have a shortage. Now, of all things, we have a situation where the government comes along and says to those who build rental accommodation: Well, here is $7,500 for free, build us a suite.

• (2010)

That is not the way to go about it. We do not need the bureaucracy of Canada Mortgage and Housing Corporation, we do not need a series of grants and a series of proposals to understand that there will never be a situation where any government can ever provide enough grants or make enough payments to individuals to get them to do something which does not make business sense.

I therefore ask the minister, who is here tonight, will he please look at the whole problem? He should look at the situation we had prior to these changes to the Income Tax Act with the surplus of rental accommodation we had in those years and compare it with the deficit in rental accommodation we have today. He would then realize that it is not the builders, it is not the developers, it is not the rich landlords and it is not provincial rent controls which have caused the problems. The problem has been caused because the economics of the matter, which have been determined by tax laws, among many other things, have militated against apartment construction. The $7,500 grant for each of 15,000 units is a bag of nothing. It will not solve the problem of the shortage of rental accommodation in Canada this year. It will not even go partway there. The minister will know that from 1971 to 1972 we built an average of 106,000 apartment units a year. In 1981, we built 52,000 apartment units, of which 35,000 had to be government assisted, and only 17,000 were built by the private market on its own. The forecast in the minister's own briefing notes is that there will be precious little, if any, construction next year without some sort of government assitance. The fact is that if we were to change the tax laws and get back to realities, we would wind up with a private market which would satisfy our needs.

I want to leave that subject of apartment shortages for a moment. It is a horrendous problem. It means that shortly people will pay key money to have an apartment. People who cannot afford an apartment will have to live with mother. As mentioned by other hon. members, the costs of a one-bedroom unit today amount to $750 to $800 a month, if the true costs were calculated.

However, aside from the social problems which this situation creates, we will get nowhere with this business of continuing to make grants in an attempt to bribe builders to build something which is not worth building, because they will not receive the financial returns they would normally expect to receive.

Let us really deal with the real problem. The problem boils down to interest rates. As Your Honour knows, we as a party held hearings right across Canada in 14 cities. One hundred and sixty-eight witnesses came before us. Many of those witnesses were involved in builder organizations and real estate board organizations. They were people who were concerned about housing and people in the housing field. When we asked what kind of interest rate people could realistically afford to pay under the present economic climate, the answers came back to us that it would be somewhere between 12 per cent and 14 per cent. The Hamilton district building group said that over a 14 per cent interest rate, every increase by one per cent eliminates 25 per cent of the purchasers. The same applies, of course, to apartment rents, because it is obvious that no one will build an apartment building without getting a mortgage on it, and one must pass the mortgage interest on to the rent charged. Therefore, we are not making any distinction between owners and renters.

What we must have is a government which is prepared to come to grips with the fact that interest on housing loans must be at a fixed rate, one which the purchasers or renters can reasonably afford to pay on the basis of their incomes. Somewhere along the line, a government must divorce the housing cost of money from the commercial cost of money for ordinary business transactions. This is because, when one builds a building, it should last for 25, 35 or 50 years. Indeed, the amortization of a building was originally thought to be a

50-year proposition. One is building a long-term asset, and the debt should be paid off in around 25 to 30 years. The debt must be guaranteed for that period, and the interest rate on that debt must be guaranteed for much longer than six months. It must be guaranteed for a year, two years or three years, which is presently the duration of guarantees today. Indeed, it must be guaranteed for a long period of time. If we are to end up with a government-induced high interest rate policy, the government surely has an obligation to ensure that people have a place to live. It should organize a pattern to ensure that people can borrow long-term money at a fixed rate of interest, on a fixed type of amortization plan.

I say to Your Honour that this government is proposing to come to this House with an expensive $350 million or $400 million plan. I am not exactly sure what the budget states. It strikes me that if one wanted to reduce interest rates by 2 per cent or 2.5 per cent per year, that would finance $15 billion or $16 billion worth of new mortgage money at a reduction of 2 per cent from, say, 18 per cent to 16 per cent. However, if this government were really interested in doing something, that is the kind of approach it would consider. It would say, "Look, we have to supply long-term plans at a rate which is perhaps less than the short-term treasury bill rate determined by the Bank of Canada's Thursday options."

Second, one would think that if the government wanted to do something, it would say to home owners, "Accept the suggestion of the home builders association." Why does the government not allow people to take their RRSP money, their registered retirement savings plan money, and invest it in their own accommodation?

Mr. Friesen: Right.

Mr. Blenkarn: Why should people not be able to invest it in themselves? Why should they have to put it with a mortgage company which can then lend it to someone at 16 per cent or 18 per cent interest and all the rest of that nonsense? Why can they not take their own savings money and put it in their houses and, of course, pay taxes on the money when it comes out of their houses when they eventually sell them or when they die? Why can they not take that money and reduce the amount of their indebtedness as a result? Is there anything wrong with investing in real estate, investing in oneself? That suggestion was made by the home builders. There is nothing wrong with it. However, we have not heard that type of suggestion from the Minister of Finance.

What other things can we do? I say to Your Honour that the mortgage tax credit plan which was introduced in the Crosbie budget was a plan which this government should be considering. It certainly has been considered by United Mine, Mill and Smelter Workers in their brief to us from Sudbury. That union clearly came out in favour of that type of an approach to reduce interest rates. It would reduce interest rates in this market by 3 per cent to 4.5 per cent. There are a number of other things which could have been done. But this government's attitude is that housing is a great benefit. It thinks that home owners are making a profit because all of a sudden they are part of the tax expenditure plan, that they are costing the government $4.5 billion in taxes because their equity is not taxed, and that because they do not pay rent, which is a benefit, it is somehow not proper and not fair. If you make a capital gain on your home, that is not fair either. If you want to deduct interest over and above the interest you get to develop some real estate or to write off the soft costs you pay to your planner, developer or surveyor, that is not fair. If you want to write off the capital cost allowance, that is not fair because it would make it easier to own and easier to develop rental property. Again there is a tax on, of all things, loans by employers to employees to assist them in buying homes at lower rates of interest than normal. These housing loans should be taxed by the taxman, which would make it more difficult for people to live in a home.

• (2020)

The program of this government and its whole attitude toward housing is repugnant to our society. It is about time the minister looked at this bill and told the Minister of Finance that it is not much of an answer, that the program should be changed in order to come up with something that will attack the housing concerns of Canadians.

Mr. Cosgrove: On a point of order, Mr. Speaker. Earlier in today's proceeding the hon. member for Mississauga South (Mr. Blenkarn) indicated he would answer a question. I had the opportunity to make reference to a comment by him recorded in *Hansard*. With the permission of Your Honour, I would like to proceed to that question.

The Acting Speaker (Mr. Blaker): The Chair might indicate that is not a problem ordinarily if a member has some time left in his remarks. He would then have the right to answer a question or invite other members to ask questions. Unfortunately, the hon. member for Mississauga South has used all the time available to him. If he indicates he would be willing to answer a question and the House gives its unanimous consent, there is no difficulty. Is there unanimous consent for some sort of an exchange?

Some hon. Members: Agreed.

Mr. Cosgrove: Thank you, Mr. Speaker, and I thank hon. members. I had the opportunity of referring to a comment by the hon. member for Mississauga South. I am sure the hon. member has the quotation. It is recorded at page 6932 of *Hansard* for February 5, 1981.

The gist of the comments was in the question earlier of the hon. member's colleague, the hon. member for Parry Sound-Muskoka (Mr. Darling). The question related to the opinion of the hon. member for Mississauga South who said, and I am paraphrasing, that British Columbia can look after its own housing problems, presumably because of the state of its finances. My question is related to the hon. member's responsibilities toward his constituency in the province of Ontario. Does the hon. member believe that the province of Ontario is

providing adequate response to the problems identified with respect to housing by hon. members?

Mr. Blenkarn: I thank the minister for his question. It is my view, and I will not relate it as a party position because I do not propose to speak as critic on housing for our party at this time, that I essentially answered this question at the beginning of my speech.

The minister was engrossed with the Minister of National Health and Welfare (Miss Bégin), who, I understand, has now developed an interest in housing.

Mr. McDermid: She is writing a new letter.

Mr. Blenkarn: My colleague says she is writing a new letter to the Prime Minister. I can understand that. I answered the question at the beginning of my speech. The minister did not hear me, so I will repeat it.

The real reason for the existence of Canada Mortgage and Housing Corporation since its inception was to make it possible for people to acquire money in a market by way of an insurance scheme. If CMHC would stick to that job, it would serve a purpose. However, when it decides all of a sudden to become the great "hander-outer" of money, it must be borne in mind that the real problem with respect to housing is dealt with by the provinces which have control over land, planning and things of that nature.

If the minister had followed my speech this evening, he would have noticed that at no time did I suggest further powers for the corporation. I suggested he look at this bill with respect to the possibility of using the insurance provision to guarantee interest rates for five years on an insured basis. I made the suggestion because that is the type of thing Canada Mortgage and Housing Corporation may well be empowered to do just as the Government of Canada is empowered to control interest rates under the terms of our Constitution. But the Government of Canada is not really involved in building houses or financing—

The Acting Speaker (Mr. Blaker): Order. I did seek the unanimous consent of the House for the hon. member to enter into some sort of question and answer, but I did not think he would start another full speech. Perhaps we can get on, unless there is some need to complete that.

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I would like to discuss the bill before us in terms of the supply of affordable rental accommodation in Canada. Hon. members are very much aware of the difficulties encountered by Canadians in many parts of the country in finding suitable, affordable housing to rent. In many of our larger cities, the vacancy rate has dropped below 1 per cent, and 1 per cent vacancy rate means that only one apartment in a hundred is available for rental.

This problem is not a new one. Its origins go back as far as the early seventies when the cost of land, labour and material were rising very rapidly. Rents, however, did not rise at the same rate, and we found ourselves in a situation in which it was just not profitable to invest in rental construction.

In the mid-seventies, governments, both federal and provincial, intervened. The federal government offered tax incentives and subsidies through the assisted rental program. The provinces brought in rental controls. These measures, together, while providing help and protection for many tenants, prevented the increase in rents which might otherwise have occurred and which would have made rental construction a profitable enterprise.

Since that time, of course, continuously rising costs, coupled with high and volatile mortgage interest rates, have caused a further decline in rental activity. Unfortunately, the scarcity of rental accommodation affects low-income people most severely. Low-income tenants whose rents rise sharply are unable to find alternative accommodation. That is because no reasonably priced housing is being built. Rental investors are discouraged from construction activity because of high interest rates and rental problems associated with competing in a split rental market where older units are rent controlled and newer ones are not.

• (2030)

In these circumstances the people who are least able to compete in the market, such as single parent families, families with children, the elderly and infirm, are hardest hit of all.

The government has approached this problem from two directions. It has taken steps to increase the supply of rental accommodation and it has provided help for those who are most seriously affected by the shortages.

I know that hon. members are aware of the measures announced in connection with the budget which are designed to improve the situation. The Canada rental supply plan will make interest-free loans available to assist in the construction of 15,000 units across Canada in tight market areas.

Mr. McDermid: In the next two years.

[*Translation*]

Mr. Bockstael: The Minister responsible for the Canada Mortgage and Housing Corporation has travelled across the country to discuss the plan with the provincial housing ministers and hear their views as to how the available units should be allocated. The minister told us that some of the provinces were not satisfied with their share of the pie, and his answer to them was very straightforward. He asked them what resources they were themselves willing to set aside to solve the problem. Some of the provinces are willing to supplement the assistance provided under the federal plan through provincial programs. As explained by the minister, the units provided under the Canada rental supply program will give an additional impetus to the rental housing projects undertaken late in 1981 by allowing them to become eligible to use the tax measures concerning the write-off allowed for MURBs. The changes brought about by this bill allow the Canada Mortgage and Housing Corporation, CMHC, to be of greater assistance

to the contractors who are willing to take the risks involved in building rental housing in spite of the market conditions.

[*English*]

Because of the rigidity imposed on CMHC by the National Housing Act, as it now stands, the corporation has been unable to be as helpful in financing rental construction as it would otherwise have been. Until now the act has restricted CMHC to charging premiums of 1¼ per cent or 1⅛ per cent, depending on whether the insured loan is advanced in instalments or on completion of the building.

This rigidity, together with high mortgage rates and rising construction costs, has had the effect of further discouraging builders who contemplated constructing rental accommodation. I am told that at one point when mortgage interest rates reached 21 per cent, CMHC could not insure more than 50 per cent of the loan value of projects being undertaken.

Under current mortgage insurance underwriting practices, an increase of 1 per cent in mortgage interest had the effect of reducing the loan level by approximately 10 per cent. This relationship exists because the single largest item among the operating costs of a rental project is debt servicing. In some cases, for a variety of reasons, some developers are prepared to operate their projects at a loss. However, the risks involved in this type of operation are just too great to be insured with a premium fixed at 1¼ per cent.

This is one of the restrictive limitations which this bill would remove. The legislation now before us would delete from Section 5 of the National Housing Act any reference to specific premiums. In future they would be set by CMHC, subject to government approval, at a level which would be commensurate with the actual risks and costs involved. This change would be perfectly consistent with the intention of Parliament when the act was first introduced—namely, that the mortgage insurance fund was to be managed on full cost recovery principles.

This change will give the corporation the flexibility it needs in supporting rental accommodation and all other residential construction to alter its premiums according to changing markets and economic circumstances. More important, this bill will make it possible for CMHC to give more incentives to people who are willing to build such housing. This is in the interest of all those Canadians who are lacking affordable rental housing. CMHC will be able to increase its own levels without jeopardizing the mortgage insurance fund and permit entrepreneurs to get their projects started without having to put up an unjustifiable proportion of capital from their own pockets.

Such a change would not only be in the best interests of CMHC and the building industry but of all those Canadians who, by choice or necessity, rent their homes.

The current rental situation is only one element of the proposed legislation. Now I would like to touch upon the other themes. Before I do, I wish to emphasize just how important the Canadian rental supply plan will be to Canadians all across the country who live in areas where rental housing is in short supply or where population growth is expected to take place.

Mr. Blenkarn: Where is there a surplus?

Mr. Bockstael: The plan will help put into place up to 15,000 affordable rental units in target areas of need.

Mr. Blenkarn: That is just about enough for Scarborough.

Mr. Bockstael: I am thinking of markets in western Canada where the conditions of very low vacancy rates have created housing difficulties. Well known examples of such markets in the west are Calgary, Regina, Vancouver and Victoria.

Mr. Blenkarn: How about Mississauga?

Mr. Bockstael: I should also add, Mr. Speaker, that these much needed 15,000 units are over and above the 25,000 social housing units which the government is committed to provide in 1982.

Mr. Blenkarn: That gives us 40,000.

Mr. Bockstael: These will be provided under CMHC's non-profit and co-operative housing programs. Together, these two federal housing initiatives will produce 40,000 affordable homes for Canadians from coast to coast.

Some amendments may merely seem a dry recitation of technical modifications to an act which has been a major benefit to Canadians since its inception many years ago. But they are much more than that. On the face of it, permitting CMHC to increase its loan levels for the housing industry does not seem to have much impact on the housing consumer. There might not seem to be much connection superficially, but these so-called technical changes will enable those same builders to come into the rental market with units that will be put at the disposal of young and older families and individuals who might otherwise experience serious difficulty in obtaining the housing they need.

The Canada rental supply plan is only one part of the amendments under Bill C-89. The Canada mortgage renewal plan provides important assistance for people who would otherwise incur undue hardship when renewing their mortgages. The government will provide up to $3,000 a year, either in interest deferral or as an outright grant, to home owners who would have to pay more than 30 per cent of their gross income on payments of principal, interest and taxes and 50 per cent of condominium charges.

● (2040)

This is an honest and equitable way to deal with the problem. It targets the help to people who need it and restricts grants in this time of restraints to people who, through no fault of their own, have no equity in their homes.

Other important facets of the bill are the amendments which will enable CMHC to ensure alternative mortgage instruments. Once again this is directed in a very real way to the people of Canada. Potential first time owners have had

problems recently getting into the home owner market because of high interest rates and short-term mortgages. Thanks to the amendments, these Canadians will be able to choose from a broader range of mortgage instruments designed to overcome these difficulties and improve access to home ownership.

I have already spoken at some length on improvements to CMHC's business operations and their importance to the Canada rental supply plan, but I would like to emphasize again that these amendments will have real meaning to individual Canadians. That is why we are here. We are here to put in place policies and legislation that respond to people's needs.

I am satisfied that this bill addresses major issues in housing today, but even this bill is only part of the government's housing thrust. Discussion is well under way on a comprehensive new rural and native housing program, which again will have a major beneficial impact on western Canada. As a longer-term priority, taking into account the need for fiscal restraint, research is continuing into the concept of shelter allowances. The minister responsible for Canada Mortgage and Housing Corporation has already mentioned these in his own address on this bill. I look forward to further action on these important housing fronts.

I will wind up my remarks by saying I believe Bill C-89 will enable the government to respond in an equitable and sensitive way to the current issues of mortgage renewals, rental housing, availability and access to home ownership, and I am pleased to support this bill.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I want to begin by saying that as I listenedd to my friend, the hon. member for St. Boniface (Mr. Bockstael), who has just finished his speech, I wondered, coming as I do from the same city, how it was possible for him to make the speech he did, because all the people I talk to and all the things I read indicate that the situation is exactly the opposite to what the hon. member for St. Boniface indicated. I know housing prices in Winnipeg are probably less that 50 per cent of prices in cities such as Vancouver or Toronto.

The provincial department of industry and trade puts out a weekly report on various aspects of business life, and one of the items contained in that report every week is a list of the homes in metropolitan Winnipeg which were purchased in a given week two or three weeks prior to the release of the report. I have subscribed to that service for several years, and probably my friend, the hon. member for St. Boniface, also subscribes to that service. For years the list would run six, eight or ten typewritten pages. In the last two or three issues I have received—and I would be happy to show them to my friend, the hon. member for St. Boniface, if he has not seen them—the list has been down to one page. People in Winnipeg are not purchasing homes. They cannot afford to do so. They cannot afford the down payments, and they cannot afford the monthly mortgage payments. When the hon. member for St. Boniface says this bill will help first time home buyers, he is not talking about Winnipeg, and I suggest to him he is not talking about Canada.

The hon. member for St. Boniface also said that the provisions of this bill would take the pressure off people who are finding it difficult to meet their monthly mortgage payments when they come to renewing their mortgages. At some time last summer when the mortgage interest rate escalated from something in the neighbourhood of 12 per cent or 13 per cent to 17 per cent, 18 per cent and, for a period, to over 20 per cent, and when some Members of Parliament from both opposition parties started to ask the minister in charge of housing and the Minister of Finance (Mr. MacEachen) about how people would deal with this problem, we received replies from both ministers that it was not a very serious problem, that most people who had to renew their mortgages were not having any real problems, that their incomes had gone up, that they could manage, and all that sort of nonsense. I wanted to find out what was happening in my own area, so I surveyed two housing developments in which the houses are probably ten years old or less. I sent questionnaires to residents in those two areas. There were 7,000 homes involved. I assumed, I think quite properly, that most people involved in buying houses are carrying five-year-term mortgages. The questionnaire was directed specifically to people who had to renew their mortgages in 1981-82. I calculated that there was a possibility of getting 1,700 replies. I could not believe what happened. I was receiving 50 replies every day, and eventually I received over 500 replies of a possible total, as I have indicated, of 1,700.

I want to put on the record some of the replies, and I hope the hon. member for St. Boniface and the minister are listening. One of the questions was:

> By how much did your monthly payments increase since you last negotiated your mortgage?

One man who replied indicated that his mortgage payments will go up by $300. In the space for comments he wrote:

> My wife has had to go to work to make it possible for us to survive. I resent having to pay $300 to the bank for absolutely nothing.

Another man said his mortgage payments will go up $333 a month. He said:

> Although we won't suffer "hardships" as long as we continue bringing in two full salaries, we cannot afford to start a family—

Another resident's mortgage payments will go up by $300 a month. That resident's comment was:

> We are a two-income childless couple. Having old fashioned ideas about a mother staying home to raise her children the increase in our mortgage will certainly decide for us whether to have children or not.

Here is another one:

> We purchased a house in April, 1981, and we received a 14½ per cent mortgage for five years, we were very fortunate, now we'll both have to work because we'll need both salaries to pay for the house. After five years we'll decide on whether or not we can survive on one salary—

I will read just one more. This party says that her payments have gone up by $235 a month plus $80. What does the $80 represent? She writes:

> The $80 represents AHOP portion which we were promised (documented) a rate of 11¾ per cent interest but which the federal government is now charging in excess of 21 per cent interest. For an initial loan of $3,690 under the new terms (which are unfair, underhanded and unjust) we must repay over $15,000.

I could spend all my time on this because almost every one of these 500 replies contained that kind of comment. Then the minister and the hon. member for St. Boniface tell us this program will help these people.

• (2050)

Now, the minister talked about this great program that the federal government has put into effect that is going to help these people who are caught in this trap. He said to my colleague, the hon. member for Winnipeg-St. James (Mr. Keeper) that it was like the Manitoba government program. The minister shakes his head. Yes, that is what he said—and nothing could be further from the truth. Let us just look at it, Mr. Speaker.

Mr. Cosgrove: What are the facts?

Mr. Orlikow: What does the federal program provide? I will put the facts on the record and if I am wrong, the minister or one of his stooges will have an opportunity to correct the record.

What is the federal government's program? It is a program of interest rate deferral. If the interest rate is high, as it has been, they pay two per cent less on their monthly payments than the current interest rate. That is just a deferral. What they have not paid is added to the principal. The result is that the house owner will owe more on his mortgage next year than he did at the beginning of this year. I wish the minister would keep cool. The minister has suggested that people can get up to $3,000 in a grant. Our calculations are that the only people who will get that grant are people who bought homes under the AHOP program—which never should have been developed. They are the only ones who qualify for the grant. They are the only ones who would have less than the 5 per cent equity in their house contract and they are the only ones who would qualify for this grant.

Let us compare that with the program that the Manitoba government put into effect. Their program is not one of interest deferral. Their program is one of direct subsidy, not to the bank, not to the mortgage company, but to the person owning the house and paying for it in his mortgage, and the subsidy can be up to $275 a month on mortgages of not more than $40,000. That is paid if the principal, interest and taxes exceed 30 per cent of the household income.

Let me emphasize again that unlike the federal program, which is an interest rate deferral, which has to be repaid, this is a grant. Home owners who have renewed their mortgages between July 1, 1981, which is about the time when mortgage rates really skyrocketed, and December 31, 1981, will be eligible for up to 24 months of assistance, retroactive to January 1, 1982. Other home owners will be eligible from the time of their next mortgage renewal, and the assistance will be for up to 24 months.

I close this part of my speech, Mr. Speaker, by saying to the minister again that under the Manitoba program the home owners who receive assistance do not have to pay back the amount of assistance that they have received. That is entirely different from the program developed by the federal government. The minister may shake his head, but facts are facts. I can tell the minister that I spoke yesterday to two or three people who are leaders in that mortgage action committee, the organization of people who have really been hit by the skyrocketing increase in the mortgage rates, and they are very happy with the Manitoba program. They recognize that the rate of mortgage interest is really the responsibility of the federal government. They regret that the government of Manitoba is going to have to put millions of dollars this year and next year into this program, but they accept the fact that the government of Manitoba is moving in to meet a very important need in a field which is really the responsibility of the federal government.

We have been told that one of the main purposes of this bill is to alter the terms and conditions under which mortgage insurance is offered to the Canada Mortgage and Housing Corporation. We have been told that this is one more way of getting more funds into the mortgage market. Every time a change is made to the National Housing Act, which relates to mortgages, the argument has been made that the change is necessary to make mortgage money available through the lending institutions. What do we see and what is the record in connection with this argument?

What we have seen is the 6 per cent ceiling on national housing mortgages removed in 1967. The requirement that mortgages be set at no more than 2¼ points above long-term government bonds was removed in 1969. Mortgages were supposed to go down to less than 9 per cent as a result. There has not been a mortgage rate below 9 per cent since then. The roll-over term in mortgages was introduced in 1973 to enhance the attractiveness of mortgages as an advance. Before that we had 25-year mortgages. We are told that we would have five-year mortgages that would really induce the lending institutions to put more money into the market. Now we are being told that we cannot have five-year mortgages, that we should have one-year mortgages. In fact, we are told that we should have mortgages that change every time the bank interest rate changes.

New mortgage rates are being introduced in this bill, the variable rate mortgage in which your rate changes every time mortgage rates go up. Under today's conditions this means that the mortgage rate could roll over every week when the bank rate changes. This will eliminate risk to the lender who presumably puts the money into the market. It also allows for more interest deferral. The changes in mortgage insurance will encourage the use of these vehicles.

There was a time when a mortgage was a debt which people incurred with full knowledge of what they were getting themselves into and what the total payment would be.

The people who replied to my questionnaire said they thought in 1975 and 1976, when the interest rate was between 11 per cent and 12 per cent, that they had a pretty fair idea of what they would be paying for all the years that they were paying for the house. Five years later they were getting the kind of increases to which I referred.

In today's market, in the way the government proposes to set it up, there is no way of determining how much the person would have to pay or how long it will take him to pay off the debt on the house. The provision for mortgage insurance on all these risk instruments which the government is proposing moves Canada ever closer to the permanent debtor society.

As my colleague says, they are AHOPing all houses—as if we have not had enough bitter experience of that disaster.

In allowing the insurance to determine the premium totally based on the risk factor, the people who can least afford the extra cost, that is, the home purchaser, will be asked to shoulder it, and the lender, who has better insurance cover for any risk he takes, will be encouraged to exercise even less discretion in providing it. Since second mortgages can also be insured, insurance will probably become a requirement for these loans, adding more costs and encouraging more people to get into debt way over their heads, which is exactly what happened when we adopted the AHOP program.

Who is going to benefit from this? Not the home owner. The people who are going to benefit from this are the banks. Let us just look at what is happening to the banks. In one year, between 1980 and 1981, bank profits went up by 37.7 per cent. The Bank of Montreal profit in 1980 was $263 million; in 1981 it was $358 million. The Toronto-Dominion bank profits went up from $182 million in 1980 to $255 million in 1981. The profits of the Canadian Imperial Bank of Commerce rose from $192 million to $310 million in 1981, and the profits of the Royal Bank rose from $327 million in 1980 to $492 million in 1981. This was a total increase of $500 million in one year. This is the kind of money we require in order to build the housing units we need.

• (2100)

It was bad enough that the banks experienced tremendous increases in profits. It was even more insulting that the Liberal government allowed banks to get away with tax rates as low as 9 per cent in 1981, which was lower than the tax rate of people earning under $10,000. The average tax rate for the five largest banks in 1980 was 15.3 per cent, a paltry amount compared with the 50 per cent rate of a decade ago. If banks had paid taxes at normal corporate rates of 46 per cent, they would have paid $650 million to the federal treasury rather than paying approximately $225 million. The government wonders where to get money from; this is one area.

We in the New Democratic Party have a couple of proposals for the government and the minister. First, we propose a windfall profits tax to regain lost tax dollars banks should have paid. Second, it is time the government did what many governments in the western world have done, that is direct banks to set aside a portion of their loan portfolios for reasonably priced mortgages. Instead of such a program, we see a disastrous housing program which will exacerbate the deplorable situation in which many Canadians live.

It has been estimated that the housing needs of the country would be met if we constructed approximately 220,000 housing units this year.

Mr. Cosgrove: With the help of the NDP government of Manitoba?

Mr. Orlikow: The NDP government of Manitoba will look after itself. It will have to account to the people of Manitoba four years from now on its record. I have more confidence in the ability of that provincial government to be re-elected than I have in the ability of the present Liberal government, especially if it does not change its policies.

Rather than meeting that need, the projection for housing starts this year is somewhere between 145,000 to 165,000. A report in yesterday's paper indicated that housing starts for January, 1982, were at an all-time low. In 1979 there were 197,000 housing starts; in 1980 they dropped to 158,000, the lowest figure since 1966; in 1981 there were 178,000 housing starts. This figure will decline very substantially in 1982.

Hopefully we will receive these 160,000 housing starts, which is the top estimate, but what would be the effect if we built 220,000 units? If an additional 60,000 units were erected this year, it could involve an additional 120,000 jobs for construction workers, electricians, plumbers and construction material manufacturers. It would put some of the thousands of laid-off forest workers back to work. It would create a market for appliances so that the lay-offs, about which I asked the Minister of Finance earlier today, would be obviated, such as 800 people in an appliance plant in Montreal who were laid off last Friday. It would give some hope to the people who manufacture appliances, television sets, radios and plumbing supplies. These would be some of the results of an active housing program. These additional homes could be targeted as social housing. It would involve an additional $500 million expenditure to the Canada Mortgage and Housing budget. As I have already indicated, the funding for this could come from the windfall profits of the banks in 1981.

I take this opportunity to say to the minister that I am bitterly disappointed with the failure of the government to begin programs which would lead to the construction of new housing units and with its failure to bring forward programs to help stop the rot of the core areas of most Canadian cities. Such a program would permit people to remodel, refurbish and rehabilitate tens of thousands of homes, the quality of which has been reduced in the last 25 years. I am referring to houses in the core areas of Montreal, Toronto, Winnipeg, Edmonton, Calgary and Vancouver from where we have seen an exodus of people. These are areas in which the schools, streets, sewer, water and power systems have been built and paid for. People are moving out of these areas to the suburbs. Schools in these core areas have been closing, while new schools costing tens of millions of dollars have been built and are being built in the suburbs. Why are people moving from these areas? It is partly because of the age of the homes and because the conveniences they expect to find in homes in the 1980s are different from what they were in the 1920s and the 1930s. We should have had for a long period of time, for at least ten to 20 years, very aggressive housing rehabilitation programs.

Mr. Cosgrove: Like the one we have in Winnipeg?

Mr. Orlikow: Like the one they are beginning again in Winnipeg. There was no need for these people to move to the suburbs. Years ago they paid from $20,000 to $50,000, and in recent years $100,000 or more, when homes which had been built years earlier could have been rehabilitated and brought up to present-day standards for a fraction of the cost. But the Liberal government was not prepared to say to the provinces and the municipalities that it was willing to co-operate and share in the funding of such programs.

This brings me to a program of which I am very proud. The new NDP government of Manitoba announced that it was reinstituting and starting at a much greater pace a program which was in place from 1969 to 1977, its critical home repair program. Under the program, pensioners will receive grants of up to $1,500, and low and moderate-income Manitobans who occupy their own homes will receive up to $3,000 in combined loans and grants. The premier announced that the program was established as a successor to the highly successful pensioners' home repair program. During those eight years some 19,000 homes were repaired at a cost of $17 million, of which some 14,000 homes were repaired as a result of applications made or approved during the 1975 to 1977 period.

• (2110)

Under the new program, here are some of the guidelines. The income qualification ceiling for pensioners has been increased from $10,000 to $14,000. A maximum $1,500 grant, not a loan, is available to those with an income of $7,000 or less. A sliding scale provides $1,100 for those with incomes of $9,000 to a minimum of $100 for those with incomes of $14,000. The government of Manitoba has increased the income qualification ceilings for families from $10,000 to $16,000. The income eligibility is adjusted to take into account dependants. Where adjusted income is $10,000 or less, a family is eligible for a $700 repayable loan at a fixed subsidized rate and the optional low interest repayable loan of $900 has a potential total of $3,000. The Manitoba government has increased the maximum potential grant for pensioners from $1,000 to $1,500. The government has increased the maximum potential grant or loan for low-income families from $2,000 to $3,000. The Manitoba government has reduced the effective interest rate for loan repayment to a fixed subsidized rate of 9.5 per cent over eight years from 14.5 per cent.

This is what the government of Manitoba did. This is a have-not province, whether it has a Progressive Conservative government or a New Democratic Party government. The government will not solve the housing problems of the city of Winnipeg, but the government is at least making a start and it is helping people who need assistance to rehabilitate the kinds of homes found in the core area of Winnipeg which need so much improvement.

I wish that the federal government, which has so much more ability to plan and fund these kinds of programs, would start something of that nature.

An hon. Member: It would have to clean house first.

Mr. Orlikow: Let me deal with just one more point. I wish that the government would reconsider the disastrous decision it made a year and a half ago to suspend and end the community services contribution program. That program replaced three earlier programs, the neighbourhood improvement program, the program to help municipalities fund sewer and water extensions, and another program.

When the minister announced the ending of other programs and announced the establishment of the community services contribution program, he said that it was designed to provide sewer and water systems, non-profit housing and improvements to neighbourhood facilities.

In a very short period of time, because of this insane insistence of the government that expenditures have to be reduced, that program which the minister announced with such great fanfare was ended. The program was created in 1978 to fill the gap left by three other improvement programs which were snuffed out by the government. It started out with a lower budget than the budget for the three programs it replaced. But the government committed itself when the same minister whom we have now committed the government to funding the new program for five years. Two years later into the program the minister said that the projects that had already been started would be funded to completion, but no more money would be provided to replace the community services contribution program.

What that meant for the city of Winnipeg was a very serious block in its plans to rehabilitate the older part of the city. Federal funds totalling over $12 million were made available to the city of Winnipeg for a project carried out between January 1, 1979, and December 31, 1981. Unfortunately, there will be no more funding of any projects after this year. With the federal government deciding not to replace the program, what we will have in Winnipeg and in other cities is a significant increase in the rate of unemployment and an almost complete stoppage in the plans to rehabilitate those areas which are seriously run down in Winnipeg, about which I know the most.

What we have had from this government and from this minister since the government took over has been retreat after retreat and stoppage after stoppage. As I have indicated by quoting from some of the replies I received to the questionnaire I sent out, this has put tremendous pressure on people who purchased homes in good faith five or six years ago. An almost complete stop has been put to plans of cities to rehabilitate their core areas. A virtual halt has been put on purchases of new homes. I do not have time to go into this, but we are seeing virtually the end of the building of rental accommodation, whether in the private or in the public sector.

When the minister prides himself that he is providing funds for the building of 15,000 rental housing units, he is not even talking about meeting the needs of one city, let alone meeting the needs of the whole country.

All of this disaster that I have recounted in the field of housing is only part of the picture. We see this kind of halt put to essential improvements in almost every phase of life of

Canadians. We see it because the government, although it has not quite adopted the whole range of Reaganomics, has adopted the essential part of Reaganomics, and that is the idea that no matter what cost to people and to necessary institutions, somehow the deficit in government expenditures must be halted.

Mr. Cosgrove: We have not adopted their deficit.

Mr. Orlikow: The Minister of Finance has said that this situation is temporary, that the economy is going to get moving in the United States some time this summer and automatically the Canadian economy, which is so closely geared to the American economy, has to pick up. One only needs to read a newspaper such as *The New York Times* to see how false that hope is. The President of the United States, that great conservative, who spent 20 years telling the American people that government deficits were a disaster, and if only he were elected he would do away with government deficits, is telling the American people that next year the deficit will be $96 billion. That is if the American Congress accepts the very sharp cuts in social welfare which the president proposes. If the Congress does not, and in an election year it is not likely to then they will be talking about a deficit of over $100 billion. The American government will have to go to the market to borrow the money. When the Americans do that, they will be competing with the needs of the private sector. The inevitable result of that will be an increase in interest rates in the United States and in Canada, since the Governor of the Bank of Canada and the Minister of Finance have adopted a policy that Canadian interest rates shall be locked in with those of the United States. Therefore, we will be facing increased interest rates in this country. That, Mr. Speaker, will be a disaster for home owners, renters, in fact all the people of Canada. That is the inevitable result of this government's housing policies.

• (2120)

Mr. Robert Daudlin (Essex-Kent): Mr. Speaker, I am pleased to speak in the debate this evening and to be able to follow the hon. member for Winnipeg North (Mr. Orlikow), or perhaps "the hon. member for a disaster about to take place" would be the more appropriate designation. I found it interesting in the extreme that he can see nothing but disaster, and that caused me to reflect just a moment, Mr. Speaker, that we as Canadians, all in the same boat as he professes to be in tonight, would have such a pessimistic outlook on the future of Canada, indeed of ourselves as individuals, as to make us all seek some kind of professional help to try to get up and out of these doldrums.

Mr. Orlikow: I would love to be proven wrong.

Mr. Daudlin: I just cannot perceive that anyone with so little optimism for the future could hope to be in fact representing those who sent him here. I hope those who are more optimistic about the future of Canada than he professes to be will write him and tell him that they do have a little optimism notwithstanding what he says here.

I would also like to point out, Mr. Speaker, that he was quick to try to characterize the concepts and precepts promoted by this government by calling them Reaganomics. Yet, for some strange reason, he seems to be able to make the jump—by not having the kind of deficit forecasting that exists over there, the $96 billion at best and over $100 billion at worst—and criticize this government for allegedly following Reaganomics, and miss the fact we are not proceeding in that direction of deficits which he finds so abhorrent.

An hon. Member: You are worse.

Mr. Daudlin: I do not know how one can be on both sides of that chasm except that perhaps it is not a chasm, perhaps it is a fence and he is in the unfortunate position of being on both sides at the same time, which has the unfortunate consequence of being incredibly painful. Perhaps that is why he is so pessimistic tonight.

Mr. Orlikow: A beautiful night.

Mr. Daudlin: I wish to support Bill C-89, Mr. Speaker, a bill to amend the National Housing Act and the CMHC Act. I think one of the overlooked undercurrents in this debate has been the constant and responsible manner in which CMHC has performed its duties. I wonder how many other organizations have had the same record of excellence over the past 35 years. Perhaps it would do us some good to review the events for a moment.

Mortgage insurance was introduced in Canada by CMHC in 1954, and in fact the Government of Canada has been helping Canadians since the 1930s to fill their housing needs by making sure there is an adequate supply of mortgage money. CMHC emerged in the waning years of World War II. In its earliest years, when it was known as Central Mortgage and Housing, it administered joint public and private mortgage loans, although mortgage insurance did not come into effect until the mid-1950s.

The mortgage insurance fund was financed with premiums paid by borrowers, and it pooled the risks involved in mortgage investment. In addition, CMHC made direct mortgage loans in many parts of Canada where private loans were not available. When the MIF was established it was intended to be totally self-financing. Premiums were set at a level which would be enough to offset any claims which could be reasonably met. Of course, the fickle finger of fate, if I may describe it as such, caught up with this scenario. An unprecedented rise in claims created a liquidity problem for the fund since its accumulation of marketable securities was depleted and most of its assets were in real property, which CMHC had accepted in settlement of claims.

More important, there was a problem of solvency. Currently, the premiums which CMHC can charge for mortgage insurance are set out in the National Housing Act and cannot be adjusted except by an act of Parliament. This is one of the reasons why these changes to the National Housing Act must be made, so that CMHC can operate in a more businesslike approach. It is essential to the well-being of CMHC.

It has already been stated that the bill before this Parliament would allow CMHC to adjust mortgage insurance premiums, set them at a level appropriate for the risk involved, and sufficient to cover the cost and expenses of doing business. This arrangement would allow CMHC to insure new, innovative mortgage instruments which it could not cover under the fixed premium system. The CMHC application fee has never been really adequate to cover the shortfall out of operating revenues. They have been covered primarily out of surpluses which have accrued from its own direct loans to builders and home owners. I must say, in supporting this bill, that I find the CMHC approach to doing business to be totally responsible. This is evident in the amendments before the House.

The bill would in large measure correct this shortfall by permitting CMHC to charge application fees appropriate to the costs. In short, the fund would be self-sustaining. Furthermore, any surpluses accruing after costs and expenditures would be retained by the fund. This is only good business practice and would enable CMHC to undertake the normal business practice of setting aside surpluses in the good years to provide for any future deficiencies.

Keep in mind that the current legislation under which CMHC conducts its insurance business was framed and evolved in an extended period of relatively stable growth and low inflation. Times have changed, Mr. Speaker, and these changes to the act are responses to current realities. It is clear that the changes will make CMHC more responsive, more in tune with what is happening in the business and housing world.

There is a tremendous amount of resourcefulness in industry in this country. I firmly believe these changes will allow CMHC, in the housing sector, to play an important role in responding to the challenges of the eighties. There is no shortage of great ideas in the private sector. As a result of these changes, it will allow government to perform an essential supportive role, heretofore prohibited under the restraints of the old NHA. The changes are all intertwined: The terms and conditions under which CMHC may insure mortgages, the way it may charge for that insurance and the methods by which it may settle claims on these mortgages.

It is disappointing that some hon. members opposite cannot fully grasp the significance of these amendments which will allow CMHC to be more responsive and responsible. If it paid any heed at all to the comments from the other side, the government would have to spend probably billions of dollars on housing. And where will the money come from? The taxpayer, by whatever means. The members opposite must have some unshared wisdom about some untapped source of cash. When will they learn that the role of government, as has been amply demonstrated by this government, is to be both responsive and accountable to the people, the taxpayers of Canada?

Take, for example, the statements made in the House yesterday about the rental housing situation. A prime example of this, Mr. Speaker, is the Progressive Conservative housing critic's comments about the current rental housing situation. The hon. member seemed to be implying that the government was not meeting its responsibilities with respect to rental housing. Unfortunately, he was quoting out of context a document which was made public some months ago. Repeated attempts were made by the government to explain that the analysis of the rental housing situation in the document was based on a "worst case scenario".

I should like to suggest, Mr. Speaker, that it was in order to discharge this very responsibility that the scenario was drawn up. It permitted the government to review all options carefully and to propose the Canada rental supply plan, which is designed to put some 15,000 affordable rental units into place in the coming months. It is an equitable and responsible program, and indications from the development industry have confirmed a general support for the thrust of the program.

It is interesting, Mr. Speaker, that the hon. member complains that the rental supply plan is inadequate to meet all rental housing needs. In making that comment, we should all remember that the hon. member speaks for the same political party which would have privatized CMHC and diminished dramatically the federal government's role in providing affordable housing for all Canadians. I think emphasis should be drawn to that last statement. It should not be overlooked by this government.

● (2130)

There was also criticism that there had been no meaningful discussion with provincial housing ministers. During my time in the House since 1974, how many times have I heard that over and over again? One begins to wonder how one defines "meaningful discussion", and what it means to hon. members who, in fact, claim it has not taken place. Does it somehow mean that in order to have a meaningful discussion one must adopt the position of the opposite party? Is that meaningful discussion?

Mr. McDermid: That's what you guys do all the time.

Mr. Daudlin: In any event, whatever the definition, the claim and criticism is that there has been no meaningful discussion with provincial housing ministers. Once again, it seems to me that this demonstrates that the members of the opposition have not been listening. If they had been listening, they would have heard the hon. Minister of Public Works (Mr. Cosgrove) say that he had travelled across the country to discuss the principal components of the proposed amendment to the National Housing Act. As a matter of fact, it might be worth while to quote the minister who indicated that he had discussed the legislation and that he was generally pleased with the response he received. The minister said:

> In my conversations with them I have emphasized that housing, in Canada, is a shared responsibility and that the provinces, as well as the national government, have a role to play in providing access to housing and particularly in responding to local needs and local priorities.
>
> I am happy to say that, in some cases, the provincial governments are responding to the federal initiative and are developing programs which would be compatible with the Canada rental supply plan.
>
> The federal government's initiative, combined with ongoing social housing programs, has been welcomed, as a contribution to the alleviation of a serious problem. I have given them the assurance that the available resources may be reallocated during the year if it is found that one region is not taking up all of

the assistance that was designated for its use and there is an urgent need elsewhere.

I ask Your Honour, reflecting on what the minister has said, can a reasonable man conclude in any way, shape or form that there has not been discussion, that there has not been reflection on the issue and that there has not been a meaningful discussion with the provincial ministers? Even so, the claim is made.

I believe that Bill C-89 is a positive response to a number of problems confronting Canadians today. I have not gone into detail about the Canada mortgage renewal plan because it has already been covered in some detail by previous hon. members. However, once again, the renewal plan is an example of a program which is tailored to real need and to the need for restraint. No one in this House wants to stifle debate or worthwhile suggestions which could help to improve the supply of affordable housing. Indeed, it has frequently been suggested that we would not only be pleased to accept any good idea but that we would also adopt it and, if pressed a little, give credit to the author. However, that does not seem to be the purpose of what is going on in the House today. It seems, rather, to be simply criticism for criticism's sake, and that is unfortunate.

Improving access, supply and home ownership security is what this bill is all about; but unrealistically expensive and unworkable proposals which go against current thinking and the current economic and fiscal situation can only serve to delay implementation of sensible and targeted programs which would be of real benefit to Canadians across the country.

I commend the provisions of Bill C-89 to hon. members opposite. For the sake of both home owners and renters from coast to coast, I hope that there will be no undue delay in obtaining passage of the amendments.

Some hon. Members: Hear, hear!

Mr. John McDermid (Brampton-Georgetown): Mr. Speaker, with the permission of the House, before I begin my remarks I would like to announce the passing of one Daisy Graydon, who was the widow of the former leader of the Progressive Conservative Party and a former member of Parliament, Gordon Graydon, the former hon. member for Peel, which constituency he represented from 1935 to 1953. I know that two of my colleagues, the hon. member for Brandon-Souris (Mr. Dinsdale) and the hon. member for Northumberland (Mr. Hees) sat with Mr. Graydon in this House. I know we all pass on our sympathies to the family and friends of Daisy Graydon.

I welcome this opportunity to speak on the subject of housing and the issues facing the Canadian housing market today and to discuss Bill C-89. It is a sad commentary on what we are going through today, but I have in my hand a bumper sticker which I came across just recently. It states, "I live in this car. Trudeau took my house". It is a shame that that type of thing has to be seen in this country.

Mr. Lewis: Laugh!

Mr. McDermid: Hon. members opposite think it is funny. Canadians often debate whether housing is a right or a privilege. Over the last year, we have seen the dreams of many home owners shattered and the aspirations of would-be home owners destroyed because of the failure of our economy and destroyed because of inflation and the high cost of money.

The present interest rate policy and the approach of this government in taxing the low and middle-income Canadians to the point where they have barely enough left to exist, and its approach to inflation, all contribute to a situation in housing which has reached crisis proportions, whether the government will admit it or not.

Most Canadians dream of owning their own home. That dream is being turned into a nightmare for some and a distinct impossibility for others. Everyone needs a place to live. Whether what we call home is a rental unit, an apartment, a single family dwelling or whatever, depends on our needs and means, but having a place to call home gives us security and roots. Whether we own or rent, the issue facing each of us is affordability. Some of the stories which have been told in the House over the last couple of days of debate are very true. A family in my riding has now doubled up. They have lost their home and have moved in with their parents. They are facing a very bleak time right now. I know of a couple earning $18,000 a year. The man drives a car and is now being taxed $3,800 for the privilege of driving that car. That raises his income and puts him in a different income bracket. He has just refinanced his home, but he cannot afford the payments any longer because of the new tax bracket which this government, with its inept budget, has put him into.

The shelter costs for a great many of us represent the largest, most important expenditure we make. Given the importance of housing to each of us, and given the fact that housing represents a basic right of all Canadians, how can this right be ensured by government? I believe and can honestly say that this government has done nothing to ensure affordable housing. It has done nothing to spur housing starts but has done just the opposite. It has eliminated any incentive builders may have had. However, being an optimist, I can say that it is not too late for a reassessment of our interest rate policy. I urge those Liberals with the courage to stand up for what was formerly the great Canadian dream to do so.

The current policies of this government are damaging every job-creating sector in this country. The Canadian residential construction industry was a healthy, viable concern until the last couple of years. Roughly 5 per cent of our labour force is dependent on this industry for jobs. The industry has no incentive to construct moderately priced ownership and rental housing. It is not constructing this kind of housing because it is being destroyed by high interest rates and by economic conditions as a whole. Two years ago, there were some 7,500 builders in Canada. Today, only 3,500 still survive, and that number is going down every day. If we look briefly at our population growth, the impact of our record low housing starts becomes very evident. Our population has grown tenfold in the last 130 years. Our over-all population growth has never been

lower than 1 per cent. In my riding alone, the growth rate has been roughly 10 per cent per year over the past five years.

I would like to speak briefly with regard to a particular segment of the housing problem in my riding of Brampton-Georgetown. However, to really do the subject justice, I would like to refer to the Peel region as a whole.

The Peel regional government makes up the communities of Caledon, Brampton and also of Mississauga. It is under the chairmanship of Frank Bean who presides over close to half a million people. It represents a perfect example of the unwillingness of this government and its lack of foresight and planning.

As we all know, the federal government implemented AHOP. The minister refers to it as "a hope". Some say, no. It was implemented in 1973 to encourage construction of affordable new housing. When it was introduced, AHOP represented a major shift in federal housing policy. Previously CMHC had been concerned with supplying mortgage funds. AHOP was CMHC's first attempt, some hope it is their only attempt, to offer direct ongoing cash subsidies to home buyers and, oh boy, it failed.

• (2140)

The perils of AHOP in Peel have been and continue to be brought to the attention of the minister responsible for housing. However, until recently it would appear that the loopholes of AHOP have been of no great concern to him and his government.

The AHOP fiasco was foreseen by the Peel region, by the member of Parliament from there, and should have been seen by CMHC, but no one at the federal level could admit that there were problems with the government's panacea to housing shortages.

Jim Crozier, the commissioner of social services in Peel, made representations many times to the minister. AHOP owners groups made many representations to the minister over the years, and he did not listen. He did not listen until very recently.

When AHOP began, the rapid growth rates between 1971 and 1980 and available land made Peel a prime location for developers building under AHOP. In 1971 the population of Brampton was 70,838. In June, 1981, it was 148,150, an increase of over 100 per cent. The Peel region saw an increase of 79 per cent in that same period.

A large part of the AHOP problem was that too many AHOP units were built in Peel too soon. Inducements brought in buyers that should not have reasonably been expected to be buyers, and the ethics of the matter left much to be desired. This was discussed in the House many times.

Although AHOP did increase demand among families otherwise ineligible for home ownership, this subsidized demand was not enough to absorb all the AHOP units. The glut of AHOP housing had profound short-term effects on the retention of value.

Because of the imbalance of supply and demand in Peel, gimmicks to market the units were used; one dollar down payments, five month free rent options, low mortgage rates. Many of the people attracted to AHOP, 73 per cent, were young, first-time buyers. Closer credit screening would have saved many dreams. The real estate value of AHOP units created another problem. Values of many homes actually depreciated, and I know that to this day there are still units being sold under their original mortgage value. The ethics of the efforts of the developers and government to attract virtually any low-income family can be questioned. They had a responsibility. They did not live up to it.

Current figures show that 55 per cent of Peel's AHOP units have had their titles returned to CMHC as a result of foreclosure, issuance of power of sale or quit-claim deeds. That is 55 per cent, and the minister says this program is a success. The dreams of all these people have been shattered.

The number of AHOP units on CMHC's books constantly changes. There may be more coming on this year when people remortgage their homes. Currently CMHC has title to 527 units in my area. Of this, 351 are high rise and 176 are row. Last year 50 to 75 units per month were being returned to CMHC. What will it be this year? We do not yet know.

It was the AHOP issue and the dedicated work of people such as Jim Crozier and Marlene Grant that brought to light our serious housing problems. People became concerned, fearful, and began feeling helpless about the whole housing issue. The minister started to take note when they began banging at his door in Scarborough. He then realized that maybe something was wrong in this country.

Something that concerns me is that this system put these people into the homes. The system also kicked them out and shattered their dreams. When this happens, people rebel against the system. I do not want to see, and I know the minister does not want to see, people rebelling against the system, but when the system does that, it follows.

I would like for a moment to address a point repeatedly made by my friends in the NDP concerning the defaulted AHOP units. The solution put forward by that party over the last year, and by the hon. member for Vancouver East (Mrs. Mitchell) was to turn the vacant AHOPs into rental units. That sounds like a very commendable solution. However, it does not take into consideration the realities of the real estate market.

Home owners who had their hard earned savings invested in the purchase of their units became very concerned that the vacant units might be turned into rent-geared-to-income units. They were concerned about the retention of the value of their homes or about trying to get the value back to what they originally paid for it. If statistics can be believed, they had every right to be concerned.

Rent-geared-to-income units should not be proposed in ownership projects. Market values dictate that the ownership and rent-geared-to-income projects be kept separate, unless it is a co-op housing development.

In Bill C-89, which we are debating, the minister responsible for housing has finally seen fit to introduce legislation to pass the meagre assistance to home owners facing mortgage renewals. I sat through his speech yesterday. It was interesting to note his comments on the $3,000 grant being offered. What he failed to mention was the fact that very few people will be eligible to take advantage of this grant because the regulations are so severe.

This government grant does not begin to solve the mortgage renewal problem. What it does, I am afraid, is to postpone the inevitable. It will make those few who are eligible dependent on Ottawa for the very roof over their heads, a dependence which is very dangerous when one considers the philsophy of this government and its irresponsibility.

The minister's comments yesterday were of some interest. I wondered how he could stand in his place and say that the amendments in this bill will permit young families to buy their first home. That is beyond me. Is this bill going to lower the interest rates? Is this bill going to change our real estate market trends geared, because of economic conditions, to second and third time buyers who have existing equity? No. Mr. Speaker. It was enlightening to hear the minister for the first time admit that there has been a financial drain in the CMHC fund because of high AHOP defaults.

• (2150)

What is infuriating is that we on this side of the House have been asking for action for two years. It has taken this government two years to become, as the minister says, sensitive and concerned about the problem. Those are empty words. For people facing an escalation in shelter costs, there is very little good news, and this bill certainly gives none.

Returning to the role of the government ensuring our rights to housing, the erosion of real income and the escalation in shelter costs have shut out the vast majority of young people who are in search of accommodation. If the minister's riding is like my riding, I am sure that he has had young people coming to him every day of the week to ask how they will be able to afford a home or where they can rent an apartment. The fact is that these accommodations are just not available. The severe shortage of affordable rental accommodation no longer makes renting an alternative. By the end of 1982 there will be an estimated shortfall of 1,517 rent-geared-to-income units in Peel alone. The fact that these units are needed by families and senior citizens may not be of any concern to the minister but it is of great concern to me and to my constituents because if these shortfalls continue we are headed for severe hardship in my particular area of Canada and I know in the minister's area as well.

The minister stated that part of the $350 million for housing which was included in the now infamous budget of the Minister of Finance (Mr. MacEachen) will finance the rental supply plan over the next two years. We need 1,500 units right now in my riding alone. We do not need them tomorrow, not by the end of 1982, but right now. That is the waiting list. It is a legitimate waiting list.

The stimulus to construct 15,000 units over the next two years across Canada is quite infinitesimal, but it coincides with everything else the government is doing. For example, the Minister of Industry, Trade and Commerce (Mr. Gray) stood up and said, in answer to a question today about high interest rates, that the government gave $25 million to some group that is going to create thousands of jobs. We know that is not true, knowing the cost of creating one job.

Now this minister is throwing a little here and there—they are all doing it just to say, "Are we not great? We are doing something." But they are not really doing anything.

I sat here yesterday and listened to a number of Liberal members talk about the Progressive Conservative proposal for mortgage interest deductibility and property tax deductibility program. I think it is time that we dispelled some of the myths that the government constantly enjoys creating. My hon. friend, the Parliamentary Secretary to the Minister of Justice (Mr. Peterson), stood in his place yesterday and had the audacity to state that our proposal would have been unfair.

Mr. Cosgrove: To renters.

Mr. McDermid: I will come to that, Mr. Minister. According to the Parliamentary Secretary to the Minister of Justice, a deductibility program for any type of expense always benefits higher income taxpayers. I would suggest to him that the realities of paying a mortgage do not solely belong to higher income earners, something which may be a revelation to members opposite because they are all high income earners. Most people who have mortgages are not rich. I invite the hon. member to tell the young families in my riding who are struggling to pay their mortgages that they are rich. I invite the hon. member to come to Bramalea and to the villages of Heart Lake where it is the ambition of young families—who would benefit greatly from a deductibility program—to pay off their mortgages, to tell them that they are rich. These families make up the majority of my riding. I ask the hon. member to tell them that they are rich.

The rich have always had the same deductibility benefit which the Liberals consider unfair for middle and low-income earners. The proceeds from a mortgage are invested, and the interest has always been a tax write-off, and still is to a limited extent, of approximately $10,000 a year. Why would a deductibility program extended to an average Canadian home owner be unfair? It would effectively reduce their mortgage interest by 3½ per cent to 4 per cent right now. Would it be unfair to renters?

Mr. Cosgrove: Yes.

Mr. McDermid: In answer to the minister, his government introduced the measure which enables the owner of the rental unit to deduct mortgage interest as a business expense. They have always had that privilege. This has helped to keep rents lower than would have otherwise been the case if deductibility was not available to the owner.

Mr. Cosgrove: That is a scam.

Mr. McDermid: I can tell the minister, Mr. Speaker, that if that were not there, rents would be tremendously higher. Owners already have that privilege.

Mr. Cosgrove: Higher than $1,000?

Mr. McDermid: That is another myth the government likes to spread around. They have had that particular privilege for a very long time.

Mr. Cosgrove: Is that why you have rent control in Ontario?

Mr. McDermid: That is right. Therefore, I ask where the unfairness is in our attempt to help the home owners who needed help the most. It would help senior citizens stay in their homes a little longer because they could deduct the property tax from their income to give them a little better chance to stay in their homes instead of being forced out because of higher taxes.

I would also like to tell the parliamentary secretary that, with regard to those people who are renewing three or five-year mortgage plans who, according to him, have experienced significant increases in equity, equity does not mean a thing unless that property is sold.

I would like to reiterate that if what is contained in Bill C-89 is all that the government is willing to do or to propose to alleviate some of the problems facing us, then let us get on with it.

At this point I would like to congratulate the minister.

Some hon. Members: Hear, hear!

Mr. McDermid: I am thankful that the minister has stayed in the House during the full debate. That is a rare occurrence with this government. He is to be congratulated for that. As a matter of fact, I feel sorry for him because I genuinely believe that he does have some concern for the home owners, but I think that the Minister of Finance and his cabinet colleagues have hung him out to dry.

Mr. Cosgrove: Have you read the Matthews report?

Mr. McDermid: That is three years old. Why do you not do something?

Mr. Cosgrove: You have it in front of you.

Mr. McDermid: The provisions in Bill C-89 are not adequate. It will not encourage adequate housing starts. People who are renewing mortgages are not adequately assisted, and the rental accommodation shortage is not adequately addressed. However, it is obvious that the meagre aid in Bill C-89 is all that Canadians will get. The government has been too slow in attaching any significance to the housing question. Far too many people are suffering, and this, combined with the negative effect of the so-called budget, paints a dismal picture.

When you add the housing situation to the economic picture, the lack of confidence in this government which is evident across Canada is very understandable. Nothing could serve the national interest more than a few resignations by members opposite. As a matter of fact, if the government is doing everything right, as it says it is, and if it has the support of Canadians, I challenge the Liberal government to call an election now based on its budget and its housing programs. The people of Canada will get rid of an unimaginative and uninspiring group of incompetents and save them the embarrassment of resigning. May I call it ten o'clock, Mr. Speaker?

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

TRADE—(A) IMPORTATION OF LIGHT TRUCKS (B) REQUEST THAT GOVERNMENT TAKE ACTION

Mr. Bill Kempling (Burlington): Mr. Speaker, when I rose last week to ask the Minister of Industry, Trade and Commerce (Mr. Gray) a question regarding the importation of small Japanese trucks, I was only touching upon a small part of an extremely large problem. Two questions during our daily question period cannot address the real problems facing our automobile industry. The question put to the minister is symbolic of the whole problem. Let me be a little more specific and you will see the dimensions of the problem.

• (2200)

When the Japanese ministry of international trade and industry wrote to our Minister of Industry, Trade and Commerce on June 4, 1981, an understanding on a quota was reached with respect to automobiles. We agreed to increase our quota by 10 per cent over the 1980 import totals. The Americans negotiated a 6 per cent decrease in their import totals of Japanese automobiles. Light trucks were not part of our quota consideration and, as a result, light truck imports increased 122 per cent over the previous year.

Three of our domestic manufacturers have introduced light trucks comparable to those imported from Japan. We are presently levying a tariff of 12.9 per cent on imported trucks. That tariff is due to decrease to 9.2 per cent under a GATT agreement which we have signed. When we look at the American action in this field, we see that the Americans levy a 25 per cent tariff, and they do not intend to reduce that tariff under the GATT agreement. In other words, they are going to take a tariff protection route for the domestic manufacturers of small trucks.

My point is that with domestic production under way in North America in light duty trucks, does it not make sense to have a quota and a stabilized duty of even 12.9 per cent? If we

do this, we will assist our domestic production in getting a foothold in the marketplace. To do otherwise would add to a problem which is already out of hand.

We have only had one year of surplus since the auto pact was signed. Each year our balance of payments in the automotive account has been in deficit and is growing and growing by gigantic leaps and jumps. The standard reply that 50,000 jobs have been created is what we usually hear from the minister. However, with the downturn in the industry, many of these jobs are now becoming redundant. The pressure for change in the auto pact has been building for a number of years.

A few years ago the government decided to hire a consultant to review the auto pact and to make recommendations. The government employed Simon Reisman, a former deputy minister of industry, who was one of the architects of the original auto pact. Naturally, Mr. Reisman found little wrong with the agreement he helped put into place. I recall attending a meeting with Mr. Reisman at which he simply put down anyone who was critical of the auto pact. Even at that time we could see the tremendous disruption which was taking place in our balance of payments. Of course, after listening to Mr. Reisman, I left in disgust.

A very large part of our current account deficit is tied up in the automobile industry. We are dumping more and more money into a variety of programs, only to see them fall apart down the road. It is this type of patchwork approach we have to stop. We must review the whole matter with a sense of urgency.

I see a decline in the manufacture of heavy duty trucks in Canada; this spells trouble for the transportation of goods down the road. It is just not attractive to become an investor in the automobile industry today, and yet we see a pent-up demand building which is being held up by high interest rates. I am not convinced that the minister, his department and the government are really aware of the size of the problem facing us.

If the negotiators meeting with the Japanese do not insist on a quota for light trucks, my statements will prove to be correct. A realistic look at the auto pact over the last 18 years shows that in the early stages our Canadian content was 58 per cent. In 1981 that slipped to 56 per cent. In other words, after 18 years of involvement in the auto pact, Canadian content dropped 2 per cent rather than going up as it should have.

We are a mobile society. The automobile, the light truck and the heavy duty truck will be with us for as far as we can see ahead. I want the minister to tell us when we will begin to address this very, very serious problem.

Mr. Ron Irwin (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, I would like to respond to my good friend, the hon. member for Burlington (Mr. Kempling). Let me first look at the reality. Japan is one of our main trading partners. In 1980 we exported $4,345,-474,000 worth of goods to Japan and imported from Japan $2,791,516,000 worth of goods. In other words, we sold a little over $1.5 billion worth of goods more to Japan than we imported from Japan. If there is a complaint, it is a complaint from Japan's side that we are not purchasing more from Japan.

The figures are deceiving. I have carried the hon. member's figures through somewhat. His thesis is that because we do not have the 25 per cent tariff the United States has—our tariff is only 12.8 per cent—that is damaging and we should do what the United States has done.

• (2205)

Two years ago, and we are talking about mini-trucks specifically, the Japanese had six per cent of our market. Last year they had 11 per cent; and this year, in this short period, it is 16 per cent. That is, with a tariff of 12.8 per cent. The tariff in the United States is double that amount; it is 25 per cent. Yet for the last three years the Japanese share of the United States market has been 20 per cent. With double tariff, they have a larger share of the United States market.

We are now concerned. Earlier this year we reached an agreement on passenger cars with the Japanese, that from April 1, 1981, to March 31, 1982, they would not export more than 174,213 cars, to Canada.

Mr. Corbett: That is 10 per cent above the 1980 basis, it is not light trucks.

Mr. Irwin: It does not include light trucks, that is right. But General Motors is now in the mini-truck business, and I hope their truck is productive. I find it humorous to hear a spokesman for that great party of the free enterprise system here in Canada telling Canadians that once again we should protect American companies operating in Canada, the three of them, because they are not operating productively.

I spoke to a superintendent of U.S. Steel on Sunday about the car market and he said that with inflation going down and interest going down, hopefully, we still have the problem on this continent, especially with U.S. Steel, that the Japanese are manufacturing their automobiles and trucks at $10 U.S. per hour and the Americans are manufacturing theirs at $20 U.S. per hour. You cannot blame all that on labour. This involves an attitude, a matter of reinvesting in modernized equipment. More tariffs, as the hon. member has suggested, create more subsidy to inefficiency. I note that my time is up. Thank you, Mr. Speaker.

NATIONAL DEFENCE—POSSIBILITY OF LEASING EQUIPMENT FROM UNITED STATES

Hon. J. Robert Howie (York-Sunbury): Mr. Speaker, I have a very high regard for the men and women in Canada's Armed Forces. I feel that they fulfil their function admirably and under considerably great difficulty. I have a high regard, too, for the gentleman who is our Minister of National Defence (Mr. Lamontagne), who was himself a gallant soldier. I feel that Parliament's function is to indicate to our Armed Forces the role that we want them to perform and then to give them the personnel and the material to fulfil that obligation. It is in

supplying the Department of National Defence with the personnel and material that I feel we are not fulfilling our function adequately as parliamentarians. Tonight I would like to indicate some constructive measures that I hope we can consider in fulfilling that obligation.

It is my opinion that our Armed Forces are understaffed and underequipped because they are underfinanced. In 1963, 24 per cent of Canada's budget was allocated to the Department of National Defence. This year 8.6 per cent of our budget is so spent. In 1963 we had 120,000 men and women in our Armed Forces, and today we have 80,000. In the year 1980-81 we budgeted $5.04 billion for national defence and in 1981-82 we will increase that to $5.9 billion.

• (2210)

Over the years our increases in real dollars when stripped of the inflation factor, barely meet 3 per cent requirement of NATO. We are at the lower edge of prudence in that regard. I think we met that requirement this year, thanks to the expenditures for new fighter aircraft.

Speaking of our new fighter aircraft, we expect the first copy of the 137 F-18A Hornets to be available this fall, probably in October. Two years ago when we signed the contract for this fighter aircraft—and it is badly needed—we felt that the estimated cost would be $2.3 billion. Right now the estimated cost is $5 billion. This increase in cost is certainly not entirely the fault of the Department of National Defence, but it raises some question which I think we should address about the viability of the management process and ongoing re-equipment planning in terms of the Armed Forces.

It has been 11 years since we have had a white paper on national defence. It is just about time we took a look into the future, did some planning and had another one. In the army component of the Armed Forces we have trucks which are older than the drivers. This is the situation in regard to much of our mobile equipment. We have 19 tanks stationed in Canada and the rest are with NATO in Europe. These 19 tanks are barely enough for training purposes. The Leopard tank, about which I am speaking, is an excellent tank, but its numbers are so small that it can fulfil very few functions. We have received reports that in western Canada some members of the Armed Forces exist on welfare. I should like to see the report rebutted, and I hope the opportunity to do so will be taken tonight when the parliamentary secretary replies to this allegation.

Our navy has four 280 Tribal class destroyers. These are efficient and can give good account of themselves. The other grand old ships of the line are regrettably just about 30 years old. They can get the steam up when their boilers are not cracked, but they have to stay pretty well within hailing distance of ports because of their advanced age. The *St. Laurent* was sold two years ago. While it was being towed down south to be junked, the towline broke and the *St. Laurent* sank; that is the sad story of our navy. We have four Oberon class submarines, three on the east coast and one on the west. They take their turns being patched up because they are 20 years old. The one on the west coast is in dry dock most of the time. We have six frigates in the definition contract stage. This contract was varied or altered once. I cannot say with reliability when they will come on line, but I can say that they are very badly needed.

What will we do about the situation? It will cost a tremendous amount of money to purchase new equipment. Canada has very extensive shoreline in the north, on the east and on the west. We have a small population with a limit to what we can raise in revenue, as well as tremendous demands on our dollars.

My suggestion is that we should take a page out of World War II experience, when we had an excellent lend-lease program with the United States of America, and that we rent or lease equipment from the Americans. What about our sovereignty? Can we do this and maintain our sovereignty? What about Canada's defence industry and our superior training methods? Will the Americans be interested? We will never know until we ask them, but I think the answer would be affirmative because the Americans have been our friends in peace and our allies in war. They know our economic situation and our limitations. We supply the defence for their northern frontier. They have large amounts of equipment and a tremendous budget which will be increased. The amount for which we would lease from them would be infinitesimal. If we enter into a contract to lease from them, we can protect our sovereignty and perhaps receive some spin-off benefits in terms of defence construction for Canadian industries. I notice my time is almost up. I thank you, Mr. Speaker, and my colleagues, for your indulgence.

Mrs. Ursula Appolloni (Parliamentary Secretary to Minister of National Defence): Mr. Speaker, on the surface the idea of leasing military equipment as proposed by the hon. member would appear to have some merit, at least in theory. In practical terms, however, this is an option that has not normally been entertained for a variety of reasons which I will try to outline.

• (2215)

There is an interdepartmental committee under the chairmanship of the Treasury Board secretariat that studies instances wherein leasing could constitute a desirable means of satisfying certain facility and equipment needs. Unfortunately, in the case of military equipment, the Department of National Defence has no knowledge of any such modern equipment, compatible with Canadian requirements, that is available for lease. While it is entirely possible that upon investigation some equipment could be found it is most probable, however, that the owner nation would have already discarded such equipment as being either too old, beyond the state of economic repair, or requiring considerable modernization to make it capable of contemporary utilization. I am sure the hon. member does not want us to be second cousins to anyone in the military department.

In most cases, modern equipment not actively in use by owner nations, is normally required by these nations as reserves in time of war and it is unlikely that they could be

made available for long-term lease. In general terms, it can safely be said that the equipment must fit the task to be performed.

Certainly, this is very relevant to the point made by the hon. member in his original question in which he said that we had only 19 Leopard tanks in Canada. On this point, I would like to correct him by informing him that we have 43 tanks in Canada.

Mr. Howie: Not in Canada.

Mrs. Appolloni: In Canada.

Mr. Howie: The rest are in Europe.

Mrs. Appolloni: Mr. Speaker, I gave the hon. member the courtesy of my attention. Surely he can reciprocate. Even as a Tory, he might have some good manners.

Mr. Howie: Try to be accurate.

Mrs. Appolloni: More important is the point that tanks do not have a significant part to play in any of the defence of Canada scenarios. If we do have tanks at Gagetown it should be clear that they are for the training of the armoured personnel who will man our Leopard tanks stationed in Europe where they do have an important operational task.

The question of Leopard tanks is more interesting in some other aspects, and I can understand the hon. member basing his question on the fact that we did, a few years ago, rent that type of equipment from our German allies. But we must put this matter of the tanks in the correct context. The short-term leasing of Leopard tanks made imminent good sense because we were getting that very type of equipment in our own inventory shortly thereafter.

A factor that is not readily understood and one that is omitted from the member's comment is the fact that the rental of equipment itself is only one very small part of the total defence equation. Ancillary questions that must be considered include the retraining of operations and maintenance personnel, additional spare parts and support equipment requirements, the compatibility of current ammunition holdings, and, most important of all, the capability of the equipment to fulfil the task at hand.

I see that my time has run out, although I could have gone on at length, Mr. Speaker.

NATIONAL DEFENCE—(A) COMMITTEE STUDY OF CANADIAN FORCES BASE CHATHAM, N.B. (B) MINISTER'S RECOMMENDATIONS

Mr. Bob Corbett (Fundy-Royal): Mr. Speaker, on November 8, the Minister of National Defence (Mr. Lamontagne) confirmed that the U.S. F-18 Hornet fighter plane will not be based in Chatham, New Brunswick, but instead will go to Cold Lake, Alberta, and Bagotville, Quebec. He confirmed that the squadron presently based in Chatham will be phased out and, indeed, the existence of the air base itself has become very much in question. The personnel that are based there will be transferred or laid off, as the case may be. That announcement was made on November 8, 1981.

By December 15, the minister had used the typical ruse of this government of giving the air base a reprieve. He postponed the replacement of the fighter squadron until 1984. We have seen this sort of thing happen several times. It is part of the old syndrome of "Boys, we will rip your head off"; only to hear then, "Don't worry, fellows, we don't really mean that, we are just going to break your legs".

The Minister of Finance (Mr. MacEachen) did the same thing when he talked about indexing pensions and other things which would have had a severe consequence to some of our pensioners. When it ended, it was just an ugly rumour and it wasn't really going to happen at all, but he would not close the door to it. This seems to be the way this government operates, and that is a little disconcerting to say the least.

● (2220)

The minister met with the leaders of the region during the latter part of December and assured them there would be some things happening in Chatham. He would not be specific but said there was going to be something in Chatham to alleviate the base closure. He said he would get back to them in January or February and in the meantime was going to set up an interdepartmental task force made up of various deputy ministers from however many departments were involved, and said they would report to Parliament by the end of January. They were going to be charged with the responsibility of making suggestions as to what they were going to replace that base with.

On February 3, Mr. Speaker, after telling the minister I wanted to know what suggestions the task force had made and what suggestions he was going to make to cabinet, I asked the minister:

> Will the minister now tell the House what recommendations that committee has made?

The minister's response was:

> Madam Speaker, the answer is yes.

What kind of a response is that, Mr. Speaker, to a quite explicit question? I simply asked if the minister would tell the House what the committee's recommendations were and he answered:

> Madam Speaker, the answer is yes.

Then he went on to explain that Canada's security was well taken care of, which is not at all what I asked him. After I reminded him of that, he did indeed respond in substance, because I believe he was embarrassed into some kind of response that at least alluded to the fact that I had asked the question.

Let me just give you a brief history of the role of this base in Chatham. It has in the past played a very important role in the defence of Canada in the Atlantic Coastal Canadian Identification Zone. We are told by National Defence people that

there is an increase in Russian Bear aircraft travelling in this zone.

Mr. Speaker, you point to your watch; I would just like to confirm that I do have seven minutes, and I have used three of them now.

The Acting Speaker (Mr. Blaker): The hon. member has until 10.25.

Mr. Corbett: As I recall, Mr. Speaker, I got on my feet at 10.20. But at any rate, let me simply say that this base plays a very important role. The minister will say that they are moving the F-18 aircraft to Bagotville because it can take care of the northern regions of Canada which must come under scrutiny as well. Let me tell the minister through you, Mr. Speaker, in case he does not know it, Chatham is located at a more northerly position in this hemisphere than is Bagotville. In addition, it is farther east and is therefore closer to the identification zone and certainly in a much better position to identify these aircraft.

We also have a very important situation in that over 3,500 people will lose their jobs in the Chatham area. That will mean the loss of $25 million or $30 million in wages and an additional $12 million in lost spin-offs.

● (2225)

The people at Chatham are looking for replacements. They are looking to this government to do something about the situation in which they find themselves. They are concerned, and they have every right to be concerned. I have asked the Minister of National Defence to tell the people of Chatham, in specific terms, what replacement for the air base he will recommend to his cabinet colleagues. I have asked him to assure those people who will lose their jobs, and their families, the townsfolk of Chatham and the businessmen of the community who will be greatly affected by this closure that, indeed, the government will be taking specific, positive steps to ensure that all of that lost income will be replaced, as the minister and the government has suggested in very, very general terms. I expect that the assistant to the minister will now be very specific and will answer the question.

Mrs. Ursula Appolloni (Parliamentary Secretary to the Minister of National Defence): Mr. Speaker, at the outset, I would like to emphasize to hon. members present, and especially to the people of the Miramichi region, that the decision to locate the eastern operational base of our new fighter aircraft, the CF-18 Hornet at Bagotville, was taken with the best military and strategic intelligence available. A thorough analysis of all basing postures was completed before a final decision was reached.

In the context of protecting Canadian sovereignty in the military sense, of course national defence would have preferred to operate a larger number of bases, thus ensuring adequate overlap of air defence coverage. However, when all factors were weighed and considered, it became necessary to compromise in certain areas.

There were three main factors considered in our deliberations with regard to the selection of the best location for our bases: peacetime sovereignty; threat and air defence considerations and, of course, cost.

In the initial stages of the program, operational research staffs completed a detailed study of all basing operations and detailed comparisons were made among the various options identified.

Mr. Corbett: Why Bagotville?

Mrs. Appolloni: For eastern Canada it was found that, given the technical capabilities of the aircraft, geography, weather, etc., the optimum locations for the protection of peacetime sovereignty were Bagotville, and Goose Bay as back-up.

Mr. Corbett: What about the G.I. considerations?

Mrs. Appolloni: With regard to the second factor, that of the threat and air defence considerations, based on our strategic assessment of the continental threat to North America having regard to Warsaw—

Mr. Corbett: What about the lost jobs?

Mrs. Appolloni: —pact basing deployments, radar coverage, probable axis of approach defence coverage and other strategic military considerations, Bagotville and Goose Bay were again determined to be the optimum operating bases.

Finally, the cost factor played a very important role in our decision. Our present fleet of fighter aircraft consists of some 190 aircraft, of three different types. While the Department of National Defence was not able to replace the old aircraft on a one for one basis, the maximum number were purchased within the allocated budget. This reduction in fighter aircraft units, together with the extremely high cost of ground support and test equipment, led the department to the conclusion that two main bases, plus two deployment bases, would be the maximum infractructure—

Mr. Corbett: What about the lost jobs?

Mrs. Appolloni: —that we could afford within the program budget.

Mr. Corbett: The economy!

Mrs. Appolloni: All hon. members are aware of the constraints that we are currently under.

Mr. Corbett: $33 million!

Mrs. Appolloni: When all these factors were considered in concert, the threat, the protection of Canadian sovereignty and the cost, it was concluded that the CF-18 should be flown from two main operating bases, Cold Lake and Bagotville, and two deployment bases, Comox and Goose Bay. The decision was based on strictly military, strategic and economic considerations.

Mr. Corbett: Politics!

Mrs. Appolloni: These are the facts, Mr. Speaker. They speak for themselves. To suggest, as the hon. member does, that we are somehow abandoning the people of Miramichi is sheer hogwash.

Mr. Corbett: Yes, but what are you going to do?

Mrs. Appolloni: We have a committee which is working with the people of Miramichi along with our able Member of Parliament for Northumberland-Miramichi (Mr. Dionne).

Mr. Corbett: What does it have to say?

The Acting Speaker (Mr. Blaker): I know the hon. parliamentary secretary will understand that the Chair has no choice but to interrupt. Three minutes is the limit for answering.

The motion to adjourn the House is now deemed to have been adopted. Accordingly, at this time the House stands adjourned until two o'clock tomorrow afternoon.

At 10.29 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Wednesday, February 10, 1982

The House met at 2 p.m.

● (1405)

ROUTINE PROCEEDINGS

[*English*]

EXTERNAL AFFAIRS

POLAND—VANCOUVER MEETING RESOLUTION—MOTION UNDER S.O. 43

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. On January 30 in Vancouver the Liberal cabinet representative had to leave the "Poland for the Polish" rally before the adopted message of the meeting could be given to him. He had to leave to attend the Vancouver Canucks hockey game. Therefore I move, seconded by the hon. member for Vancouver South (Mr. Fraser):

That the House receive and adopt the message of that day which asks the rhetorical question: "Is it wise to continue trading, including trading in foodstuffs, with a junta which violates every edict of the Helsinki Accords by building the Iron Curtain higher and stronger than it has ever been around Poland; moreover, is it wise to continue trade with a junta that has nothing in common with the spirit of the Canadian Constitution and its article we hold dear—namely, Peace, Order and Good Government—that is, responsible government? Is it wise to trust such a junta and expect the exported food to reach the people of Poland?"

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

POLITICAL PARTIES

CROWSNEST PASS RATE—POLICY OF NEW DEMOCRATIC PARTY—MOTION UNDER S.O. 43

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. Some members of the New Democratic Party have been creating the illusion that they would not change the Crow rate if they were in government. Premier Blakeney of Saskatchewan is quoted in the January, 1982, edition of *Business Life* as saying:

I think it is clear that the railways should get additional compensation for the grain they carry. Whether they get it from other resources of the Canadian Pacific Railway Company which they got as part of the bargain, or whether they should get it from the Government of Canada, or whether they should get it from the shippers or some combination thereof, is perhaps what the bargaining is all about . . . but the perception of our government really is that the farmers ought to keep the benefit of the Crow rate.

If we want to address the issue of who is to pay the additional compensation to the railways, we are prepared to address that issue.

Therefore, since it is clear that the policy of the NDP is not to keep the Crowsnest Pass rate, I move, seconded by the hon. member from Assiniboia (Mr. Gustafson):

That the NDP commit itself immediately to full public support of Liberal attempts to change the Crowsnest Pass rate so its public position reflects its real position, which is to abandon the Crow rate.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE ECONOMY

MINISTER URGED TO INTRODUCE NEW MEASURES FOR BUSINESS AND INDUSTRY—MOTION UNDER S.O. 43

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Given the fact that unemployment in Canada has reached the point of crisis, and considering that economic forecasters feel that the unemployment rate could reach as high as 10 per cent in the coming months, with no indication of government action, I move, seconded by the hon. member for Mississauga South (Mr. Blenkarn):

That the Minister of Finance stop beating around the bush by saying that he is considering representations from Canadian business and industry and immediately introduce new measures which would assist in bringing Canada out of economic oblivion and create better employment opportunity for Canadians who have lost all hope and trust in their government.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

[*Translation*]

UNEMPLOYMENT

REQUEST THAT FEDERAL FUNDS NOT BE USED TO AGGRAVATE UNEMPLOYMENT CRISIS—MOTION UNDER S.O. 43

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, under the provisions of Standing Order 43, I seek the unanimous consent of the House to move a motion concerning an important and urgent matter. Considering that the conversion program launched by the Domtar Company in Donnacona, Quebec, will eliminate 125 jobs out of 600, while remaining eligible under the federal-provincial assistance program for the pulp and paper industry; and considering that 57,000 jobs have already been lost in Quebec in one month alone, I move, seconded by the hon. member for Spadina (Mr. Heap):

That the House urge the government to provide a guarantee that federal funds will not be used to worsen the current unemployment crisis in Quebec and throughout Canada.

Madam Speaker: Pursuant to the provisions of Standing Order 43, presentation of such a motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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[*English*]

EXTERNAL AFFAIRS

SOUTH AFRICA—REPORTED COMMENTS MADE BY MEMBER FOR WINNIPEG-ASSINIBOINE—MOTION UNDER S.O. 43

Mr. Ray Chénier (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity.

Some hon. Members: Hear, hear!

Mr. Chénier: I am really proud that my fan club is in good form on the other side.

Some hon. Members: Oh, oh!

Mr. Chénier: In view of the fact that the hon. member for Winnipeg-Assiniboine (Mr. McKenzie) has refused twice this week to retract statements he made about the black population of South Africa, and in view of the fact that the Right Hon. Leader of the Opposition (Mr. Clark) has denounced his colleague's statements, I move, seconded by the hon. member for St. Boniface (Mr. Bockstael):

That the Right Hon. Leader of the Opposition make a statement to this House on whether he plans to follow the example of his predecessor, the Hon. Robert Stanfield, when he expelled the previous member for Moncton, Mr. Len Jones, for making similar remarks.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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FINANCE

CAPITAL COST ALLOWANCE APPLIED TO AUTOMOBILES—MOTION UNDER S.O. 43

Mr. Don Blenkarn (Mississauga South): Madam Speaker, I rise on a matter of urgent and pressing necessity. Every person who has ever purchased an automobile knows that when that automobile is driven off the lot it has depreciated by 10 per cent to 20 per cent. Indeed, in the first year the value of a new automobile, in most cases, depreciates at least 30 per cent, if not more. I move, therefore, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling):

That this House condemn the reduction in the first year capital cost allowance with respect to automobiles as totally inappropriate as it fails to recognize true depreciation and reality, is unfair, and particularly damages our ailing automobile industry.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1410)

ROYAL CANADIAN MOUNTED POLICE

RELEASE OF DOCUMENTS REQUESTED FOR DEFENCE OF MEMBERS—MOTION UNDER S.O. 43

Mr. Jack Shields (Athabasca): Madam Speaker, it is becoming increasingly clear that the RCMP security service was acting under the direction of top Liberal policy advisers, cabinet ministers, and indeed the Prime Minister (Mr. Trudeau). Whereas the continuing harassment of the RCMP is completely demoralizing the finest police force in the world—

Some hon. Members: Hear, hear!

Mr. Shields: —I move, seconded by the hon. member for Pembina (Mr. Elzinga):

That the Liberal government come clean and admit to the country that not only were they aware of the activities of the RCMP security service, but they ordered them, and that the Solicitor General be directed by this House to release immediately the 33 documents requested by the RCMP defence lawyer which are essential for a full and fair hearing of the 17 RCMP members now charged.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

EXTERNAL AID

AUDIT REQUESTED OF CANADIAN INTERNATIONAL DEVELOPMENT AGENCY PROGRAMS—MOTION UNDER S.O. 43

Mr. Lloyd R. Crouse (South Shore): Madam Speaker, I rise to move a motion under Standing Order 43. On November 28, 1981, Canada's external affairs minister announced the suspension of a six-year, $21 million project in Haiti, and according to reports the entire operation was a sorry mess of wholesale waste, local corruption and featherbedding, all funded by the Canadian taxpayer. I therefore move, seconded by the hon. member for Central Nova (Mr. MacKay):

That an immediate and thorough audit of CIDA's operations, especially as they apply to the Haitian project, as well as other specific large-scale CIDA programs, be carried out by Canada's Auditor General with a view to determining their viability and over-all value to the people in the country in which aid is being provided.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

PARLIAMENT HILL

ESTABLISHMENT OF DAYCARE CENTRE—MOTION UNDER S.O. 43

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, I also rise under Standing Order 43. On October 24, 1979, I asked the then Conservative minister of national health and welfare that a model daycare centre be established on Parliament Hill to demonstrate the need for daycare in the workplace across Canada. We have also urged the federal government to establish a national daycare policy and expand start-up funds for new centres. I therefore move, seconded by the hon. member for Winnipeg-Birds Hill (Mr. Blaikie):

That this House congratulate the House of Commons daycare employees' committee and Madam Speaker for their persistence in establishing the Parliament Hill daycare centre announced today, and ask that until further spaces are available priority be given to employees to use this centre with adequate subsidies, and that a higher fee for executive staff and MPs be established; in addition, that the Minister—

Some hon. Members: Order, order!

—of National Health and Welfare immediately take aggressive leadership to expand affordable daycare centres nationally.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

Mrs. Mitchell: You are against kids.

S.O. 43

MANPOWER

LENGTH OF APPRENTICESHIP TRAINING—MOTION UNDER S.O. 43

Mr. Peter Elzinga (Pembina): Madam Speaker, to meet the shortage of skilled workers in Canada and reduce unemployment levels, I move, seconded by the hon. member for Athabasca (Mr. Shields):

That the federal government give serious consideration to the examination of shortening the training periods for apprenticeship programs in Canada, much along the same lines as practised in many European apprenticeship programs.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HUMAN RIGHTS

AIR CANADA MANDATORY RETIREMENT AGE—MOTION UNDER S.O. 43

Mr. Jesse P. Flis (Parkdale-High Park): Madam Speaker, I rise seeking the attention of all hon. members on a matter of urgent and pressing necessity, under the provisions of Standing Order 43.

Considering the fact that the Supreme Court of Canada ruled unanimously yesterday that Ontario municipalities cannot impose a mandatory retirement age of 60 on firefighters, even if it has been negotiated into their collective agreement; and in view of the fact this case is almost identical to the case of Captain Ross Stevenson, which I have been raising in this House for the past year, an Air Canada pilot forced to retire because of the collective agreement between the Canadian Airline Pilot's Association and Air Canada, I move, seconded by the hon. member for Laval (Mr. Roy):

That the Minister of Transport introduce an order in council ordering Air Canada to reinstate Captain Ross Stevenson to his original position of airline pilot with Air Canada.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HOUSING

SUGGESTED ESTABLISHMENT OF MORTGAGE INSURANCE FUND—MOTION UNDER S.O. 43

Miss Pat Carney (Vancouver Centre): Madam Speaker, I rise under Standing Order 43. Interest rates are rising again and many home owners who must renew their mortgages this year will face extreme hardship. Those who cannot rearrange

S.O. 43

their budget to accommodate this increase will lose their homes. Since Canadians are being faced with massive payment increases over which they have no control, I move, seconded by the hon. member for Simcoe North (Mr. Lewis):

That the National Housing Act be amended to include a provision for a mortgage insurance fund which would protect home owners against the uncertainties of major increases in their mortgage payments when their mortgages come up for renewal.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Paproski: Cosgrove said no.

* * *

● (1415)

FINANCE

TAXATION OF NORTHERN BENEFIT ALLOWANCES—MOTION UNDER S.O. 43

Mr. Lyle S. Kristiansen (Kootenay West): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and public importance. The November, 1982, termination of the moratorium on taxation of northern benefit allowances is a recipe for short-term industrial chaos in Canada's mining industry and for the long-term demise of family and community life for workers in many northern resource centres.

In spite of serious warnings by both mine labour and management about the inadequacy of a one-year transition period to deal with two or three-year agreements and adjustment to an as yet undefined regime of general northern assistance, the consistent and continuing refusal of the Minister of Finance (Mr. MacEachen) to meet with Steelworker Union officials on this subject is both incomprehensible and irresponsible. Therefore I move, seconded by the hon. member for Churchill (Mr. Murphy):

That this House demand that the Minister of Finance stop hiding and immediately agree to meet with United Steelworker representatives on this issue in response to their urgent requests of several months' standing.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

PENSIONS

EFFECT OF BUDGET ON PENSIONERS' INCOME

Miss Pat Carney (Vancouver Centre): Madam Speaker, my question is addressed to the Minister of National Health and Welfare. The Consumers' Association of Canada has called the Liberal budget "outrageously unfair" to senior citizens, and the association's pension consultant, Thomas Delaney, has estimated that between 200,000 and 400,000 senior citizens will be hurt by the budget.

The minister has earned the trust of many senior citizens. Is she planning to betray their trust by allowing pensioners' income to be reduced? Specifically, has she also asked the Minister of Finance to reinstate the $1,000 pension deduction for pensioners contributing to an RRSP?

Some hon. Members: Hear, hear!

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, I can inform the hon. member that in several articles—she mentioned only one—published recently in the English Canadian press, in which the impression was given that Canadian pensioners would be adversely affected by the budget, one or two examples were given of pensioners with very high incomes who, though they were over sixty-five, were still working and receiving a salary or some kind of income, and who also were still contributing to a registered retirement savings plan. Obviously, they happen to be in the upper socioeconomic levels of our society, and their earnings are much higher this year, they will have to pay more taxes just like any other Canadian. There is nothing unfair about this at all. I can assure the House that all Canadian pensioners are benefiting from the MacEachen budget, because of the high rate of indexation being applied to all pensions.

[*English*]

CALCULATION OF TAXABLE INCOME

Miss Pat Carney (Vancouver Centre): Madam Speaker, my supplementary question is also addressed to the Minister of National Health and Welfare, who has told the House in her answer, as I understand it, that the income of pensioners will not be reduced under the budget. I would therefore ask her why John Arthur, the president of the Canadian Pensions Conference, said that her own officials say that the proposal to tax health care benefits would disqualify many pensioners from receiving supplementary pensions such as the guaranteed income supplement. The minister's own officials are telling people in the pension field that pensions will be reduced. Is it true that the minister is refusing to take health care benefits into the calculation of taxable income in defiance of the budget of the Minister of Finance?

Some hon. Members: Hear, hear!

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, I do not have a clue as to why Mr. John Arthur supposedly said that to my colleague. I met him yesterday in the elevator. He did not say anything to me. He had a big smile.

Some hon. Members: Oh, oh!

Mr. Epp: Met him in the elevator!

Miss MacDonald: That is the only place he will meet her!

Miss Bégin: The hon. member should ask him. What I know for a fact is that all senior citizens in Canada who need help are total or partial beneficiaries of the GI supplement. The supplement costs the country a fortune. We consider it to be a right for all those over the age of 65 who are in need. Our objective as a government is to bring all of them above the poverty line. This is their right, and the supplement should not go to those who do not need it.

Some hon. Members: Hear, hear!

• (1420)

INVESTMENTS IN REGISTERED RETIREMENT SAVINGS PLANS

Miss Pat Carney (Vancouver Centre): Madam Speaker, my supplementary question is to the Minister of National Health and Welfare. It is too bad she can only meet Mr. Arthur in the elevator. He appeared before our Conservative task force on the budget, here on Parliament Hill, to give us that information.

Some hon. Members: Hear, hear!

Miss Carney: The minister has continually criticized the private sector for not contributing enough toward pension incomes. Since pension funds are designed to pay only part of a pensioner's income, many Canadians borrow money each year to invest in an RRSP, as the minister knows. The average amount of money borrowed by Canadians to invest in an RRSP is about $2,215. Does the Minister of National Health and Welfare support the plan to tax the interest paid on funds borrowed to purchase an RRSP, thus reducing the opportunity for Canadians to provide for their own future, because that is the inevitable result? Does she support that plan?

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, if I told the hon. member that I am taking a stand on the point she just raised, she would accuse me of failing to respect the opinion of the House. The hon. member knows perfectly well that this general budget proposal was referred by the Minister of Finance on December 18, I believe, to a parliamentary committee for consideration. Where pension reform is concerned, the hon. member does not seem to realize that RRSPs are an instrument used by taxpayers to accumulate pensions if they happen to be among those who can afford to invest $3,500 or $5,000 every year. Most Canadians cannot, and therefore cannot take advantage of RRSPs. The budget is taking the aggregate of tax privileges and trying to introduce an element of fairness, and I shall always support this principle.

* * *

[*English*]

EDUCATION

FEDERAL FUNDING FOR POST-SECONDARY EDUCATION

Mr. Don Blenkarn (Mississauga South): Madam Speaker, my question is directed to the Secretary of State. The minister will know that he is paying $1.8 billion to the provincial governments this year for post-secondary education. In answer to a question on February 3 from the hon. member for Winnipeg-Birds Hill, the Minister of National Health and Welfare said that her cash payments to the provinces for the three health programs for which she is responsible will be increased next year by 13.4 per cent. Will the minister's cash payments to the provinces, now at $1.8 billion, be increased by 13.4 per cent?

Hon. Gerald Regan (Secretary of State): Madam Speaker, I am very grateful to the hon. member for bringing a very important subject to the floor of the House. It provides me with an opportunity to remind hon. members that, at the recent first ministers' conference, the Prime Minister made an offer to the provinces that we would extend for the next two years the provisions under which funds are transferred in the block form to the provinces, for post-secondary education purposes, increasing in the vicinity of just over 12 per cent in each of those years, provided that the provinces undertake that they do not during that time diminish the percentage of the cost of post-secondary education which they are paying out of their own funds.

Unfortunately, we have a very sad situation in this country. We have a serious problem in relation to post-secondary education because most of the provinces, year after year, have been decreasing the percentage of the cost of post-secondary education that they pay, while the federal government has year by year been increasing its percentage. For instance, in the hon. member's province of Ontario, the portion that the provincial government of Ontario pays—

Madam Speaker: Order. I remind the House that we are in favour of short questions and short answers.

LEVEL OF FUNDING

Mr. Don Blenkarn (Mississauga South): Madam Speaker, the minister then is confirming that he paid the provinces this year $1.825 billion and he will be increasing that by a percentage which is the same percentage as required under the Established Programs Financing Act for 1982-83. Will he confirm that, and will he confirm that there will be no diminution during the next fiscal year, in his estimates, of the

amount of money that is required under the existing and Established Programs Financing Act to be paid to the provinces designated for post-secondary education?

● (1425)

Hon. Gerald Regan (Secretary of State): Madam Speaker, I think the hon. member must remember that the transfer from the federal government to the provinces for post-secondary education is made up of two components, tax points made available for that purpose by specific agreement, and cash payments.

An hon. Member: Yes or no?

Mr. Regan: I am not confirming the exact figures that the hon. member may be using for one portion of that over-all payment, but I would be happy to provide those figures to him after question period, or at his convenience.

I think the important thing for the hon. member to remember, and I count on him for his support, in the improvement of post-secondary education in this country, is that we are prepared to do our part and increase our portion as we have been increasing it year by year. However, it is time for some of the provinces, such as Ontario, to stop cheating the students and universities by paying less than their share.

Some hon. Members: Hear, hear!

* * *

THE ECONOMY

REQUEST THAT GOVERNMENT STIMULATE HOUSE CONSTRUCTION INDUSTRY

Mr. Edward Broadbent (Oshawa): Madam Speaker, if I can get the attention of the Prime Minister I would draw to his attention that many suggestions have been made for stimulating the Canadian economy. So far the government has said no to them all. There is also a need for approximately 220,000 housing units this year and, according to the figures which were released in the last few days, there will be a shortfall of approximately 70,000 badly needed units. Considering that the provision of these units would not only meet housing needs but would also provide between 100,000 and 150,000 jobs in home appliances, construction and the forest industry, why does the government not move in this very sensible direction?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, there are, of course, a great many demands for government spending, one of which is housing. That is why there was an attempt to satisfy, in part, this demand through some provisions in the budget.

As the hon. member will remember, I indicated in the House a couple of days ago the many areas where, almost on a weekly basis, the government is announcing spending programs to help the various sections of the economy.

An hon. Member: How about Ontario?

Mr. Trudeau: One week it is western transportation, another week it is the forest industry in northern New Brunswick. Just a few days ago the Minister of Employment and Immigration announced a joint scheme with Ontario to keep jobs in northern Ontario. I will provide the hon. member with a list, if he wants. The government has many current programs for creating jobs. It is not sufficient for the hon. member opposite simply to stand up and say that there is a need here and a particular need there—why do we not spend more money? The answer to that, of course, is that, in the over-all reality, to spend more money we have to increase our deficit again which is already very large and therefore risk impairing the battle against inflation.

PERCENTAGE OF GROSS NATIONAL PRODUCT DEVOTED TO HOUSING

Mr. Edward Broadbent (Oshawa): Madam Speaker, I would ask the Prime Minister, considering that spending in this area does not involve money leaving Canada but involves meeting a shortfall in housing needs which would not be inflationary in that respect, and considering that the cumulative deficits of all governments in Canada, federal and provincial, make it clear that, as a percentage of our gross national product, Canada is not putting more in this sector than most other industrialized countries, at a time when we have more than a million unemployed why does the government not move very clearly in this direction? It would, as I stated, provide 100,000 to 150,000 additional jobs, and also meet the serious housing crisis.

● (1430)

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member makes the point that if we take together the provincial surpluses and deficits and the federal deficit, the percentage is not as great, but he is addressing the federal government, which has a very large deficit—something in the area of $10 billion—and to that extent we are far from attempting to balance our budget. We are injecting money into the economy at a very substantial rate, and all the various schemes I have been referring to are creating jobs.

The hon. member has a good idea: put unemployed workers to work building houses. The question is that we need a fund of capital to pay for the building of those houses. That fund of capital can come either from withdrawing capital from other worth-while projects, or from printing money, which is inflationary, or it can come from increasing the deficit, which is also inflationary. That is why, no matter how valuable the ideas put forward by many members of this House, including many on this side, if they involve massive new funding they will not in the long run create new jobs. They will create inflation. Inflation will mean that interest rates will go up and, if interest rates go up, that will be seen with opprobrium by the hon. member opposite.

TAXATION OF BANKS' PROFITS

Mr. Edward Broadbent (Oshawa): Madam Speaker, there is one sector of the economy the Prime Minister left out, and in this respect I ask him to reply with the same seriousness with which he has addressed the first two questions. Considering that the one set of institutions in this country which has benefited from high interest rates is the banks, which had record profits in 1981, would the Prime Minister tell the House why a special tax on the banks, which would bring their tax level up to what other corporations pay, is not imposed by the government in order to get the money to provide the jobs to produce houses? This precise approach would not be inflationary.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, on the particular question of high interest rates let me repeat to the hon. member what I have said, I believe, a few times before. If inflation is running at about 12 per cent, which it is now, I do not think we can realistically expect Canadians generally, or the hon. member in particular, to lend money at much less than 13 per cent or 14 per cent. That is why there is a higher interest rate than there would be if inflation were lower.

Mr. Broadbent: I am talking about bank profits.

Mr. Trudeau: I understand. That is the second point. The hon. member should let me finish the first point. I want him to understand, first, that it is not that the banks are artificially saying, "We are going to make a lot of money and we will lend money but only at 15 per cent or 16 per cent" or whatever it is.

Mr. Broadbent: Twenty-one per cent.

Mr. Trudeau: The margin between inflation and the bank rate today is no larger than it traditionally has been.

Mr. Broadbent: You are wrong.

Mr. Deans: Twenty-one per cent.

Madam Speaker: Order. The hon. member for Oshawa had a chance to ask his question. I believe he should allow the Right Hon. Prime Minister to answer it.

Mr. Trudeau: Madam Speaker, I am not talking about the particular rate of a particular bank to a particular consumer who may be a high risk, or who may be in a position where he is borrowing for purposes which do not guarantee the return. I am talking about the general bank rate. I repeat that the reason the bank rate is high is that inflation is high. That is why we believe that the way to bring interest rates down is to bring inflation down. If we can bring inflation down to 7 per cent or 8 per cent, then interest rates will fall because a great spread will not be required.

Mr. Kristiansen: Tax the banks and invest the money.

Mr. Trudeau: Just a final word on the banks. The Minister of Finance has dealt with that question before. He has indicated that over all—and I am not an apologist for the banks—

Mr. Broadbent: Oh?

Mr. Trudeau: I am trying to remember the statistics the Minister of Finance put forward. If we look at bank profits over a period of time we see that they are not now out of line with what they traditionally have been. If the banks are making very high profits, then they should pay very high income tax.

Mr. Broadbent: That is the point.

Mr. Trudeau: They are paying high income tax.

Madam Speaker: Order!

* * *

HAZARDOUS SUBSTANCES

UREA FORMALDEHYDE FOAM INSULATION—AMOUNT OF COMPENSATION PAID TO HOME OWNERS

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, my question is directed to the Minister of Consumer and Corporate Affairs. The minister will know that hon. members on all sides of this House have been receiving letters, telephone calls and complaints about the government's pitiful approach toward aid for urea formaldehyde foam insulation victims. Indeed, home owner groups in major centres across the country are holding meetings to condemn the government's woefully inadequate drop-in-the-bucket and too-late approach. In view of this negative nation-wide reaction, will the minister reconsider much more meaningful compensation to many of those whose homes are absolutely worthless?

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, I think the hon. member has a different line of information from the one I have. On the contrary, I have received a number of positive responses to the very important and significant contribution of the Canadian government toward helping the victims of this product.

As the hon. member mentioned, some people are having meetings. They are having meetings to inform home owners of the programs available and to try to get more money from the government. I do not blame them for this, but I want to point out to the hon. member that, rather than criticizing the government for what we have done so far, he should join with me in trying to convince the provinces to take their share of responsibility and to put an amount of money equal to what we have provided on the table. That amount is $110 million.

Mr. Scott (Hamilton-Wentworth): Madam Speaker, I am sure the government's program has met with the complete satisfaction of the minister's campaign manager. This is one issue he cannot slough off onto the provinces.

REQUEST THAT REMOVAL COST BE TAX DEDUCTIBLE

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, my supplementary question is directed to the Minister of Finance. Many home owners are being forced to spend thousands upon thousands of dollars to remove the foam for health reasons and at their own expense. Will the Minister of Finance at least consider as an interim measure the cost of removing the foam as income tax deductible since it was, I repeat, this government which created the UFFI mess in the first place?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, in view of the fact that this is a tax measure, of course it would have to be considered in the budgetary context.

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[*Translation*]

UREA FORMALDEHYDE FOAM INSULATION—DEGREE OF FEDERAL RESPONSIBILITY

Hon. Roch La Salle (Joliette): Madam Speaker, my question is also directed to the Minister of Consumer and Corporate Affairs.

The minister has informed us several times that he was waiting for the findings of a study to determine whether the federal government was responsible for the UFFI problem.

Since the minister has agreed to pay subsidies, perhaps he could inform us whether he agrees it is the federal government's responsibility? And since he is asking the provinces to provide assistance, to what extent is the federal government responsible?

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, these questions certainly reflect the complete ignorance or stupidity of the hon. member who is asking them.

We have always maintained that the Canadian government does not admit any legal responsibility in this matter. In view of the extent of the problems being encountered by some home owners who are sick as a result of having this product installed in their homes, we have decided, on humanitarian grounds, to take action and assist them on the basis of our responsibility for national health. That is why we have budgeted $110 million for the owners of the homes in question.

We would have liked to see the provinces do the same, expecially the province of Quebec, where it is clear that many home owners were taken in by contractors licensed by the provincial authorities to instal the foam, when the work was poorly done because of the lack of effective control by the provincial authorities.

Mr. La Salle: Madam Speaker, I'm not as stupid as some people—

The minister has told us several times that he was waiting for a board or committee report, that he had asked for an expertise to be made, and that on the basis of this report he would be able to confirm whether the government did or did not have a responsibility.

We know that the federal government approved the product. Whether it was properly installed is another matter. The fact remains that the product was approved by the Canada Mortgage and Housing Corporation. Today, the minister has agreed to pay a less than adequate part of the costs that home owners are now being forced to incur. With due respect, I simply want to ask the minister where the responsibility of the federal government lies? If he wants to wash his hands of the whole thing, let him come right out and say so.

Mr. Ouellet: Madam Speaker, if the hon. member reads the legislation we pass in Parliament, he would realize that there is such a thing as the Hazardous Products Act and under that act—

Mr. La Salle: Is the government responsible, yes or no?

Mr. Ouellet: The hon. member is getting a little upset. I may remind him that under the Harzardous Products Act, when the government declares a product to be hazardous, the manufacturers of the product have the right to appeal the decision. And that is what they did.

As the hon. member is probably aware, we set up a review board under this act, and the board is working on a report that it should be bringing in shortly.

Mr. La Salle: Are you responsible or are you not?

Mr. Ouellet: The hon. member wants to know whether we think we are responsible or not. We have always said that we were not responsible, but nevertheless, we have offered up to $5,000 per owner of a home affected by this product, irrespective of the fact whether the government is responsible or not. I think the government is already doing quite a bit for these people.

* * *

● (1440)

[*English*]

AUTOMOTIVE INDUSTRY

PROGRAMS TO AID LAID-OFF WORKERS IN NIAGARA PENINSULA

Mr. Gilbert Parent (Welland): Madam Speaker, my question is directed to the Minister of Employment and Immigration and it follows on an answer which he gave yesterday with regard to the job-creation program. In Ontario there are approximately six out of ten jobs which are related to the automotive industry. In addition to the programs which are already under way, could the minister tell us if there are any

programs specifically to alleviate the position of automotive workers in the Niagara Peninsula?

An hon. Member: That is a good question!

Some hon. Members: Oh, oh!

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I am awfully glad that the hon. member did not send me a letter.

Let me point out that in the Niagara Peninsula there are several programs which are helpful to laid-off workers. Perhaps the most important one is the announcement which was made just a few weeks ago by the Minister of Industry, Trade and Commerce concerning the designation of the auto parts industry for assistance under the ILAP program. That program provides an extensive number of investment credits to those communities that are hard hit, as well as outlines a number of labour adjustment measures we are prepared to apply in that area.

In addition, the hon. member will perhaps have noted that we have spent close to $3 million of job-creation funds in the Niagara Peninsula over the past year, and that we have added substantial dollars to those communities that are hard hit by the lay-off situation. We will try to provide as much service as we can, and we hope to stay in close contact with the hon. member so that he can help his constituents.

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MEDICAL CARE

REQUEST MINISTER WITHHOLD FUNDS FROM PROVINCES DEVIATING FROM NATIONAL STANDARDS

Mr. Bill Blaikie (Winnipeg-Birds Hill): Madam Speaker, my question is for the Minister of National Health and Welfare. The minister knows that medicare is in trouble. Last week she claimed to be looking for allies to save it. I hope that she has more luck in her own caucus when it comes to saving medicare than she seems to be having when it comes to saving the Canadian economy.

The minister has often lamented that she is in an all or nothing position—having either to tolerate the erosion of medicare or to withdraw federal funding altogether, a move which might have risky consequences.

Would the minister consider amending the appropriate legislation, to provide for a graduated withholding of federal funds from delinquent provinces according to the degree in which they deviated from national standards, as recommended by the Parliamentary Task Force on Federal-Provincial Fiscal Arrangements?

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): Yes, Madam Speaker, the work of the Breau committee was particularly interesting. My department has examined its report and has taken it into account when preparing the document which will be submitted to my provincial counterparts, as I had promised at our very first meeting, to clarify the present financing of medicare. I am afraid that the hon. member did not understand my reply last week as to whether I can or refuse to do anything at present. Fiscal arrangements for medicare mention five basic conditions, including universality or accessibility to everyone, but we now have to clarify these conditions in the next five-year agreement so as to strengthen medicare.

[*English*]

TASK FORCE RECOMMENDATION

Mr. Bill Blaikie (Winnipeg-Birds Hill): Madam Speaker, the minister has not answered my question. I asked her whether in the upcoming fiscal arrangements she would consider a mechanism for the graduated withholding of federal funding, so that she would not be in the position that it seems to me she often hides behind, that is to say, that she must either withdraw all the money or do nothing about medicare. What is her position on the suggestion of the task force that there be a mechanism for graduated withholding? That is the question to which I want an answer.

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): The hon. member has just inquired about my position on the Breau report recommendations. As I have just told him, we have read this report with interest and it contains some excellent suggestions. What the hon. member has just mentioned is one of the recommendations which we are now considering in preparing the document that will be submitted to the provinces.

* * *

[*English*]

THE ECONOMY

REQUEST FOR LOWERING OF INTEREST RATES TO STIMULATE EXPORTS

Hon. George Hees (Northumberland): Madam Speaker, I have a question for the Prime Minister. As the fall of the Canadian dollar from par with the United States dollar to 92.5 cents American in 1962 was the beginning of ten years of great prosperity and high employment, because exports were stimulated in a great many products that we had been buying from outside that began to be produced in Canada, I ask the Prime Minister if he would seriously, very seriously, consider doing two things, for the good of the country? The first is to lower interest rates to an acceptable level; and second, to use the resultant drop in the value of the Canadian dollar to stimulate the Canadian economy in the same very effective manner that has been done in the past. If he would like it, I would be very glad to explain to him later just exactly how that was done, in the hope that it might be repeated now.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member is correct to a degree when he refers to the fall in the dollar in the early 1960s having been the cause of the surge in our export successes. I think he is perhaps overly modest when he neglects to mention another factor which had a say in that success: it was that the hon. member was then the minister responsible for trade and exports.

I certainly am prepared to take advice from an expert, Madam Speaker. I just want to point out to him that the current situation has produced somewhat the same result. As he knows, the fall in the Canadian dollar has resulted in one of our largest trade surpluses last year. That, I would think, is explicable by the same two factors. We have a lower dollar which encourages exports, and we have a very good trade minister. In so far as how we could use those advantages now and in the future is concerned, I am certainly anxious to entertain any suggestions from the hon. member on how we could improve the situation.

I must briefly point out, Madam Speaker, that I doubt whether deliberately devaluing the Canadian dollar further would have the added advantages that he suggests. The Canadian dollar is devalued now compared to the American. I think the incentive for export is there, and I think we would all welcome am even greater success in the export field than we registered last year under the present minister of commerce. I am sure he and I would be very anxious to entertain suggestions from the hon. member.

* * *

● (1450)

SMALL BUSINESS

TAXATION OF EMPLOYEE ALLOWANCES FOR AUTOMOBILES

Hon. Ron Huntington (Capilano): Madam Speaker, my question is directed to the Minister of State for Small Businesses and Tourism. From coast to coast across the land there are legions of employees who have had their paycheques attacked by the November 12 budget levy increase of 250 per cent on the standby allowance for personal use of cars. Could the minister tell us what he has done to have this threshold returned to a more realistic level which can be managed within the practical limits of business without increasing the paper burden upon the Canadian community?

[*Translation*]

Hon. Charles Lapointe (Minister of State (Small Businesses and Tourism)): Madam Speaker, as members of the opposition usually do, the hon. member is singling out a specific proposal in the November 12 budget to indicate that millions of Canadians have suffered a cut in their paycheques because of the tax on company cars. The hon. member should go further and consider the impact, for instance, of the lower marginal tax rate on the paycheques of every Canadian. He would then realize that most paycheques were higher in January than at the end of 1981.

[*English*]

EFFECT OF BUDGET PROVISION

Hon. Ron Huntington (Capilano): Madam Speaker, the minister totally fails to realize that what was a pre-budget deduction of $90 is now a post-budget deduction of $225, and that this can only be covered by increasing and grossing up the income of these employees, which will put them into higher taxation brackets. Thus, what he says is not completely true. What has happened to the minister's attack on paper burden? Would the minister not agree that this item alone in the November 12 budget wipes out five years of magnificent effort on the part of the paper burden committee of his department?

[*Translation*]

Hon. Charles Lapointe (Minister of State (Small Businesses and Tourism)): Madam Speaker, if the hon. member is suggesting that I do not understand what impact the increases proposed in the last budget are having and that they are putting taxpayers in higher tax brackets, it is because he does not understand himself the impact of a lower marginal tax rate. As for a decrease in the paper burden, I share the concern of the hon. member, and with what is left of my staff in the Small Businesses secretariat, I continue to monitor any increase or decrease in the government paper burden, to examine the forms issued by other departments and even, in some cases, to have some of them eliminated or simplified.

* * *

[*English*]

COMMUNICATIONS

GOVERNMENT POLICY ON DOMESTIC SATELLITES

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, my question is directed to the Minister of Communications. The Reagan administration indicated that it approves of the decision made by the FCC in October to allow Canadian and American domestic satellites to be used for transporter communications. Also it indicated that all it is awaiting is the Government of Canada to make up its mind. What is the government's policy?

Hon. Francis Fox (Minister of Communications): Madam Speaker, the Reagan administration, through the department of the Secretary of State, informed us on January 8 of this year, a few weeks ago, of the decision of the FCC. Of course we have been aware of the decision of the FCC through published reports in the press. If there will be transporter use of satellite facilities, we want to ensure that these facilities are used by Canadian telecommunication carriers that will be assured, as a result of negotiations with the Americans, that they obtain a fair share of the traffic on those facilities and a fair share of the revenues resulting therefrom.

REQUEST FOR EARLY DECISION

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, is the minister anticipating that the government will be able to reach an agreement with the United States government which would allow the two governments to go jointly before Intelsat at its meeting this fall? That would require a decision being made by early summer.

Hon. Francis Fox (Minister of Communications): Madam Speaker, I point out to the hon. member that there already is an excellent system of telecommunications between Canada and the United States which meets the needs and requirements of the users and was negotiated basically by the private sector on both sides of the border, that is, the telephone companies themselves. The ideal situation is that telecommunication carriers will be able to come to terms with their counterparts in the United States. We prefer as an initial step that an agreement be reached at this level instead of having the government intervene.

* * *

[*Translation*]

FINANCE

ADVANTAGES FOR QUEBEC RELATED TO NEW FISCAL TRANSFERS

Mr. Jean-Guy Dubois (Lotbinière): Madam Speaker, my question is directed to the Minister of State for Finance. Recently, especially since the last federal-provincial conference, it seems that the Quebec government has been saying that it will lose $675 million on fiscal transfers. Perhaps the minister could inform us whether these figures are accurate and if not, what the real situation is with respect to fiscal transfers to the province of Quebec, and also whether it is true, and I think it is, that the province will benefit from the new fiscal transfers under the five-year plan ending in 1986?

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, very briefly, I should like to point out to the hon. member that when Premier Lévesque was adding up his figures, he forgot a major component of federal participation in financing established programs, namely, tax point transfers. I may add that if the hon. member compares the five-year period that has just ended with the next five years, he will see that Quebec will be receiving $13.5 billion more in terms of equalization payments and financing of established programs. With $13.5 billion over five years, the province of Quebec will be doing very nicely.

[*English*]

THE ADMINISTRATION

CONFIDENTIAL CABINET DOCUMENTS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is directed to the Minister of National Health and Welfare. Has the minister shown or discussed the contents of any confidential cabinet documents with any members of the Liberal caucus who are not sworn of the Privy Council?

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): No, certainly not, Madam Speaker.

[*English*]

Mr. Clark: I thank the minister for putting that on the public record, where it will stand.

INQUIRY RESPECTING NEW JOB-CREATION PROGRAM

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my supplementary question is directed to the Minister of Finance. Can he confirm or deny information which has been circulated by his Quebec colleagues that the government is considering a new job-creation program which was not announced, contained, or provided for in his budget?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, as I stated in my speech in Toronto a couple of weeks ago, and as I stated in the House, the government is prepared to consider targeted and innovative projects which are intended to produce growth and investment. That is the extent to which I will go at the present time.

INFORMATION CIRCULATED BY QUEBEC MEMBERS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, the minister either deliberately or accidentally missed the specific point of the question. He will know there has been information circulated by his Quebec colleagues that a specific program relating to job creation is under consideration by his ministry now. Will he confirm or deny that information?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I do not know what the hon. member means by a specific program. If he uses the word in its proper sense, the answer is no.

Some hon. Members: Oh, oh!

Oral Questions

IMMIGRATION

SECURITY CERTIFICATE BANNING REFUGEE FROM EL SALVADOR

Mr. Dan Heap (Spadina): Madam Speaker, my question is directed to the Minister of Employment and Immigration. As the minister knows, he has found Victor Manuel Regalado Brito to be a refugee from El Salvador according to the Geneva Convention on Protection of Refugees, but in fact the minister and the Solicitor General previously issued a security certificate prohibiting Mr. Regalado from staying in Canada on the basis of accusations and evidence withheld from Mr. Regalado. Since this may be the first use of a security certificate based upon secret evidence to bar a refugee from Canada, will the minister consider either withdrawing the certificate or releasing the evidence on which it rests?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, the use of a Section 39 certificate is a very serious and very important matter which is not undertaken lightly. It is based upon evidence supplied to myself and to the Solicitor General concerning the activities of individuals which are detrimental to the security and best interests of this country. We have only used that certificate in very rare occurrences over the past several years. We must, in these circumstances, obviously protect the source of that information as it is really essential to the security of the country.

As I have indicated in the case of Mr. Regalado, he also undertook application as a refugee and he has been found as such. I have indicated to him—and I will be writing to the people who are advocating his case—that in the circumstances we will give him some time to find an alternative refuge or haven in a third country, so that he will not be required to return to El Salvador. But we feel that it is not in the best interests of the country that he stay in Canada, and I think we would want to maintain that decision in the best interests of all Canadians.

● (1500)

POSSIBILITY OF LEGAL PROCEEDINGS

Mr. Dan Heap (Spadina): Madam Speaker, this might be a new type of case. There may be legal questions to be resolved and, as the minister has said, we are under an obligation not to deport Mr. Regalado to a country where his life would be in danger, or to another country that would send him back to El Salvador. Therefore, is the minister willing to give Mr. Regalado time before being sent away to pursue any legal remedies that be open to him through the courts?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I have just told the hon. member that because of the circumstances of this case we have indicated that we would not send Mr. Regalado back to El Salvador, or even to the United States, which has a policy of not accepting refugees from that country and of sending them back. We have indicated that we would give him third country access and Mr. Regalado would have the opportunity to secure an alternative place to go, and that we would delay the impending deportation order to accomplish this.

I should point out that, to the best of my information, the hearing on the deportation was not to be held until today, but because of the application of the Section 39 certificate it is virtually an automatic decision. However, we have indicated to Mr. Regalado, through his lawyers and others, that he will have that opportunity, and I think, under the circumstances, and considering Mr. Regalado's behaviour is not in the best interests of this country, that we are being very fair to him in this situation.

ROUTINE PROCEEDINGS

[*English*]

PETITIONS

MR. BOSLEY—DEMAND FOR WITHDRAWAL OF BUDGET

Mr. John Bosley (Don Valley West): Madam Speaker, it is my duty and privilege to present a petition on behalf of hundreds of my constituents and others. The purpose of the petition is to persuade the government that the budget is regressive and will lead to total economic disaster. The nature of the petition, signed by 1,268 taxpayers, is to demand that the budget be completely withdrawn and that a new Minister of Finance be appointed. The petitioners hope in your examination of this petition that you will find the petition in order, sense the urgency of their plea and allow its reading in the House.

[*Translation*]

MRS. KILLENS—HOME DELIVERY POSTAL SERVICE IN SAINT-MICHEL

Mrs. Thérèse Killens (Saint-Michel): Madam Speaker, I have the honour of presenting a petition on behalf of some of my constituents. That petition is signed by 228 citizens of the riding of Saint-Michel and calls to the attention of the government their lack of postal service. The signatories are asking the government to take whatever steps are necessary to give them the home delivery service they are entitled to. The petitioners trust that you will deem their petition receivable, Madam Speaker, and that you will recognize the urgent and desperate nature of their request.

[*English*]

MR. McKINNON—RADIATION EXPERIMENTS ON DOGS

Hon. Allan B. McKinnon (Victoria): Madam Speaker, I have the duty and responsibility to present a petition on behalf of the citizens of Canada. The petition contains 4,518 signatures, names and addresses of Canadians who are opposed to

the radiation experiments on dogs currently planned by the Department of National Defence.

Mr. WILSON—SOVIET UNION—UKRAINIAN PRISONERS OF CONSCIENCE

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, I have the great honour to present a petition on behalf of 10,871 Canadians from coast to coast who are concerned about the very serious condition of seven Ukrainian prisoners of conscience who are now in prison in the Soviet Union.

This petition calls on the government to use every effort and every means at its disposal to persuade the Soviet government to free these seven people and return them to a normal life in the Ukraine.

* * *

[*Translation*]

AN ACT TO AMEND THE STATUTE LAW RELATING TO CERTAIN TAXES AND TO PROVIDE OTHER AUTHORITY FOR THE RAISING OF FUNDS

MEASURE TO AMEND

On the Order: Introduction of Bills.

February 5, 1982—The Minister of State (Finance)—Bill intituled: "An Act to amend the statute law relating to certain taxes and to provide other authority for the raising of funds".

Madam Speaker: Does the House give the hon. minister leave to introduce the bill?

[*English*]

Hon. Erik Nielsen (Yukon): Madam Speaker, I gave you notice yesterday, as you will recall, that I would raise a point of order respecting the bill for which ways and means motions had just been passed at that point.

I rise now before the Chair is even seized with the bill by reason of the existence of a previous ruling by Mr. Speaker Lamoureux which indicated, on a point of order very similar to the one that I intend to raise, that the proper time for raising the point was not at second reading but at first reading.

It is very difficult for the Chair to follow my point of order unless the Chair is seized with the bill. Mr. Speaker Lamoureux's ruling is capable of two interpretations, the first being that it would be more appropriate to raise the point after first reading and before second reading. The other interpretation is that Mr. Speaker Lamoureux meant the point must be raised at first reading, which is exactly the point we are at now.

I would suggest, in order that the Chair is seized with the bill and can follow a rather complex but important argument in terms of the future consideration of legislation by the House, that the bill be seized by the Chair, and if it is necessary to go to first reading for that purpose, then we will do that. If necessary, we could go to first reading for that purpose, subject to the caveat that when the Chair is seized

with the bill and when I explain my point of order, should the decision be reached that it should have been raised prior to first reading, then the argument will be applicable at that point in time.

Madam Speaker: We can accept that suggestion if the House agrees. I am aware of some rulings even of Mr. Speaker Jerome where he did say that certain points of order would have been better heard at first reading rather than at second reading. However, it all depends on what the point of order is. I cannot judge at this point whether I should hear it now or later. I expect the House would agree that the point of order be raised. At any rate, the hon. member can get up at any time and raise a point of order. I believe the hon. member is suggesting that we go to first reading and then he would submit a point of order. Is that my understanding of what the hon. member has just said?

Mr. Nielsen: Yes, that is correct, Madam Speaker, subject to the understanding—and undoubtedly the Chair would want to take the point that I raised under consideration before ruling—that the Chair accepts the submission of the point of order as though it had been made prior to actual first reading.

I might for the sake of the record read *Journals* for January 26, 1971. On page 285 the Speaker on that occasion was referring to a similar argument, and said:

When those bills came before the House for first reading I entered a caveat about them and gave hon. members an opportunity of expressing their views.

At any rate, some of these bills were refused by the Chair. I think it is trite to suggest that the Chair enter that caveat that I suggest here in this particular instance.

[*Translation*]

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, whether we agree or not, you have the discretion to decide either way, and if my learned friend feels that he must raise his point of order now in view of a previous ruling of Mr. Speaker Lamoureux, he should do so. We cannot anticipate what his point of order is going to be, and so our consent is irrelevant. If he feels he has a good case, he should argue it now, and if he does not, we should proceed with other business.

Madam Speaker: I think the hon. member is referring to a ruling by one of my predecessors, which could not be made until the Chair had read the bill in question. I assume that the point of order to be raised by the hon. member for Yukon (Mr. Nielsen) would require me to read the bill first. Obviously, at this stage it is impossible for me to have read the bill. However, as I said earlier, it all depends on the point of order he intends to raise. I cannot in advance say yes, I give you permission to raise a point of order if it is inappropriate. But if I have to read the bill, I can understand why he is entering this caveat on the approval of the bill at first reading.

Point of Order—Mr. Nielsen

AN ACT TO AMEND THE STATUTE LAW RELATING TO CERTAIN TAXES AND TO PROVIDE OTHER AUTHORITY FOR THE RAISING OF FUNDS

MEASURE TO AMEND

Hon. Pierre Bussières (Minister of State (Finance)) moved for leave to introduce Bill C-93, to amend the Statute Law relating to certain taxes and to provide other authorities for the raising of funds.

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

● (1510)

[*English*]

Mr. Nielsen: Madam Speaker, it would be helpful if the Chair were to be provided with a copy of the bill as I go through my submission.

The title of the bill is "An act to amend the statute law relating to certain taxes and to provide other authority for the raising of funds". Having looked at the bill, Madam Speaker, I would submit it is offensive to the rights of the House. Further, I believe the groundwork is being steadily laid for the removal, without the permission of the House and without any rule changes, of substantial House debating rights. We regard these developments with the greatest of alarm and look to the Chair for protection of our long established rights in this connection.

The bill, Madam Speaker, actually contains three separate legislative proposals. If the Chair will refer to the bill, Part I is the borrowing authority 1982-83. There are two additional parts to the bill. Part II consists of amendments to the Excise Tax Act, and Part III is the Petroleum and Gas Revenue Tax Act, which is really an amendment to Bill C-57 of this session, an act to amend the Excise Tax Act and the Excise Act to provide for a revenue tax in respect of petroleum and gas.

As much as I might wish that the House have the opportunity to discuss three separate bills, I do not wish to argue that Parts II and III, both relating to the Excise Tax Act, could not be considered in one bill. I do contend very strongly, however, that the lumping in of the borrowing bill which is not, like the other two, a Ways and Means bill, is a very substantial invasion of our rights and removes opportunities for debate and consideration that were formerly open to us.

I do not wish to be unreasonable in my argument, and I will not argue that a Ways and Means motion can never be combined in a bill with other types of legislative enactments related consequentially to it. However, in this case the linkage between the parts is extremely slight, and the ability of some draftsmen to write a long title which seems to emphasize vague similarities between the parts cannot, in my submission, be allowed to over-rule every other procedural consideration.

I hope you will note in passing, Madam Speaker, that the long title of this bill does not even refer to the excise tax, and a similar title in future could be used to include every single bill arising from a budget. In fact, I believe a marked contraction of debating opportunities through the use of omnibus bills is a specific part of this government's legislative strategy and I have direct evidence of this, which I will come to.

The budget, Madam Speaker, generally produces a series of budget bills which have been subject to some consolidation. The Income Tax Act amendments and the income tax application rules amendments arise from separate ways and means motions and no one objects to a combined bill. The Excise Act and Excise Tax Act are combined along with taxes essentially of an excise tax nature. There is nothing wrong with that. The Customs Tariff Act amendments have generally stood alone. It sometimes happens that a tax bill includes consequential amendments to other statutes, and I will come to that.

The important point is that even with these acceptable consolidations we have always had three set budget bills, to which a fourth has now been added. We can debate the Income Tax Act, the Excise Tax Act, the Excise Act and the Customs Tariff bill. The fourth has been the borrowing bill which, in these days of deficit financing, has given the House the opportunity to focus on the government's borrowing policy as a critical element of the government's economic policies.

I want to note briefly the evolution of the borrowing bill as a separate item of legislation. As members know, it was traditionally part of a supply bill but in 1975 the Speaker accepted objections to the borrowing clause being inserted in the supply bill because that bill could no longer be debated. By agreement in subsequent years the clause was left in the supply bill with the proviso that a day's debate be allowed in Committee of the Whole to enable the borrowing clause to be debated. This was done in the 1976-77 session and in 1977-78, although in one case, the 1977-78 session, the borrowing clause was made into a part of the income tax bill, C-11. It should be noted that this slipped through without any comment, but it is a very doubtful precedent because the practice was not confirmed by a ruling, was not accepted as a definite precedent in your ruling, Madam Speaker, of January 19, 1981, and, most important, has been superseded by the practice subsequently adopted in the last three administrations.

For the session 1978-79, there was a separate borrowing authority bill, Bill C-7. In 1979, there was a separate borrowing authority bill, Bill C-10. So far this session there have been two borrowing authority bills, C-30 and C-59. However significant some members opposite might feel the income tax bill, C-22, from five years ago to be, I hope Madam Speaker will keep in mind there are four times as many precedents for a separate bill.

In each of these four cases in which a separate borrowing bill was introduced, the bill was not dealt with in the Committee of the Whole but was referred to the Standing Committee on Finance, Trade and Economic Affairs. This has enabled us to call witnesses and hear evidence respecting government debt financing policies. If we combine the borrowing bill with the excise bill, we will lose either the right to discuss borrowing in the standing committee, or the right to deal with excise taxes in the Committee of the Whole. I contend that it is an abuse of

procedure to combine bills in such a way as to give the House an either/or choice between two established rights.

I would like to turn to the question of combining Ways and Means bills with bills introduced in the normal way. Although this can cause difficulties in deciding on the type of committee treatment the bill receives, there can be no reasonable objection to the practice if the one part is consequentially linked to the other. It would clearly be a waste of time to go through the entire legislative process for a second bill if the principle and details it contains have been specifically dealt with in the main legislation.

● (1520)

I believe this view is founded on the same principles as those implicit in your ruling of last January 19. After ruling that the borrowing aspects of Bill C-54 had to be struck from the bill because of inadequate notice, Your Honour said:

> I should make clear to members that I have no quarrel with the practice of combining in the same bill taxation matters based on Ways and Means motions with other matters, provided that the provisions of Standing Order 42(1) are fulfilled and notice properly given. Precedents to that effect can be found at page 42 of the *Journals* for October 20, 1978, relating to Bill C-10, and page 114 of the *Journals* for 1976 relating to Bill C-22.

Madam Speaker, this comment was made in reply to some of the arguments raised concerning Bill C-54, and did not say that Bill C-54 was acceptable in every fashion except the question of notice. It said that it was not an acceptable argument to say that Ways and Means bills could never be combined with others. In fact, I have examined both the bills cited by Your Honour on January 11, and I believe that the nature of the bills supports my contention that consequential combinations are natural and acceptable, but that it does not follow that any combination is acceptable no matter what the diversity of objective or the difference in traditional treatment.

Bill C-10 of the 1978-79 session introduced the child tax credit. Part I, consisting of amendments to the Income Tax Act, set out in detail the provisions of the new child tax credit. Part II, an amendment to the Family Allowances Act, made provisions for amounts to be paid under the act during 1979. It was a purely transitional amendment and it would have been absurd to put it in a separate bill.

The other example cited by Your Honour was Bill C-22 of the 1976-77 session. The main part of the bill was an amendment to the Income Tax Act. It ran to 77 clauses. The income tax application rules took in a further seven clauses. A third section, Part III, was titled "Other Acts and Consequential Amendments" and consisted of three clauses relating to the Public Utilities Income Tax Transfer Act. The schedule contained other acts consequentially affected.

These reasonable instances of a combination of Ways and Means bills with consequential amendments to other statutes cannot be taken, in my submission, to support the proposition that any one of the traditional tax bills, derived exclusively from Ways and Means motions, as they are supposed to be, can be combined with any other type of government legislation. This must lead to a confusion of debate, a curtailment of long-established rights and an elimination of opportunities given under the rules of hearings in standing committees.

As an opposition we are frequently told that if we want new opportunities to argue or amend, we will have to work to change the rules. I think of petitions and motions under Standing Order 43, for example. The same must apply to the government. If our rights are to be encroached upon in the name of streamlining Parliament, it must be after the adoption by the House of new rules, not by a steady rolling back of the right of debate and inquiry without the slightest recourse to precedent, practice or custom.

What we have here is a continuation of the government's practice of surreptitiously closing off and guillotining debate, not through the open invocation of Standing Order 75 or pure closure, but by means of a constant testing of the House and of the Chair with new legislative combinations. If one step works, then the government goes a little further the next time. We are moving with slow and steady stealth in a direction the government dares not openly avow or openly pursue.

The House knows that the problem of omnibus bills has arisen before. Thus far, Speakers have expressed doubts but have been reluctant to say that the point of confrontation has been reached. In 1971, on January 26, at page 285 of the *Journals*, Speaker Lamoureux said:

> However, where do we stop? Where is the point of no return? The hon. member for Winnipeg North Centre, and I believe the hon. member for Edmonton West, said that we might reach the point where we would have only one bill, a bill at the start of the session for the improvement of the quality of life in Canada which would include every single proposed piece of legislation for the session. That would be an omnibus bill with a capital "O" and a capital "B". But would it be acceptable legislation? There must be a point where we go beyond what is acceptable from a strictly parliamentary standpoint.

A moment afterwards, in that same ruling, Speaker Lamoureux said:

> At the same point it is much easier for the government to go back to the legislative mill to where bills are prepared, to the judicial luminaries of the Department of Justice for the consideration of Parliament. If I may say so, I think that even those very learned gentlemen should take into account that this is an aspect of a matter that is of interest to all hon. members, of interest I am sure to the government, and certainly of interest to the Chair, namely that there must be a point where an omnibus bill becomes more than an omnibus bill and is not acceptable from a procedural standpoint.

Where do we stop, Madam Speaker? I suggest that the time to stop is now. In this instance, we have the potential loss of a major economic debate, simply through the casual combination of two measures. We have a long title which could easily encompass every budget bill that is ever put forward; one big bill instead of three or four.

Hon. members might be tempted to think that too much is being made of this point. I would like to close my remarks on this point of order by citing a remark from the debate on the point of order on Bill C-54 last January. I always take the government House leader at his word, and I have no doubt of his sincerity on that occasion. On January 16, 1981, as reported at page 6281 of *Hansard*, he said:

> —I believe that, in practice, the members of the House are far from being penalized by this procedure. First of all, they were given reasonable notice, second, they will have time to debate this matter, and third, which should please

everyone, this will avoid the need for the House to consider separate bills which can be dealt with together, which is not irregular or abnormal and which could perhaps become a more usual practice in the future for combining related provisions.

The House is here for the exact purpose of considering separate legislative items through a process of three readings. The government would have us look more and more at unholy and illogical combinations to enable it to exercise more control over hon. members' right of debate, amendment and committee consideration. We will resist this planned elimination of hard-won rights with all of our strength. We appeal to the Chair for an exercise of your authority, Madam Speaker, on behalf of those rights, and on behalf of all hon. members who collectively possess those rights.

Some hon. Members: Hear, hear!

[*Translation*]

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, there is nothing new in the point raised by the hon. member for Yukon (Mr. Nielsen). I think that each time an omnibus bill has been introduced by the government in this House, a member of the opposition has raised a point of order to complain about this practice and to try to do away with a custom, a practice and a right which are well-established and well-recognized.

The same grounds are consistently put forth, whether to the effect that this infringes on the rights of hon. members to discuss separate bills or that certain members would prefer considering a bill in a standing committee of the House rather than in Committee of the Whole, and the opinions expressed in this regard vary according to those who argue these points of order. Some of the members maintain that a more comprehensive examination is possible in Committee of the Whole because each clause is analysed on the floor of the House and the members have every opportunity to discuss not just the various parts of the bill, but also all of the clauses successively. In any case, as the government House leader, I have no alternative, Madam Speaker, but to refer to this well-established practice which I mentioned a few moments ago and with which you are certainly quite familiar. If I may, I will simply identify various well-known bills of the past 25 years which included different provisions and constituted omnibus bills and which were accepted as valid by the Speaker of the House after they had been discussed under points of order.

The House will recall the National Defence Act of 1953, the Criminal Code amendments of 1968-69, the Government Organization Bill of 1970-71, the Western Grain Stabilization Act of 1971, the Crimes of Violence Bill of 1976 and the Arms Control Bill of 1977, to mention just a few. Your predecessors, Madam Speaker, namely, Mr. Speaker Jerome and Mr. Speaker Lamoureux, were asked to consider the arguments raised by members of the opposition and they studied the matter in depth and recognized in each instance that until a formal parliamentary reform has been completed, they had their hands tied by what must bind this institution, namely, the Standing Orders, parliamentary practice and precedents. In this case, I respectfully submit that my learned colleague has put forth absolutely no new argument that could justify a reversal of this very stringent jurisprudence, this well-established practice, to force the government to break up legislation, supposedly to allow the opposition to debate certain bills separately and make a more detailed study of such bills. I submit that this is not a valid point anyway, because for the detailed discussion of either an omnibus or a separate bill, opposition members under the Standing Orders are under no time limit unless the government requests clause by clause discussion in Committee of the Whole. Therefore, Madam Speaker, the legislation that has just been introduced includes an aspect allowing the government to borrow certain sums of money and other measures to levy imposts or taxes. The connection between the three measures is that they are all tax measures, which justifies their being linked and combined together. With that obvious connection it seems to me that there is no basis either in our Standing Orders, practices or precedents, for the hon. member opposite to suggest that this legislation or any future one should be divided, because everyone knows that a bill will be introduced shortly on energy security, and I wonder if the aim is not to prepare the ground for fighting that other legislation dealing with energy measures. I can refer to it because there has been a draft bill published on the issue. If they want to raise this point anew, they will be true to norm, Madam Speaker, they will be consistent with themselves, because to my knowledge, it very seldom happens that an omnibus bill is not met by points of order. But this will not improve their case as long as there is no proper change in our rules.

Madam Speaker, I mentioned earlier Mr. Speaker Lamoureux and Mr. Speaker Jerome. I would like to refer you to an omnibus bill on which Mr. Speaker Jerome had to analyse a similar point of order and he based his decision on a previous one by Mr. Speaker Lamoureux. This means that with one quote I can bring the views of both Speakers and spare you a list or accumulation of the numerous precedents in which those Speakers were involved and where they favoured the government's view. But first let me respond to the point of fact raised by my learned colleague from Yukon, who argued in particular that if you do not separate this legislation we would be penalized and would not be able to go before the Standing Committee of this House on the borrowing authority aspect, since the other provisions implied the levy of taxes and would therefore be studied in Committee of the Whole.

That argument cannot stand, Madam Speaker, for the mere reason that since 1953 the borrowing authority bill has always included a clause dealing with income tax and in the last 25 years, this bill has never been deferred to a standing committee of the House. Such an argument is not justified because indeed what is called the borrowing authority bill or the legislation

authorizing the government to borrow a certain sum has always included a note or a clause dealing with income tax making it necessary to deal with it in Committee of the Whole and consequently this practice is not something new since it has existed for well over 25 years and there is no more substance in this argument than in the others. Mr. Speaker Lamoureux' quotation is taken from the *House of Commons Debates* of May 11, 1977, on page 5,522. It is interesting to note that the bill about which a point of order was raised was an omnibus bill entitled:

● (1530)

[*English*]

Bill C-51, an act to amend the Criminal Code, the Customs Tariff, the Parole Act, the Penitentiary Act and the Prisons and Reformatories Act.

It was asked at that time that the bill be divided because it was an omnibus bill. Here is what Speaker Jerome said about that bill, referring to Speaker Lamoureux. The Speaker noted that "the same situation has arisen several times in the past with all the same arguments having been made". He referred to two rulings by his predecessor, the Hon. Lucien Lamoureux, one on January 26, 1971, having to do with the government reorganization bill, and the second on January 23, 1969, which dealt again with an omnibus bill relating to the Criminal Code. These rulings were discussed earlier; I mentioned them.

Referring to the decision of former Speaker Lamoureux, Mr. Jerome stated:

His decision is crystal clear, and there can be no doubt that a motion containing two or more substantive provisions is quite distinct from a procedural motion or a motion which is generally described as having only the effect of dealing with the progress of a bill. The practice in respect of substantive motions has never been extended to those motions which relate to the progress of a bill. The use of the omnibus amending bill is well enshrined in our practices, and I really can find no reason to set aside my predecessor's very clear and sound reasoning, or the practice. Nor can I find any authority which would support an order of the Chair at this second reading stage that the bill be divided.

I should emphasize as well that the remedy sought by the hon. member is not to divide the bill according to the separate statutes to be amended but by subject matter.

He then goes into the specifics of the matter raised at that time. I think, Madam Speaker, that you had those precedents and that parliamentary practice in mind the last time you had to rule on a bill which this government attempted to introduce in the House of Commons, which included borrowing authority for the government plus certain taxation bills and which you did not accept at that time for procedural reasons. At the time you said that the government ought to have given a different notice for the borrowing authority aspect of the bill. I remember that very well. We had to divide the bill for the specific reason of default of notice.

● (1540)

I am sure once again, Madam Speaker, that you had all the practice clearly in mind when you stated in *Hansard* on January 19, 1981, as reported at page 6319:

I should make clear to members that I have no quarrel with the practice of combining in the same bill taxation matters based on Ways and Means motions with other matters, provided that the provisions of Standing Order 42(1) are fulfilled and notice properly given. Precedents to that effect can be found at page 42—

End of quotation.

[*Translation*]

Madam Speaker, when you stated that at this same time last year you had no misgiving and that you wanted it to be quite clear to members on both sides of the House that you saw no difficulty whatsoever in authorizing the introduction of income tax measures within a bill dealing with any other matter, hence within a bill providing authority to borrow certain sums, in my opinion, there is no doubt that you were quite aware of that parliamentary practice and I entirely agree with you for the sake of consistency and coherence in rulings as well as in the development of parliamentary practice, and I feel that it would be quite strange, not to say shocking, that we should break away from that well-established practice. It would be inconsistent with any rule, practice and precedent. Once again, I listened closely to what the hon. member for Yukon was saying, but there were no new facts, no new arguments concerning similar points of order raised in the past which would allow you to depart from a principle which you explicitly stated on January 19, 1981, and consequently from such a compelling and obvious parliamentary practice.

I am not sure, but I think at one point I heard the hon. member for Yukon refer to the parliamentary practice in use in the United Kingdom. If he did not refer to it, I will. The practice followed in the United Kingdom is very likely to support what we are doing here, because over there only one bill combining all budget measures is introduced, and it is a time-honoured tradition which is also supportive of what we are doing, if my hon. colleague wants to base his argument on the practice in Westminster. In conclusion, Madam Speaker, the legal aspect of the matter having been discussed, debated and presented in a way which I feel is quite clear, based on precedents, and the facts mentioned by the hon. member being quite simple, I should like to add this in support of my views: there is a justification for this practice which the government does not abuse, although it could, and therefore it is not contrary to our own Standing Orders and parliamentary practice. The fact is that we are now in 1982 and the number of bills is increasing day after day, week after week, month after month, and I suggest that when we can reasonably combine a number of measures deriving from the same principle, dealing with the same issue, in doing so we are not in any way limiting the freedom of expression of hon. members, because this bill, I repeat, will go through all three stages: second reading where the principle of the bill will be examined; then, clause by clause consideration of the bill in committee, as provided under our Standing Orders, where all hon. members will be able to express their views; and, finally, third reading, where an amendment may be moved for a further reference of the subject matter of the bill to the committee. Those are so many

opportunities under our Standing Orders where hon. members may fully express their views concerning a legislative measure.

Now, it is recognized that when a debate has been going on for too long, the government has a political decision to make by setting a limit to the duration of the debate pursuant to SO 75A, 75B or 75C, as it has been compelled to do in the past, because of the parties' inability to come to an agreement. The government demonstrates its wisdom by allowing more or less time depending on the complexity of legislation and whether it is controversial in nature. Therefore, without abdicating our responsibilities, and when circumstances make it necessary to limit debate on any bill, including this one, I say that if the measure is more substantial and complicated, the government may decide to assume the political consequences of its action, and if there is a filibuster by the opposition, they in turn will have to accept the consequences of their action as well. But the principle, the rules, the opportunities for debate do exist. Parliamentary practice does not require the government to divide the bill concerned. In this day and age, when there is a proliferation of bills because of the evolution of our society, Parliament has to study many bills. To my mind, this procedure is logical, and there is no justification for doing away with it; it has existed for years. The government has never abused it. Under those circumstances, Madam Speaker, and we shall probably plead in the same vein when we introduce the bill on energy security, we feel the opposition has neither the reasons nor the right to oppose a procedure that is in perfect agreement with parliamentary spirit and practice.

Hon. Marcel Lambert (Edmonton West): Madam Speaker, I have never seen a House leader trying to hold up the House to ridicule as was the case just now. We have heard a speech in which we were served a systematic mixture of apples, oranges and lemons. To begin with, I will give all references to the British practice under which the rules allow the presentation of a finance bill. But that is not allowed under our current rules. Standing Order 60(11) reads as follows:

(11) The adoption of a Ways and Means motion shall be an order to bring in a bill or bills based on the provisions of any such motion.

Fair enough. We have before us, and I refer hon. members to pages 109 and 117, notices of Ways and Means motions tabled by the Minister of Finance (Mr. MacEachen) on the evening of November 12. Those are two notices of motions to amend the Excise Tax Act, but neither refers to the borrowing authority. Madam Speaker, you were kind enough to recognize me two days ago. At that time I put two questions to the minister about delaying the effective date of motion No. 2. It was supposed to become effective on July 1, 1982, but since representations had been made by the industry and other groups, which the minister did acknowledge, he stated that he would be prepared to hear them and postpone until January 1, 1983, the implementation of the excise tax and the changes to the assessment base. Now the government leader has the nerve to say that we will have an opportunity to examine the question in Committee of the Whole. To whom are we going to put our questions, to him or to the Minister of State? Surely we are not going to get the answers from them. We need to question government officials and spokesmen for the industry. The amendments in those two motions amount to basic reforms. They are now part and parcel of the bill, but a totally unacceptable band-aid measure has been tacked on, Madam Speaker, because you have ruled that a bill may not go beyond the scope of the Ways and Means motion.

There must not be any difference in principle in the main provisions and quite often in the past—I am saying this for the benefit of new members—we sent some bills back because the government had tried to make certain changes which were not in accordance with the Ways and Means motions. I was a member of the committee with the Hon. Donald Macdonald who was then the government House leader and who said that any motion derived from the budget would go through the notice of ways and means procedure, then the motion would be adopted without debate and the bill introduced; after that there would be second reading debate, a debate in Committee of the Whole House, unless there was an order of the House to refer the bill to a committee of the House. The Committee of the Whole did that last year. But this time the borrowing authority does not flow from a Ways and Means motion, it is quite simply a financial issue which has nothing at all to do with the proposal to change the excise tax.

• (1550)

[*English*]

It is amazing that the government House leader should say that because there is the levying of taxes and the borrowing of money, this is finance and we can put it all in the same stew pot.

The government House leader made reference to how the Chair has treated omnibus bills in the past. On a number of occasions in the past the Chair has eaten itself through its illogicality, and on those occasions I have said so to the occupant of the chair. The Criminal Code bill which did away with capital punishment was an omnibus bill an inch and a half thick. My colleague, the hon. member for Durham-Northumberland (Mr. Lawrence), proposed an amendment with regard to the form of punishment for capital crime. Capital punishment was part of the principle—or was the principle—of the bill. The bill did much to amend the Criminal Code. Mr. Speaker Jerome had the—I do not know what I should call it—to say that the bill having been passed at second reading, no amendment to derogate from the principle of the bill could be accepted. I had never heard of such a performance.

Madam Speaker: Order, please. I do not know exactly what the hon. member is referring to, but he is referring to a principle. I think I could approve the principle that no amendment should go beyond the scope of a bill. I think that is a principle which has been accepted and which has been basic and fundamental to most of the rulings in this House I have studied. I urge the hon. member to speak about the subject we

are debating. This is a very complicated question. Hon. members may refer to rulings previously made, but some of the remarks made by the hon. member reflect on rulings, and I warn him against continuing in that vein.

Mr. Lambert: Madam Speaker, if you had been listening, I think you would have noted that I was not arguing against what you are talking about, an amendment going beyond the principle of a bill. That is correct; amendments cannot do that. However, I challenge the Chair to determine what is the principle of an omnibus Criminal Code bill if it is not to amend the Criminal Code of Canada. I cite that as an example of an odd position into which the Chair can push itself when reaching for the wrong reasons, and the government House leader is inviting Your Honour to do precisely that.

In this particular matter we have two Ways and Means motions. Among our Standing Orders is Standing Order 60(11), which the British House does not have but which the Chair has ruled must be interpreted strictly. There are two reasons for that. Budget bills are to be debated in Committee of the Whole within this House, but not a borrowing authority bill. The President of the Privy Council (Mr. Pinard) took us back 25 years and referred to some entirely different rules. On two occasions Mr. Speaker Lamoureux ruled—on points of order I raised about borrowing authority being tacked on to appropriation bills—that the change in rules in 1968-69 precluded any debate on an appropriation bill, and there was no way of debating the borrowing authority. It was a clear attempt to bootleg a subject matter beyond the principle of an appropriation bill, because borrowing is not appropriation under any circumstance. There is no way; the two things are totally apart. Appropriation is a supply matter; borrowing is something quite different. The government did have to come in then with separate borrowing authority bills. The government is attempting to hide this borrowing authority by tacking it on to excise Ways and Means motions.

The Minister of Finance (Mr. MacEachen) should live up to the answer he gave me the other day that he would be prepared to hold public hearings. The Minister of State for Finance (Mr. Bussières) says that is not so. This bill relates to certain taxes and those taxes are excise taxes. They are Motions Nos. 1 and 2, unless the minister is able to find some other ways and means motions relating to excise taxes. Or can the minister specify what other taxes? And there he will run afoul of Standing Order 60(11), because the bill brought in must be in conformity with the Ways and Means motion. We cannot bring in all these other bits.

• (1600)

The minister may say that that is fine, that the bill is bringing in only those matters contained in the ways and means motion dealing with excise tax. But then we are adding another part, creating an omnibus bill by including a borrowing authority bill. Immediately the Chair faces the problem. A borrowing authority bill should go to the standing committee, according to the Standing Orders, it is not a budget bill, whereas the excise tax bills must stay in the House unless the House decides to do otherwise.

They cannot have it both ways. It is my view that of all the bills cited by the President of the Privy Council there was not one budget bill included in that list of omnibus bills. They all dealt with other things—gun legislation, the Criminal Code, other things, but not one budget bill. It is very clear why—because he would be hoist with his own petard, knowing that they do not apply. Omnibus bills do not apply to budget bills. On that basis, I want to support the point raised by the hon. member for the Yukon (Mr. Nielsen).

I invite the Chair to reflect very carefully, for instance, to determine in answer what would be the principle of a bill "to amend certain excise taxes or the basis of valuation for certain excise taxes and the authority to borrow." What is the relationship between the two? That is the problem right there. I invite the Chair to rule that the bill that is being brought forward does not conform with Standing Order 60, Paragraph 11, and therefore should be withdrawn.

Mr. Harvie Andre (Calgary Centre): Madam Speaker, I would like to bring to the Chair's attention a couple of points that do not repeat in any way the points raised in the excellent argument prepared by my colleague, my House leader, the member for Yukon (Mr. Nielsen).

I would like to point out first that a borrowing authority bill standing on its own is referred to standing committee. I would refer the Chair to *Hansard* of 1979, page 1197, where Bill C-10, a borrowing authority bill, was referred to the Standing Committee on Finance, Trade and Economic Affairs. Also in this session, 1980-81, this extra long session, on pages 2068-69, Bill C-30, the borrowing authority bill, was referred to the Standing Committee on Finance, Trade and Economic Affairs. Also, Bill C-59, a similar one, was referred to the Standing Committee on Finance, Trade and Economic Affairs, as recorded at page 7326 of *Hansard*.

I would point out that that is in fact what happens with a borrowing authority bill and should happen with a borrowing authority bill. This bill we are considering now, C-93, is an act to amend the statute law relating to certain taxes, and is amending the excise tax. Then, attached to that, is the phrase "and to provide other authority for the raising of funds". It describes what, as a result of excellent rulings by previous Speakers and the precedents here, has been in fact treated as a separate bill. What we have here is a subject matter which should be treated as a separate bill, but has been quite improperly lumped in with the amending portion.

The government House leader, the President of the Privy Council (Mr. Pinard), used as what I think he would consider a strong part of his argument in defending the appropriateness of this bill a ruling by Mr. Speaker Jerome with respect to Bill C-51, an act to amend the Criminal Code, the Customs Tariff, the Parole Act, the Penitentiary Act and the Prisons and Reformatories Act. He indeed quoted from that ruling by Mr. Speaker Jerome this passage:

The use of the omnibus amending bill is well enshrined in our practices—

He says "omnibus amending bill". Throughout this entire judgment of Mr. Speaker Jerome, he referred to "an omnibus amending bill" as being something that was part of our practices; never to an "omnibus bill" being part of our practices, but an "omnibus amending bill" being part of our practices. That is a very fundamental and important difference, Madam Speaker.

The government House leader read a list of omnibus bills that have been passed, amending bills. He missed one. We passed one last summer that had to do with pensions. It amended a number of pension acts relating to war veterans, returning prisoners of war, former war veterans and civilians. I cannot recall the various acts that were amended by that one amending bill. The subject matter was clear; it was pensions for people who, either in their capacity as civilians or prisoners of war or combatants, were having their pensions adjusted. There was a series of statutes impinging on that, so there was one amending bill, an omnibus amending bill amending various statutes. That has been accepted pratice and that was what was happening with Bill C-51, in the ruling of Mr. Speaker Jerome referred to by the government House leader.

Most significantly, I would also underline from Mr. Speaker Jerome's statement that he went on to say:

> I really can find no reason to set aside my predecessor's very clear and sound reasoning, or the practice. Nor can I find any authority which would support an order of the Chair at this second reading stage—

That is very important, because what he was adjudicating at that time was a second reading stage amendment. It was a point of order raised by the member for New Westminster, then Mr. Leggatt, seeking an order of the Chair to divide the bill at second reading.

Mr. Speaker Lamoureux, in a judgment in 1971, made it very clear that the appropriate time to deal with this subject matter was first reading, that second reading was inappropriate, and that there is no ability under any precedent or Standing Order or rule for the Chair or the House to divide the bill on second reading. But most certainly there is on first reading. So what Mr. Speaker Jerome said was that at second reading stage he could not accept the point of order put forward by the member for New Westminster. He did not say that in fact the order was inappropriate on first reading. Mr. Speaker Jerome then went on to say in this judgment, as reported at page 5522 of *Hansard* for May 11, 1977:

> This still leaves, as it has in the past every time this kind of argument has been put forward, some very deep concern about whether our practices in respect of bills do in fact provide a remedy for the very legitimate complaint of the hon. member that a bill of this kind gives the government, under our practices, the right to demand one decision on a number of quite different, although related, subjects.

Then he goes on after some "hear, hears", presumably from our side of the House:

> I think an hon. member of the House ought to have the right to compel the House to vote on each separate question.

That is absolutely clear, Madam Speaker. He says he thinks an hon. member of the House ought to have the right to compel the House to vote on each separate question. Then he went on to say:

• (1610)

> —it has been suggested that motions by way of an instruction to the committee, once the bill is in the standing committee, that the bill be divided, might be applicable. This is a practice . . . in the British House—

He went on to say that it does not apply here. Further on he said:

> It has been said that at the report stage hon. members can isolate clauses by tabling, with the appropriate notice, motions to amend, but even there it seems to me the point is not answered, as equally it is not answered by the suggestion that at third reading stage hon. members can put down motions to refer the bill back to the committee for reconsideration of certain clauses. I say that those two remedies do not answer the point fully because it may very well be that an hon. member might take the position that the law is fine the way it is and that he ought not to be put under the burden of contriving some kind of amendment or seeking further study when in fact he does not want further study. What he really wants to express is that the law is fine the way it is and that it ought to be left alone. It seems to me that he ought to be entitled to put that point at least at some stage in our proceedings, and furthermore, to require other people to come to a vote on that proposition.

In other words, fundamental to Mr. Speaker Jerome's ruling and equally to Mr. Speaker Lamoureux's earlier rulings was that there must be an ability of the House to have a recorded vote on every aspect of the bill.

Legislation arising out of Ways and Means motions is referred to Committee of the Whole. The Ways and Means motion itself allows division of the House in respect of the nature of the item. When other bills not preceded by such a motion go to Committee of the Whole, that ability is unavailable. To emphasize that point, Mr. Speaker Jerome went on to point out:

> Therefore, I think that in the past when attention has been directed to these remedies, not enough has been said about one device which does rest in the hands of hon. members, at least in my opinion, and that is a motion to delete pursuant to Standing Order 75(5).

Then he went on to point out that under Standing Order 75(5) there is the ability to delete a clause which, therefore, allows every hon. member in fact to demand a standing vote on the alternatives they look at. But here is the rub—Standing Order 75(5) reads:

> If, not later than 24 hours prior to the consideration of a report stage, written notice is given of any motion to amend, delete, insert or restore any clause in a bill, it shall be printed on a notice paper.

However, Standing Order 75(4) reads:

> The consideration of the report stage of a bill from a Committee of the Whole shall be received and forthwith disposed of, without amendment or debate.

In other words, the remedy which Mr. Speaker Jerome raised in his ruling of May 11, 1977, is not available in this case because of the nature of this borrowing authority. I humbly suggest that this ruling which the government House leader brought to the attention of the Chair, if examined, in fact is a precedent, and that the ruling directs one to the inescapable conclusion that indeed this is an inappropriate mingling of amendments to the Excise Tax Act and a separate act to provide authority to borrow sums of money.

I know this is a complicated issue which has been debated many times in the past and that the Chair will want to give it consideration. Apparently the bill will not be coming up tomorrow or on Friday, but perhaps some time next week. I

humbly request that consideration be given to the points raised by the hon. member for Yukon and mine as well. Also I humbly suggest that those points lead to the conclusion that it is an inappropriate omnibus bill; it is not the kind of omnibus amending bill which has been allowed, based on past practices.

Mr. Nielsen: Madam Speaker, unfortunately I was not in the chamber so I do not know whether the hon. member for Calgary Centre (Mr. Andre) made the submission that since this measure is not the order of business for today, tomorrow or Friday, the Chair has ample time to consider the matter and perhaps to render a ruling at the time the government calls the bill for second reading.

Madam Speaker: The point of order of which I received notice brought forth many points that I had not anticipated. Taking into account that presentations on both sides of the House were extremely complete and very well documented, I should certainly like to look at those references so as to judge the question because I know the ruling will be important to the House.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. John Campbell (Parliamentary Secretary to Minister of Veterans Affairs): Madam Speaker, the following questions will be answered today: Nos. 2,232, 3,315, 3,442, 3,529 and 3,555.

[*Text*]

TICKET SALES AT CN STATION AT WOODSTOCK, ONT.

Question No. 2,232—**Mr. Halliday:**

What was the total amount of ticket sales made at the CN railway station in Woodstock, Ontario in each of the past five years?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): The management of VIA Rail Canada Inc. advises as follows: The information requested is of a proprietary nature and VIA Rail Canada Inc. believes it should not be made public for competitive reasons.

MOVEMENT OF BARGE

Question No. 3,315—**Mr. Nickerson:**

1. Does the Canadian Transport Commission prevent a barge, owned by a company other than the Northern Transportation Company and located in the lower Mackenzie or Beaufort Sea, from loading freight for a return voyage after being repaired at Hay River, Northwest Territories and, if so, does the barge have to be pushed back empty to its original location?

2. (a) Do the towing fees for a 1000-ton barge going from Tuktoyaktuk to Hay River and return total approximately $100,000 (b) is there any chance of recovering revenues by hauling freight on the return trip and, if not (i) for what reason would such a regulation exist which results in lost economy and is detrimental to the Slave Lake ship-repairing industry (ii) will the government consider rescinding the pertinent regulation?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): The Canadian Transport Commission advises as follows:

1. No. The water transport committee of the Canadian Transport Commission issues yearly licences to carriers on the Mackenzie River. Since these licences do not contain restrictions which limit carrier operations to one way movements, the CTC does not prevent a barge from loading freight for a return voyage after being repaired at Hay River.

2. (a) As fees depend on various factors, including tow configurations, it is not possible to identify a generally applicable fee for a given route.

(b) See answer to 1 above.

(i) and (ii) See answer to 1 above.

SUMMER EMPLOYMENT PROGRAM

Question No. 3,442—**Mr. Hnatyshyn:**

Is there a summer employment program for students to work in cabinet ministers' offices and (a) if not, is such a program contemplated (b) if so, what was the scope of the program in (i) 1979 (ii) 1980 (iii) 1981?

Hon. Yvon Pinard (President of the Privy Council): A student summer employment program for ministers' offices was established in 1981.

(a) Not applicable.

(b) (i) Not applicable.

(ii) Not applicable.

(iii) Responsibilities of participants in the program varied in each office. Generally, their duties ranged from clerical assistance to research.

PREPARATION OF CMHC AD

Question No. 3,529—**Mr. Cossitt:**

1. Were employees of Graphic Artists, Studio S&B, 400 St. Antoine St. West, Montreal sworn to secrecy in connection with the details of housing provisions contained in the 1981 Budget and, if so (a) what were their names (b) on what date were they sworn to secrecy (c) were specific tasks performed by each individual for the Canada Mortgage and Housing Corporation and, if so, what were they (d) at what time and on what date was information turned over to any one of the employees by the corporation or by anyone else in the government?

2. Was all the work performed by the company done in Montreal?

Hon. Paul J. Cosgrove (Minister of Public Works): I am informed by Canada Mortgage and Housing Corporation as follows:

1. The employees of Graphic Artists, Studio S & B, 400 St. Antoine Street West, Montreal, were not working on "details of housing provisions contained in the 1981 Budget". They were asked to undertake some preparatory work based on proposals which had been made to address the mortgage renewal problem resulting from high interest rates.

(a) Not applicable; (b) Not applicable; (c) Not applicable; (d) Not applicable.

2. Yes.

Motions for Papers

RESEARCH AND DEVELOPMENT

Question No. 3,555—**Mr. Blenkarn:**

Did the Minister of State for Science and Technology issue a booklet entitled "Limited Partnership Investment, Opportunities for Financing R & D in Canada" and, if so (a) is it the position of the government that people who invest in limited partnerships are entitled to take the financial advantage of limited partnership investment and so reduce their taxable income (b) is it the intention of the government to allow individuals to borrow so as to invest in limited partnerships for financing R & D projects (c) is it the intention of the government to promote, as a tax loophole, the financing of R & D by limited partnerships?

Hon. John Roberts (Minister of the Environment and Minister of State for Science and Technology): In so far as the Minister of State for Science and Technology is concerned: yes, but the correct title is "Limited Partnerships: Investment Opportunities for Financing R & D in Canada".

(a) The book explains that individuals could under certain circumstances take advantage of the tax incentives offered by the federal government on R & D.

(b) Individuals may if they wish borrow to invest in a limited partnership.

(c) It is the intention of the government to encourage investment in R & D through tax incentives. The booklet explains how these incentives may apply to limited partnerships.

[*English*]

Mr. Campbell (LaSalle): Madam Speaker, I ask that the remaining questions be allowed to stand.

[*Translation*]

Madam Speaker: The questions enumerated by the hon. Parliamentary Secretary have been answered. Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

* * *

[*English*]

MOTIONS FOR PAPERS

Mr. John Campbell (Parliamentary Secretary to Minister of Veterans Affairs): Madam Speaker, I would ask that all notices of motions for the production of papers be allowed to stand.

[*Translation*]

Madam Speaker: Shall notices of motions for the production of papers stand?

[*English*]

Mr. Herbert: Madam Speaker, would you kindly call motions Nos. 84 and 89.

[*Text*]

COMMUNICATIONS BETWEEN GOVERNMENT AND PROVINCE OF SASKATCHEWAN CONCERNING RESIDENTIAL MORTGAGES AND HOME FORECLOSURES

Motion No. 84—**Mr. Herbert:**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House copies of all communications during 1981 between the government and/or the Canada Mortgage and Housing Corporation and the government of the province of Saskatchewan dealing with residential mortgages and home foreclosures.

[*English*]

Mr. Herbert: Transfer for debate.

Madam Speaker: Transferred for debate.

[*Text*]

COMMUNICATIONS BETWEEN DEPARTMENT OF NATIONAL HEALTH AND WELFARE AND PROVINCES CONCERNING CANADA ASSISTANCE PLAN

Motion No. 89—**Mr. Herbert:**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House copies of all correspondence, memoranda, records of telephone conversations and other communciations between the Department of National Health and Welfare and the appropriate ministers of the governments of the provinces relating to the standards for programs and the conditions for federal participation in a revised Canada Assistance Plan.

[*English*]

Mr. Herbert: Transfer for debate.

Madam Speaker: Transferred for debate.

Madam Speaker: Shall the remaining notices of motions for the production of papers stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

CUSTOMS TARIFF

MEASURE TO AMEND

On the Order: Government Orders:

January 28, 1982—Second reading and reference to a Committee of the Whole of Bill C-90, an act to amend the Customs Tariff and to repeal certain acts in consequence thereof.

Hon. Marcel Lambert (Edmonton West): Madam Speaker, I rise on a point of order concerning Bill C-90. This bill arises out of a Ways and Means motion dealing with the Customs tariff. I should like to include in my point of order a question to the Minister of State for Finance (Mr. Bussières), but first I should like to explain how it arises. Paragraphs Nos. 20, 21 and 22 repeal The New Zealand Trade Agreement Act, 1932 and The New Zealand Trade Agreement (Amendment) Act, 1970-71-72. Then paragraph 22 reads as follows:

That any enactment founded upon paragraphs 1 to 21 inclusive and Schedules I, II and III to this motion will be deemed to have come into force on the 13th day of November, 1981, and to have applied to all goods mentioned in the said paragraphs and Schedules imported or taken out of warehouse for consumption on or after that day—

This deals with a trade agreement with New Zealand but, with the greatest respect, there is no appearance of that trade agreement. The terms of it are not before the House. We know—but not through the government—that the agreement was signed in September, 1981, but we know not the terms of it. At this moment the House is not in a position to debate fully this bill. There is no way of determining what is contained in that New Zealand trade agreement. The House is entitled to have that agreement before it. After all, do we know what notice of default has to be given, when default occurs, or whether there are dates for changes? Can notice be given by one contracting country to another for certain amendments either for elimination of some goods or the inclusion of other goods at certain levels? At the moment we are faced with surreptitiously bootlegging into the Customs Tariff the New Zealand Trade Agreement Act.

● (1620)

It is not that this House can by vote amend any of the tariffs of such an agreement between two contracting parties. This we know. It is one of the anomalies of the duties of the House that we are presented in many instances with tax agreements between countries. The finance committee has to consider the tax agreement but it is not allowed to change one dot or uncross one "t". That is the exclusive preserve of the department of the government negotiating with a third party.

Therefore, the House is reduced to swallowing the pill without asking any questions. Whether it is in the Committee of the Whole or whether it is in the standing committee, the parliamentary secretary knows whereof I speak, that on tax treaties there is not one thing that Members of Parliament can change. Members of Parliament can comment, but they cannot change. In this particular instance, we cannot even ask questions because the agreement is not here. There is no agreement appended to Bill C-90 either.

An hon. Member: No.

Mr. Lambert: Where is the agreement? Is it in somebody's heart? Or in somebody's head? Does it sit up in the trade department on some shelf? Where is it? That is the question. Is the minister prepared to table that agreement so that this debate will have some semblance of sense? I have a number of colleagues who wish to comment if they can see the agreement.

The Minister of State for Finance in shaking his head cannot under any circumstances say that The New Zealand Trade Agreement Act, having been repealed and the amendment act being repealed, has not been replaced by some agreement. There is sufficient knowledge about because I have a note that the bill gives effect to the new Canada-New Zealand agreement on trade and economic co-operation signed September, 1981, which repeals the old agreements and implements the terms of the new agreement in a Ways and Means motion.

I raise the point again. How can there be intelligent debate? Perhaps the Chair will consider that there need not be intelligent debate in this House.

Mr. Laniel: The rules say nothing about that.

Mr. Lambert: Government members are not interested in intelligent debate.

Some hon. Members: Oh, oh!

Mr. Lambert: It does not alter the fact that government backbenchers are not interested in intelligent debate.

If the information is not provided to this House with regard to a bill, then I say this method, ingenious as it may be, is subverting the purposes of this House in considering these amendments. There is nothing before us, just a list. The minister cannot even interpret the list of the items dealing with New Zealand unless there is an agreement, to which he may have access but to which I do not have access. Therefore, it is my view that the debate on this particular bill should be suspended until the government is prepared to table a copy of the New Zealand-Canada trade agreement of September, 1981, or whatever its date may have been. The one which served to repeal the two legislative enactments is referred to in Sections 20 and 21 of the Ways and Means motion and also referred to in the bill again as Clauses 20 and 21 found on page 10.

Strangely enough, there is a very interesting aspect to this particular bill which I shall call into question. Several of my colleagues have done so, and I will do it for them. In Clause 22 we read:

This act shall be deemed to have come into force on the 13th day of November, 1981 and to have applied to all goods mentioned therein imported or taken out of warehouse for consumption on or after that day, and to have applied to goods previously imported for which no entry for consumption was made before that day.

Does that apply only to the goods coming from New Zealand, or does it apply to all the other changes made with regard to Third World countries where there are generous easings of tariff rates in so far as Canada is concerned?

Those are the questions that I raise as a point of order. My point of order is, once again, that we should not proceed until the government produces the New Zealand-Canada trade agreement.

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Mr. Speaker, I wish to point out to the hon. member that his point of order is not well taken because, having had a closer look at the provisions of the bill, he will notice that its first clauses define or describe whatever changes are to be brought to the Customs Tariff as a result of the trade agreement signed between New Zealand and the Government of Canada. I should also like to point out to him that trade agreements

signed during a given year are cyclically and regularly made public by the Department of External Affairs. I cannot say, however, if this one has been made public yet. If it can be of any assistance to the hon. member during the forthcoming discussions, I shall be pleased to table a copy of the trade agreement with New Zealand.

[*English*]

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, in support of the case made by my colleague, the hon. member for Edmonton West (Mr. Lambert), I think it important to point out that in some respects Bill C-90 suffers from the same defect the other bill which was introduced has attached to it and about which the hon. member for the Yukon (Mr. Nielsen) spoke.

Mr. Bussières: No.

Mr. Munro (Esquimalt-Saanich): Excuse me, may I be permitted to continue? It stems in a way from the budget papers. There is no question about that. In the budget papers of November 12, at page 121, we have the provisions that are herein contained. There is no indication by the provision of the actual trade agreement that was concluded between Canada and New Zealand that this particular matter had to come into force on November 12, 1981. Perhaps it would lapse when the required law was brought forward. The whole tenor of this bill is related to that trade agreement.

● (1630)

Mr. Bussières: No.

Mr. Munro (Esquimalt-Saanich): Well, if it is not related to the whole agreement, then we are in the position of having an omnibus bill. I think it would be very important to set aside consideration of this bill until that particular matter was cleared up in the sense indicated by the hon. member for Yukon in connection with the other bill. The implementation, Mr. Speaker, of a trade agreement—and it may very well require implementation—should not be done through a budget proposal. If the minister himself is clear on this point, I do hope he will be able to clarify it for the rest of us.

[*Translation*]

Mr. Bussières: Mr. Speaker, I am sorry the hon. member causes us to become aware of his ignorance. First of all, he surely has not read the bill. Second, he certainly knows nothing about the trade and economic co-operation agreement signed with New Zealand because, had he read the very first clause of the bill, if indeed he can read and understands something about the Customs Tariff, he would know the clause states specifically what changes will be made in the Customs Tariff as a result of that co-operative trading agreement. Obviously, the hon. member is talking through his hat and knows nothing about the subject. Let us stop wasting time and get on with the job!

[*English*]

The Acting Speaker (Mr. Blaker): Order, please. Since the Minister of State for Finance (Mr. Bussières) has offered to table the trade agreement with New Zealand, I wonder if we might seek the unanimous consent of the House to do that. Is it agreed?

Some hon. Members: Agreed.

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

On the point of order raised, I would indicate to the hon. member for Esquimalt-Saanich (Mr. Munro) that the Chair is not aware of grounds which would lead to the same argument as was made by the hon. member for Yukon (Mr. Nielsen) with respect to Bill C-93. It seems to me the issue we are faced with is exactly the point of order raised by the hon. member for Edmonton West (Mr. Lambert) in which, while he has been in possession of the original international trade agreement with New Zealand, he indicates the possibility the bill itself is not necessarily totally explanatory of the new trade agreement. The difficulty, therefore, is that possibly he cannot be as well informed as he ought to be in order to deal with this bill.

I have some sympathy with that argument in the sense an hon. member may feel there is a gap in his information. However, no argument has been placed and no citations have been put forward. I have been in the House on previous occasions when the same argument was brought up. I cannot recollect the citations, but I do clearly recollect that the absence of the trade agreement on the floor of the House at the time of debate has never hindered a bill from going forward.

So I appreciate the point made and understand and sympathize with the hon. member's feeling that he would like to have better access to information. However, no citations have been mentioned and the Chair has not been offered any argument based on a precedent which might allow the Chair to rule in that regard. Hon. members will have noted that I consulted with the officers of the Table, and the ruling of the Chair has to be that the bill can go forward.

* * *

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)) moved that Bill C-90, to amend the Customs Tariff and to repeal certains acts in consequence thereof, be read the second time and referred to a Committee of the Whole.

He said: Mr. Speaker, the bill we intend to consider today will make a number of major changes in the Customs tariff and will also bring in further changes of a more technical or administrative nature, all of which were presented in the

Notice of Ways and Means motion tabled on November 12 by my colleague, the Minister of Finance (Mr. MacEachen).

Before going any further, and before discussing the details of this bill, I would like to go over these changes quickly, if I may. In fact, the bill could conveniently be divided into five sections, each referring to specific objectives or items that are part of the general discussion on tariffs. First of all, the bill provides for significant changes in the general preferential tariff concerning goods imported from developing countries, and includes additional tariff improvements for the least developed countries. Second, the bill establishes a new tariff item under which goods designed for the use of disabled persons are admitted duty free. Third, there are a number of tariff changes including a new list in which tariffs have been either reduced or removed altogether on a vast range of products used by dentists or dental laboratories. Fourth, the bill repeals a number of existing tariff measures which were part of the trade agreement mentioned earlier, namely, the agreement signed by Canada and New Zealand in 1932. This agreement has now ended and its provisions have been replaced by new tariff measures which take into account the new agreement on trade and economic co-operation entered into recently by Canada and New Zealand. As I mentioned earlier, these tariff measures are an extension of the agreement and are clearly set forth in the initial sections of the bill, as we shall see later on. Finally, the fifth aspect of the bill is that it introduces a provision allowing the government to start, in an orderly fashion—and I stress the word orderly to avoid ruffling any feathers on the opposite side—the conversion of certain tariff items to the metric system. I know, some people are up in arms as soon as you mention the word metric. The first point I shall discuss is the general preferential tariff.

An hon. Member: Not all industries use it!

Mr. Bussières: No, but the textile industry does. So as far as the general preferential tariff is concerned, more familiarly known as GPT, let me explain briefly that it provides preferential rates of duty for a vast range of goods imported from developing countries. The GPT was introduced on July 1, 1974, as part of a concerted effort internationally to help developing countries increase their exports of manufactured goods to developing countries. This is a major Canadian initiative aimed at strengthening the economy of those countries in the spirit of the North-South dialogue.

In July, 1980, the House will recall that the Minister of Finance asked the Tariff Board to examine and report on the possible impact on Canadian production of including new products in the general preferential tariff, and also the impact of duty-free entry of goods that were subject to duty under the same system. At that time the Minister of Finance also announced that new mechanisms would be set up to enable Canadian producers to approach the Tariff Board and ask it to consider requests for the withdrawal of advantages under the general preferential tariff, in cases where imports benefiting from the GPT rates are thought to be harming Canadian production. The first part of the Tariff Board report on this matter, which is called the Report on Reference No. 158, was tabled in Parliament on May 20, 1981, and it recommended a number of improvements to the GPT concerning food products, fish, and certain textile and metal products.

● (1640)

This bill puts most of these recommendations into effect. In addition, I would like to note that a provision of this bill concerns the establishment of tariff rate quotas, to assure, in certain cases, that the goods are not imported at GPT rates, and especially in quantities which could harm Canadian production of the same goods. The Tariff Board and the parliamentary task force on the North-South dialogue recommended that special action be taken to help the least developed developing countries. During the United Nations conference on the least developed developing countries held in Paris last September, the government announced that it would take action to provide for the duty-free entry of certain goods subject to the general preferential tariff and imported from countries designated by the governor in council as a least developed developing country. The bill now under consideration introduces this important tariff change.

I would also like to note that the bill makes the rules concerning the country of origin more flexible so that goods processed in one or more than one least developed developing country can benefit from duty-free entry. The first purpose of these rules is to ensure that only the beneficiary countries receive the benefits of the GPT and therefore that the goods produced to a great extent in a developed country do not benefit from the preferential treatment under the pretext that they are shipped from a beneficiary country or were slightly processed in such a country. The bill also brings a great many technical changes to the general preferential tariff. These changes are aimed essentially at improving and simplifying existing tariff lists, which will make them easier to understand and thus to amend in the future.

The main change concerns the introduction of a new column of general preferential tariff rates in the Customs tariff. This change means that when new tariff rates are established by Parliament under the GPT, they will be added to the new column and not to a separate list set out in Section 3.1 of the Tariff, as is now the case. This list was getting cumbersome and increasingly complex because of the number of additions made to it since its introduction in 1974. I would now like to deal briefly with another aspect of this bill, namely, the provisions concerning devices for the handicapped. As hon. members will recall, the special committee of the House of Commons which examined the problems of invalids and the handicapped recommended essentially in its excellent report entitled "Obstacles", which is now well known to the Canadian public, that the federal government eliminate the tariff on

devices designed for the handicapped. They will also recall that this committee, which was presided over by the hon. member for Don Valley East (Mr. Smith), recommended these changes in recommendations 49 and 50 of its report "Obstacles", if I am not mistaken.

The Customs tariff already provides for duty-free entry of most goods designed for the use of disabled persons that are not available from Canadian sources.

The Canadian tariff policy in that area has always been to exempt from duty new products designed for the use of disabled persons if unavailable from Canadian producers. However, the exemption process is relatively slow, since new products designed for the use of disabled persons are usually subject to duty as long as no provision is made in a budget for their duty-free entry. In order to reduce the impact of that delay and also to grant applications for tariff duty reduction in respect of such goods, as pointed out in the report "Obstacles", the bill proposes to establish a new tariff item under which the governor in council would be empowered to designate for duty-free entry particular groups of goods specially designed for the use of disabled persons. This procedure would make for a more flexible and faster tariff treatment of equipment intended for the disabled.

I would like to point out that such equipment will be designated for duty-free entry only when similar products are not available from Canadian producers. The bill also proposes the duty-free entry of electronic devices that are designed to help people with speech problems, and also control equipment designed to enable disabled persons to energize and control various household, industrial and office equipment.

Another aspect of the bill concerns dental goods that are used either by dentists or by technicians preparing prostheses for use by dentists. The legislation therefore establishes a new list of dental goods that now groups in one place in the Customs Tariff all dental goods used by dentists and dental laboratories.

Under this change, a number of goods that are not made in Canada and are not likely to be will be exempted, while reductions in tariffs will apply to another range of goods to be used by dentists or dental technicians. This measure follows from representations made by both dental goods manufacturers and dentists as well as Members of Parliament, following changes made in the Customs Tariff in the October 28, 1980, budget. It will be remembered that during the debate on Bill C-50 at that time, representations had been made in this House, in committee and in the other place in respect of those imported dental goods.

Those provisions excluded certain dental goods from the duty-free entry provisions of tariff item 47810-1. I would emphasize that the impact of such changes will not be significant, since the cost of materials used by dentists in reconstructive surgery constitutes a fraction of the over-all cost of dental care. However, the proposed changes will allow dentists and dental laboratories to control their costs, will simplify customs clearance, as well as reduce the unavoidable paper burden.

Now I should like to mention some of the aspects of other tariff amendments. The bill eliminates the tariffs on a number of products such as unexposed instant films for hospitals, certain components for radio operators, and religious printed matter. Before we proceeded with second reading of the bill, the hon. member for Edmonton West (Mr. Lambert) raised a point of order about the New Zealand-Canada trade agreement which I tabled in the House a few minutes ago with unanimous consent. With respect to that New Zealand-Canada trade agreement, most of the tariff amendments related to its renewal are of a technical nature and will have little or no appreciable effect on the general tariff policy. As I said earlier, the new agreement signed by Canada and New Zealand replaces the 1932 New Zealand-Canada trade agreement. Under this new agreement, the special tariff rates granted to New Zealand—and I say that again for the benefit of the hon. member who stood offended a moment ago and who had not read the bill—under the terms of the former agreement are maintained and presented in the Customs Tariff under a new form. The original provisions concerning products imported from New Zealand are changed so as to make sure that only those products which are made almost entirely in New Zealand will benefit from the preferential tariff.

With respect to metric conversion, hon. members know that a good many of the provisions of the Customs tariff involve imperial measures. The bill will grant the governor in council the authority to convert those measures to metric by way of orders in council. This will enable the government to begin the conversion of the Customs tariff to the metric system in an orderly and systematic manner, and especially to give priority in this conversion process to the industrial sectors where metric measurements are already in use, particularly the textile industry. The legislative provisions of the bill have been drafted with great care so as to limit the authority to strictly technical conversions and to avoid causing an administrative nightmare. We will endeavour instead to iron out the difficulties for those industries which are already using the metric system. That is meaningless for the hon. member who does not know anything, but it is an urgent measure for those people who conduct their businesses in metric measurements. A few technical tariff changes are also brought about in the Customs tariff. One relates to canned fish and is aimed at reinstating the tariff rates which were in force prior to an amendment to the interpretation of the tariff; other changes are designed to improve the tariff nomenclature so as to make its application easier. In conclusion, Mr. Speaker, I believe that the amendments to the Customs Tariff proposed in this bill will benefit handicapped people, consumers, importers and, of course, Canadian manufacturers.

The improvements to the GPT, particularly those related to imports from underprivileged nations, reaffirm Canada's com-

mitment to help the underdeveloped countries upgrade and strengthen their economies. In conclusion, Mr. Speaker, I would like to repeat that this government is determined to see that bill and the principles involved passed as quickly as possible. I therefore ask the members of this House to extend their usual co-operation so that we may undertake with dispatch the consideration of the various stages of the bill and, to do so, Mr. Speaker, the support and understanding of all members are essential. I am sure that in committee we will have a chance to examine more extensively the clauses of the bill and that our proceedings will be more than fruitful in the interests of Canadians.

● (1650)

[*English*]

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I thank somebody in the department for providing me with a copy of the minister's speech so I could follow him line by line in the English version. It still does not answer the questions which I raised in my point of order with regard to the New Zealand trade agreement.

If we look at the bill, what is being done is deleting New Zealand from the British preferential tariff listed in the annex to the Customs tariff which, incidentally, those who are in visual reach of this can see how thick it is. Subsection 3(2) lists some 60 countries, plus or minus, throughout the world which, after this bill goes into effect, will enjoy the British preferential tariff. Neither England nor Ireland and now New Zealand will enjoy the BP.

I wish the minister would pay particular attention here because a better procedure will have to be adopted in the future when Canada negotiates more bilateral agreements with countries of the Commonwealth to which British preferential tariff rates will no longer apply and which will have their own specific rates.

This agreement is being incorporated into the Customs tariff by those items covered by the agreement. New Zealand is withdrawn and there is a special category called "New Zealand". I suppose if our friends the Australians are the next ones, we will have a section in the Customs tariff listing Australia. How about Malawi, Kenya, Trinidad and Tobago, the more important of the Caribbean Islands, Jamaica, and all of those? Are they going to be subject to these special agreements?

Are we going to see the same sort of procedure adopted in amending the Customs tariff so that nowhere in a statute book one could, as one could hitherto, see what is a New Zealand-Canada trade agreement? I do not know who is being more clever by half in trying to think that they can get away from a debate on a bill that Parliament is required to pass to incorporate and give legal sanction to such a trade agreement.

● (1700)

I suppose some smart-alec says that the passing of Bill C-90 to amend the Customs Tariff Act will mean that Parliament will adopt this Canada-New Zealand trade agreement. That is nonsense. The agreement has a number of provisions which do not come under the Customs tariff listings. For instance, the notice of default which I mentioned earlier is one of those provisions. What about the requirements for changes? I have a press release which was issued by the Minister of State for International Trade (Mr. Lumley) and his opposite number in the New Zealand government. It is the usual joint communiqué which is issued by ministers. This release was issued in September and indicates that the trade agreement is supposed to provide more flexible ways of dealing with trade problems. The release states:

> Mr. Lumley indicated that the federal government had consulted closely with Canadian industry and provinces prior to the renegotiation of the agreement and that there was widespread support for the continuation of preferential trade arrangements with New Zealand. "I am confident that the new agreement will constitute a positive framework within which Canadian businessmen can pursue the many opportunities for trade and investment in the New Zealand market," Mr. Lumley said.

Balderdash. How do we know that? There is no opportunity to question the minister on this agreement or its provisions. This agreement is important to Canada.

What about an agreement with Australia? Will that again be bootlegged under the table? That is improper.

The bill before us is destined to remain in the House and be discussed in the Committee of the Whole. There is no opportunity to question businessmen or, for that matter, the minister—no opportunity for anyone to testify before the committee. In other words, everything is being kept under wraps. No information is being given out. Oh, I will have a copy of the trade agreement because the minister apparently tabled one.

Mr. Bussières: Go and get one.

Mr. Lambert: We will have to get it in the usual way, from the *Journals*.

At any rate, this is a ridiculous way of carrying on. No one can understand it. No lawyer who is acting on behalf of a province, for example, can look up in the Statutes of Canada to see what the trade agreement with New Zealand is. This should be made possible with all agreements.

However, according to the government, the end always justifies the means. There is an agreement, and it has been done quietly. Why is it done in this way? I presume that the government wanted that much less debate about it. There would not be, as there was, an opportunity for members from western Canada to examine individuals about meat quotas. Hon. members will recall the fuss which occurred a few years ago in western Canada over the importation of cut beef from the Pacific Rim countries, including New Zealand, which passed through Canadian quotas to the United States and which resulted in punitive action being taken by the Americans against Canadian beef producers. Such questions are germane to the examination of these agreements.

I am satisfied that the New Zealand government does not want to be part of any cover-up, but the procedure which was followed for this agreement is a total cover-up because there is

no way to question the minister about its provisions. I can see the cabinet ministers laughing. They could not care less. That is the gang who knows. But the minister is not prepared to discuss the agreement with me.

Mr. Bussières: Get a copy.

Mr. Lambert: I have not got a copy because I cannot—

Mr. Bussières: Here, have mine.

Mr. Lambert: All right. The minister can provide one. But it is only because he has been hauled kicking and screaming to the floor of the House that he can produce one. It was not his intention to produce one at any time and this is the point I am trying to make. Why should the agreement not be appended to the bill? Other people besides members are entitled to this information. But will the government put it with the bill? Not in a thousand years, not the government.

I hope that our trade relations with New Zealand will improve over their past record, which has been shameful. It has been much less outgoing, and this goes back 20 years. I think Canada had an opportunity much earlier to take the lead in developing stronger ties with Australia and New Zealand, but the government was preoccupied with other things. I do not know what they were. I suppose they did not speak French out there—that is the problem with the lot of them.

[*Translation*]

—it can well be said, no doubt it is because French is not spoken in New Zealand and in Australia, and consequently they have been neglected.

[*English*]

The changes in the Customs Tariff Act are not overly exciting for anyone. As the minister said, they would accept the importation of certain commodities for the handicapped.

[*Translation*]

Mr. Blais: Mr. Speaker, I rise on a point of order. I am quite disappointed when I hear the hon. member suggest that our international relations are based on the language spoken in the recipient country. He knows quite well that New Zealand, Australia and the other Commonwealth countries have always been our friends and his comments are absolutely unfounded and irresponsible.

Mr. Lambert: Mr. Speaker, having travelled in the countries involved and being acquainted with their representatives for over 20 years, therefore longer than the hon. member has, having known their servicemen during the war and having maintained relations with Australia and New Zealand, it is not for the minister to lecture me on my views about the relations of Canada with those two countries. It is quite simple. Frankly, as usual he is peeved for the wrong reasons.

[*English*]

I thank the minister for sending me a letter some time ago which outlined the changes which were proposed in the budget with regard to certain dental materials and prostheses. However, there was one very significant exception, and I think the minister realizes it. It came to my mind the other day. The dentist I frequent here in Ottawa has a new office. He is a young dentist, and precisely the equipment I had in mind is installed in his office. It is not made in Canada. Very little of that equipment is made in Canada. My dentist does not have one of those antiquated chairs to which lights are attached. The lights in my dentist's office are in the ceiling; they are operating room lights. There are also special lights which descend. They can be controlled either by foot or by hand. I am hopeful that in his answer the minister will give me an explanation. He will recall the discussion we had and the fact that this matter was under examination. I think an awfully long time has been taken to examine this question, and this would have been a wonderful opportunity to remove the duty on this particular equipment because, frankly, it does a great deal to increase dental costs in this country and, goodness only knows, they are high.

• (1710)

Mr. Waddell: Give him your tooth; maybe he will put it under his pillow.

Mr. Lambert: I hope the minister will give me an answer.

Some of my colleagues will talk about metrication and the authority needed by order in council to convert pounds to kilograms and yards and feet to whatever the measurement in metric is. There will be some flak about this. I am sure some hon. members will come forward and say that there should be a total revised Customs tariff schedule in the new terms authorized by an act.

Without going into the question of metrication, I can quite well understand the concern of people in this country that so much metrication is taking place merely by bureaucratic ukase. In other words, somebody at the Metric Commission can issue a directive that, effective January 1 of such and such a year, a thing will have to be handled on the metric basis. The public has no way of countering that. Is the commission sure the people are accepting it? After all, the people of this country have a right to determine what standards of length, weight and others they are going to use. We may think some people are prejudiced because there is one way or another. Those among hon. members in the House who are older may find it very difficult to adjust to metric. All right, we have adjusted before; however, hon. members are going to talk about this, and I am sure some views about the powers of government through order in council or regulation will be expressed. There is far too much government by regulation, and this may also be a matter which will be raised.

The last point I want to make with regard to this bill concerns something not included in the bill. I have before me a communiqué issued by the ambassador of Japan to Canada dealing with measures to be introduced in Japan to improve trade with its trading partners. We might have considered certain measures in the past to be non-tariff barriers, but Canada and other countries wishing to sell goods to the Japanese have run into testing procedures, measurements and

all sorts of things which would absolutely baffle anyone. On December 16, 1981, it was decided that an effort would be made to put together a package of special measures for the improvement of import testing procedures by the end of January, 1982. I will not go through all the measures, but I have written to the Japanese ambassador thanking him for this information and saying I hope this is just the first step his country is taking to remove the hundreds and thousands of what we might call non-tariff import barriers. Japan was notorious for that. We know that commercial traffic was almost only one way. Manufactured goods left Japan by the fleetload. Raw materials went in by the same boats, but those who benefited most from that trade were the Japanese, to the detriment of many of us in many parts of Canada.

In certain areas I do not think there ever will be any cure for difficulties in industrial capacity and production in this country. With respect to the manufacture of shoes in Canada, I frankly think it is almost beyond the ken of man to resolve the difficulties in that industry to the satisfaction of everyone. The customer wants the most modern looking footwear. The customer wants a great variety of style and diverse materials at the lowest possible cost. If we open the door to imports of shoes of that nature, I am afraid most of the Canadian shoe industry would disappear. For one thing, there could not be any economies of scale in production and all that goes with that. The same goes for textiles. There are 25 million people in Canada. We do not have a big textile industry here. As a matter of fact, the market in Canada represents an end run of less than 10 per cent of American production in cotton and general artificial fibres and other textiles. Certainly on other types, yes, Canada can meet the market, but basically we would have one very difficult time. We cannot open our markets. As a matter of fact, even low cost countries like India, Singapore, Taiwan and Korea have some very serious restrictions on the import of foreign textiles other than, shall we say, some almost raw materials such as woven materials. The situation is the same with respect to shoes. Furniture is another one. There are difficulties around the world in relation to those items. Now we are having difficulty with regard to automobiles. Every country wants to manufacture automobiles and to keep others out, but we want the other man's style and the other man's price. It is not just that simple. I am hoping, though, that we are taking a step in the right direction. We now have Canadian banks operating in Japan. True enough, Japanese banks are operating regularly here now. They were not previously operating regularly as such. We are normalizing our trade in a much better way.

● (1720)

I do not like the way it is done, and I never will like the fact that we get bilateral trade agreements incorporated merely by slipping in changes into the tariff. I would commend to the minister to come clean. I have a copy of the trade agreement here. If this had been appended to the bill so that we had it for information, it would be in the Statutes of Canada, although I must admit that having a trade agreement under a bill which amends the Customs tariff is an odd place, but at least it would be there. Now it is not there. As a matter of fact, it does not even appear in *Hansard*.

Mr. Speaker, I am going to ask the permission of the House, before I sit down at this moment, that this trade agreement be appended as part of today's *Hansard*. Outside of that, I think the Customs tariff bill is not that bad.

[*Translation*]

Mr. Bussières: Mr. Speaker, I rise on a point of order. First of all, I should like to emphasize that this trade agreement between Canada and New Zealand which the hon. member has referred to is a public document which has been available ever since a press release announced its signature by both parties. This means that any Canadian and, for that matter, any hon. member who would want to have a look at this agreement could obtain a copy upon request from the Department of Industry, Trade and Commerce. This is a public document which any Canadians may obtain upon request.

I do not see why some hon. members are making such a big fuss about this and why they seem to imply that this is a secret document. We were not trying to hide anything. This is a public document, like any other trade agreement and it is available to anyone who wants to see it.

[*English*]

Mr. Blenkarn: Mr. Speaker, on a point of order, the Minister of State for Finance (Mr. Bussières) in this public document, or what purports to be a document, dated August 14, 1981, presents what is generally a rather nice agreement between two states, New Zealand and Canada. It does not refer to any reduction or changes in favour of Canada in the agreement. It talks about co-operation in trade, it talks about provisions for anti-dumping and so on, but nowhere does it set out Canada's offer to reduce tariffs to New Zealand, nor does it set out New Zealand's offer to reduce tariffs to Canada. So I presume at least that the document filed by the minister is not the complete document. I wonder if the minister would follow his clear demonstration of wanting to come clean with the House and make things public, and would perhaps file the schedules that in fact were negotiated between the two states, so that we would have some indication of what we received in exchange for these tariff reductions.

Mr. Riis: Mr. Speaker—

The Acting Speaker (Mr. Blaker): Does the hon. member for Kamloops-Shuswap (Mr. Riis) rise on the same point of order?

Mr. Riis: Mr. Speaker, I am not rising on a point of order, but seeking to be recognized as the next speaker.

The Acting Speaker (Mr. Blaker): I believe there are other matters being debated at the moment and I will recognize the hon. members when we come to deal with them.

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, on the same point of order, virtually, because there happens to be a coincidence here. I am sure it is more than coincidental. In the coming into force of this particular agreement between New Zealand and Canada, in article 13, there is a requirement that "the agreement shall enter into force on a date to be agreed in an exchange of notes between the contracting parties and shall thereupon supersede—" etc.

It so happens that by the bill before us we are told that the old New Zealand trade agreement is repealed, two of them, and that this act now before us, Bill C-90, shall be deemed to have come into force on November 13, 1981. I am wondering whether the exchange of notes between Canada and New Zealand stipulated that the agreement would come into force on November 13, 1981, and whether that just happened to coincide with the day after the presentation of the budget. I think that it would be useful to have the exchange of notes as well as the agreement.

The Acting Speaker (Mr. Blaker): The Chair has some difficulty. Hon. members will have noticed that I was out of the chamber for a moment. On my return I got the impression that the hon. member for Edmonton West (Mr. Lambert) had proposed a motion, but I am not sure that he did. I understood that the issue under consideration by the hon. member for Edmonton West was the possibility that the agreement with New Zealand might be appended to today's *Hansard*. At this point I am not entirely clear whether the hon. member for Esquimalt-Saanich (Mr. Munro) is raising a point of order.

It does not sound to the Chair like a point of order, because it simply seeks to determine whether or not the hon. Minister of State for Finance (Mr. Bussières) might add even further information.

The Chair will be pleased to assist the House in whatever way the House wishes. We are running out of direction. Is there some hon. member who would care to enter the debate, or move the House in a particular direction, or raise a point of order that seeks a decision by the Chair? I recognize the hon. member for Esquimalt-Saanich.

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, the hon. member for Edmonton West moved that the trade agreement be appended to today's *Hansard*. My suggestion, in amplification of that, was that the exchange of notes between Canada and New Zealand, bringing this particular agreement into force, should also be appended, because of the coincidence, the apparent coincidence between the coming into force of this agreement and the provisions of the bill before us.

The Acting Speaker (Mr. Blaker): Shall I recognize the hon. Minister of State for Finance?

[*Translation*]

Mr. Bussières: Mr. Speaker, I am afraid that some people are tripping over flowers in the carpet, as Xavier used to say. The government was asked to table a document, namely, a trade agreement between Canada and another country. This document is a public document which everybody knew about, and which has been tabled. Anybody who wants a copy of it can obtain one. This is a public and not a secret document. I am afraid that someone is tripping over flowers in the carpet and that we would be wasting the Canadian taxpayers' money if we had it printed as an annex to today's *Debates*. I do not understand at all the meaning of this discussion which has nothing to do either with points of order or information, because this is all public information.

[*English*]

The Acting Speaker (Mr. Blaker): Does the hon. member for Mississauga South (Mr. Blenkarn) wish to speak on the same point of order?

The Chair would like to determine whether or not there is a motion in front of the House. That would help.

Does the hon. member for Edmonton West put a motion that the trade agreement with New Zealand be appended to today's *Hansard*?

• (1730)

Mr. Lambert: That is correct, Mr. Speaker.

The Acting Speaker (Mr. Blaker): The hon. member for Edmonton West is entitled to move that motion, duly seconded by the hon. member for Esquimalt-Saanich (Mr. Munro).

Some hon. Members: Oh, oh!

The Acting Speaker (Mr. Blaker): Now I recognize the hon. member for Mississauga South (Mr. Blenkarn) on a point of order.

Mr. Blenkarn: Mr. Speaker, I will speak on the motion at the same time. I asked the Minister of State for Finance before why he does not file the whole trade agreement, but he has not yet answered. If this is the whole agreement then why are we dealing with amendments to tariffs in favour of New Zealand? The bill declares that they are part of the agreement, but somewhere along the line we were not given the entire story. I am speaking to the motion, Mr. Speaker. The Minister of State volunteered to supply an agreement, but he has not supplied the whole agreement. There is nothing in the agreement with respect to the reduction of Canadian tariffs, and there is nothing in it with respect to the reduction of New Zealand tariffs. Yet, the bill deals with a reduction of tariffs or a change of tariffs. Where is the agreement? Will the minister of state tell us?

The Acting Speaker (Mr. Blaker): I see the hon. member for Bow River (Mr. Taylor) seeking the floor. Is it to comment further on the same point of order?

Mr. Taylor: No, Mr. Speaker; I am rising on the motion.

The Acting Speaker (Mr. Blaker): The Chair must advise the hon. member for Bow River that we should take these matters in order. Let us begin with the motion which asks to append to today's *Hansard* a copy of the trade agreement with New Zealand.

Mr. Lambert: As tabled by the minister.

The Acting Speaker (Mr. Blaker): The difficulty is that there is now a motion on the floor of the House, the one dealing with Bill C-90. In order to have the trade agreement vis-à-vis New Zealand appended to today's *Hansard*, the Chair requires the unanimous consent of the House.

Mr. Lambert: No, Mr. Speaker.

The Acting Speaker (Mr. Blaker): That unanimous consent may or may not exist. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Blaker): There is not unanimous consent.

Mr. Lambert: It does not require unanimous consent.

The Acting Speaker (Mr. Blaker): The hon. member for Edmonton West states that he feels it is not necessary to have unanimous consent, although there is another motion on the floor of the House. The Chair will take a couple of minutes to consult in that regard, but I do not think the hon. member is correct. My view is that there is one motion on the floor of the House at the moment and that another one cannot be entertained until such time—

Mr. Lambert: That is mine.

The Acting Speaker (Mr. Blaker): No, it is not the motion of the hon. member for Edmonton West which is on the floor at this time. It is the motion of the Minister of State for Finance that is on the floor at this point. If hon. members want to raise points of order, the Chair will hear them, but first I will take a couple of minutes to assure myself that I am correct in my interpretation in respect of the motion of the hon. member for Edmonton West. I think we ought not to have debate on a motion which has not yet been accepted by the Chair and about which, frankly, the Chair has serious doubt. If the hon. member is now seeking the floor on a point of order, I will hear it.

Mr. Taylor: Mr. Speaker, the hon. member for Edmonton West (Mr. Lambert) who has had vast experience knows that we cannot have two motions on the floor but that we can amend the motion which is on the floor. I understood that the motion of the hon. member for Edmonton West was amending the motion—

Mr. Lambert: No.

Mr. Taylor: —by requesting that the agreement be appended to *Hansard*. I do not see anything wrong with this. The agreement has been tabled and made public. Why should there be objection to other members having a copy of the agreement?

Mr. Pinard: Then ask for copies. It is tabled, it is public.

The Acting Speaker (Mr. Blaker): Apparently the matter is becoming more complex. I am aware that the Minister of State for Finance tabled the agreement with New Zealand. Now the hon. member for Bow River is asking whether or not it is available. Of course it is available. It has been tabled and is available to every hon. member of the House. Now, that matter is out of the way.

I should like to turn to the issue raised by the hon. member for Edmonton West. He did not put to the Chair a motion to amend the bill, which he might have done. He put a motion to the House asking that this particular agreement be appended to *Hansard*. It is not a motion to amend the bill; it is a motion seeking the unanimous consent of the House to append the agreement to *Hansard*. It requires unanimous consent. Is there unanimous consent for the appending of that trade agreement to *Hansard*?

Some hon. Members: No.

Mr. Lambert: They do not know what they are talking about.

The Acting Speaker (Mr. Blaker): Therefore it will not be appended to *Hansard*.

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, I have been waiting with bated breath to participate in this exciting debate on Bill C-90, an act to amend the Customs tariff and to repeal certain acts in consequence thereof. If anyone in the country reads a copy of today's proceedings in *Hansard* or happens to view these proceedings on television, it will become very clear why the popularity of and esteem for politicians are so abysmally low. Bill C-90 deals with some very important matters in terms of imports and exports, but it is bogged down in parliamentary procedure and wrangling. I do not only cast my critical comments on my colleagues on my right but on those across the aisle as well. We listened to the Minister of State for Finance (Mr. Bussières) read from a prepared text some straightforward, rather simplistic comments about the bill.

Mr. Laniel: They were very interesting and to the point.

Mr. Riis: They were very interesting, but there was nothing new. Then the hon. member for Edmonton West (Mr. Lambert) raised the issue that there were documents we should have received to make the debate meaningful. In listening to the Minister of State for Finance, I do not think his contribution was particularly meaningful. This is no reflection upon him, necessarily; it is just the way things operate. In listening to the previous speaker, I was not particularly moved by any insight into the importance of the document. To put it simply, we have not had time or the necessary documentation in order to prepare. It almost begs the question as to why we go through this routine and whether or not it is an appropriate

process. I think it is clear that it is not. I think we should get this bill into committee very quickly where we can identify clause by clause some of the concerns of hon. members.

At this point I should like to make a couple of general comments. I recognize Mr. Speaker's generosity in providing an opportunity to the hon. member for Edmonton East (Mr. Yurko) to be in the chair. We are always pleased to have a very objective individual in the chair, and Mr. Speaker could not have picked a more objective individual from the House this afternoon.

We are looking at some very positive tariff changes on imported goods to assist the disabled. While one's first response is to laud this as a very generous move on the part of the government, as indeed it is, I find it somewhat hypocritical. Not many weeks ago we debated in the House a bill to amend the Excise Act by placing an excise tax on paraphernalia for the disabled. At that time we raised questions as to why a special tax would be placed upon back braces, leg braces and items thereof, at a time when we had just received a report on the disabled. Hon. members opposite indicated that they would study the matter, report back to the House and perhaps bring in changes to the legislation. We on this side sincerely hope that that is in process now. We welcome this particular move. I think it is a very progressive and positive step in the right direction. I would make the same comments with regard to the whole topic of dental materials.

• (1740)

I want to focus on a point which the Minister of State for Finance indicated. These goods are being allowed into the country duty free because they are not produced in our country. Therefore, they will not be challenging domestic manufacturing or industries, which is indeed the case. It makes one wonder how often we welcome foreign products into Canada duty free or at preferential rates. There is no comparable manufacturer in Canada because the market is essentially being overrun by foreign products.

We should look very carefully at this whole matter, and I think it is important that we get this topic into committee as quickly as possible so that we can see it within some context of the development of our own domestic industry and our willingness to assist our friends from across the way.

When we see a bill similar to Bill C-90, we have to wonder in what context this bill was introduced. When we decide that we are going to reduce the tariff on a whole number of goods, in what context are we making that decision? Since unquestionably we do lack a comprehensive industrial strategy for Canada, it cannot then be placed in a comprehensive context for Canada. Then we look at the lesser developed countries or those countries listed in the bill designated by the United Nations as being nations developing least. We are interested in assisting these nations and that is why we are reducing the tariffs and changing the quotas; that is why we are dismantling these tariff walls. Has enough thought been given to determining what effect these imports into Canada have on a particular developing country? We note with interest from the background notes which the minister kindly provided us that some of the main trading partners of the least developing nations are Bangladesh, Guinea, Haiti and Tanzania. From those countries we import green coffee, bauxite and jute products duty free and we make the assumption that it is in those countries' best interests to import them duty free. I wonder if that is necessarily always the case.

When you look at a bauxite mine and the conditions under which the ore is being mined, or when you look at the nation that is moving into a cash crop such as coffee and ask who is benefiting from these exports of coffee you find it is a select elite minority in that Third World country. Are they using productive agricultural land for the sake of growing a cash crop, such as coffee? That is a question I think we must ask ourselves as we go ahead and take what we perceive as being very positive steps in terms of reducing our trade barriers and welcoming more goods, particularly from developing countries.

In what context do we make this evaluation? I feel that is an important component and one that can be dealt with seriously only in committee, not in the House. We are able to ask specialists in committee whether it is in the best interest of Guinea and Tanzania to be importing these products, or whether there are other products we should be importing in lieu of these.

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, I rise on a point of order. If I understood what the hon. member for Kamloops-Shuswap (Mr. Riis) said, he said he hoped that we would move into committee to call in experts to discuss this matter. I would like to have verification on this point if I am wrong, but I believe this bill is going to be discussed in Committee of the Whole on the floor of this House. Am I not correct, Mr. Speaker?

The Acting Speaker (Mr. Blaker): The hon. member is correct. That is the motion before the House, that the bill be referred to the Committee of the Whole. Perhaps the House ought to appreciate the hon. member's point, and the Chair ought to indicate that really it is not a point of order.

Mr. Riis: Mr. Speaker, I appreciate the intervention, and while it was my understanding that we were moving into Committee of the Whole, the reason for my interjection was to question that particular action. When you consider the business that ought to be before this House, and particularly the borrowing authority act which is coming up in a few days and the kind of intense analysis it must receive in the Committee of the Whole, is this the kind of bill with which we want to take up the precious time of this House? I would question that. I would also encourage hon. members to reconsider spending the time of this House going over Bill C-90 clause by clause and looking into the various aspects of our tariffs on goods for the disabled, dental products, general commodities of agriculture and others. This is a very technical bill. It is not the kind of bill that lends itself to this kind of discussion.

With those few comments I will close and encourage hon. members of the House to recognize that important legislation is pending, much more serious than this bill in terms of a comprehensive and over-all discussion, and to get this bill to committee as quickly as possible, Consideration should be

given to sending it to the standing committee instead of, as proposed, to Committee of the Whole.

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, Bill C-90 covers a number of things. I want to deal with the various items one by one. Prior to the Minister of State for Finance (Mr. Bussières) speaking on the bill, he said that he would table the New Zealand agreement. I think all members should take a look at that tabled document. Nowhere in the document does it call for Canada to reduce any tariffs, nor does it call for New Zealand to reduce any tariffs. It is a sweetheart deal. It has very lovely language. There is a desire to strengthen friendly relations for the promotion, encouragement and expansion of bilateral trade. It recognizes the desirability, it is mindful of the importance, and it is determined. It goes on and on. Nowhere does it say that the government of New Zealand will reduce tariffs in New Zealand, nor does it say that the Government of Canada will reduce any tariffs. It talks about the consultative process, the sharing of technological information and that type of thing. But that is not what this bill deals with. Part of this bill deals with certain tariff changes that extend to New Zealand.

Looking at those tariff changes and the whole purpose and scope of this type of bill, I want to say to the House that in my view we in Canada are losing all sorts of potential trade because we do not pay real attention to two countries in the world that should be our most complete trading partners. I am referring to Australia and New Zealand.

It is probably nice and balmy in New Zealand today. I am sure people are on the beach, because it is holiday season. It is mid-summer. The same applies to Australia. While we wade around in two or three feet of snow and suffer in very cold temperatures, Australia and New Zealand are enjoying summer. While they do not get winter like we get winter, except perhaps in Tasmania and to some extent the south island of New Zealand, their seasons are the exact opposite to ours.

• (1750)

Second, Mr. Speaker, the combined population of Australia and New Zealand is about 17 million people. They live not very much differently from us. Their hopes, their aspirations for their children, their housing, the way they speak, think and work are not much different from us. They represent for Canada a perfect market for our goods and expertise, and we represent the same thing to them.

Now, Sir, I have had some experience in the manufacturing business. One of the companies I am associated with maintains an Australian subsidiary where we sell a great deal of our products. Indeed, in one product line we have some 40 per cent of the Australian market. We would have a larger share of the New Zealand market if there had been negotiations in this trade deal with New Zealand to remove some of the import restrictions that exist there. It is a good market for us largely because what we manufacture for our spring season are the same type of goods sold for Christmas in New Zeland and Australia. So in our trade with that part of the world we are able to get nearly two months more production using the same machinery and production lines that we use for our Canadian trade. That makes our plants very much more efficient and it means we can sell in Canada for less. Of course, the same thing applies to the manufacturers and processors in those two countries.

Any country the size of Canada, New Zealand or Australia needs a large home market so as to develop a good, profitable production run. If we were able to combine the Canadian market of 24 million people with the 17 million of Australia and New Zealand, we could eliminate this "small home market" attitude which exists in all three countries. Yet we do not seem to be prepared to get down to brass tacks with those countries. We continue to have little trade agreements, tariffs, and we do not make general agreements for an open and free trade arrangement in that market.

I say to you, Sir, that market is valuable to us. A bathing suit manufacturer in Australia or Canada—and they make good bathing suits in Australia; I have one—has an open market in the other country in his off-season. This applies equally to lawn furniture, barbecues, a whole host of things we produce here and they produce there. If we were as a nation looking at the possibility of expanding our world trade, we would enter into a common market agreement with Australia and New Zealand. We have everything going for us and could do it if we wanted to, instead of niggling back and forth with a system which contains an unbelievable number of different tariffs.

We have, Mr. Speaker, the British preference, most favoured nation, the General Agreement on Trade and Tariffs, and the general preferred tariff. Then of course we have the "free" situation and the U.K. and Ireland situation and now, presumably, as we negotiate these bilateral agreements while still maintaining the tariff structure, we have the New Zealand tariff structure, which will presumably form another chapter in the general tariff book, a bible of unbelievable complexity.

We are not looking to our responsibilities in this field correctly, and I want to bring to the attention of the House a situation concerning New Zealand. Our trade with them is not a big deal. In 1979 we exported to them some $90 million worth of goods and imported $135 million worth of goods. The reason our imports in 1979 were so high is that a great deal of New Zealand meat was coming into Canada for trans-shipment to the United States. When I first saw that I wondered why, and so I inquired of L.N. Reynolds Co., Ltd., perhaps Canada's largest meat brokers, and that is what they told me.

However, in looking at our total trade with New Zealand, we find that our exports to them represent only 2.3 per cent of their imports. There is no reason why we should have such a small amount, no reason at all. Now it is quite true that their closest trading partner is Australia, but our own analysis indicates we could have a far larger trade with New Zealand if we did something about it. I want to read from page 19 of the departmental analysis. Speaking of the new energy and mineral resources in that country, it says:

Expansion is expected to take place in the mining of ironsands to satisfy the rising demands of domestic steel producers, as well as in the mining of molybdenite, lead, zinc and copper.

All of this should be of benefit to Canadian producers of mining machinery and other related equipment. Similar opportunities are expected in the exploration for new natural gas deposits, its extraction, treatment and transportation.

We have that expertise here, we have that ability here. I would call it six o'clock, Mr. Speaker.

The Acting Speaker (Mr. Blaker): It being six o'clock, I do now leave the chair until two o'clock tomorrow afternoon.

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

HOUSE OF COMMONS

Thursday, February 11, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

FINANCE

CAPITAL GAINS TAX—SUGGESTED CHANGE IN VALUATION DAY—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. Whereas, when valuation day, December 31, 1971, was set, land in western Canada was selling at prices four, five and six times lower than it is today—consequently a farmer who wishes to retire now must pay capital gains on the inflation of the past 11 years, and whereas lawyers, doctors, cabinet ministers, or MPs will not accept 1971 values for their fees or remuneration, but farmers are penalized by this outdated law in spite of the fact that their costs have increased and their income has declined, I move, seconded by the hon. member for Lethbridge-Foothills (Mr. Thacker):

That this House urges the government to be fair to the farmers who have spent their lifetime on a farm by changing the valuation day to December 31, 1981.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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THE BUDGET

CALL FOR WITHDRAWAL—MOTION UNDER S.O. 43

Mr. Girve Fretz (Erie): Madam Speaker, I rise under the provisions of Standing Order 43. It comes as no surprise that once again a provision of the MacEachen budget has been exposed for its unthinkingly negative impact on small business. The federal sales tax will now have to be calculated, collected, and remitted by more than 100,000 wholesalers, who are primarily small businesses that have not the staff nor experience to deal with yet more government paper burden. This extra work will inevitably lead to higher costs to consumers, and therefore more inflation. I would move, therefore, seconded by the hon. member for Cariboo-Chilcotin (Mr. Greenaway):

That this House urge the Minister of Finance to withdraw this regrettable provision or, better still, withdraw the whole sorry shambles his budget has been revealed to be.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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NORTHERN AFFAIRS

NORTHERN CANADA POWER COMMISSION—SUGGESTED MEETING OF PARLIAMENTARY SUBCOMMITTEE—MOTION UNDER S.O. 43

Mr. Dave Nickerson (Western Arctic): Madam Speaker, I rise under the provisions of Standing Order 43. Whereas the subcommittee on the Northern Canada Power Commission, under a reference from this House, conducted public studies into the commission during the summer of 1981; and whereas the affairs of the commission seem to be going from bad to worse as witnessed, for example, by the Field, British Columbia, affair and the imposition of low water surcharges in the Northwest Territories; and whereas the government has failed to call a meeting of the subcommittee—with one exception—since October last; I move, seconded by the hon. member for Fundy-Royal (Mr. Corbett):

That the subcommittee on the NCPC be required to meet forthwith in order to finalize its report and recommendations.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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ARMS RACE

CONDEMNATION OF CHEMICAL WEAPONS—MOTION UNDER S.O. 43

Mr. Terry Sargeant (Selkirk-Interlake): Madam Speaker, I rise under the provisions of Standing Order 43. Whereas, on this Monday past, President Reagan set the stage for the resumption of production of new chemical weapons, stating in a letter to Congress that new lethal nerve gas munitions are

S.O. 43

"essential to the national interest"; and whereas the production of chemical and biological weapons is abhorrent to mankind and, furthermore, banned by international treaty in 1925; I move, seconded by the hon. member for Saskatoon East (Mr. Ogle):

That this House direct the Government of Canada to protest to President Reagan this latest destabilizing move in the arms race and call upon both the U.S. and the Soviet Union to cease immediately production of and destroy all stockpiles of any such weapons.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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EXTERNAL AFFAIRS

SOUTH AFRICA—COMMENTS MADE BY MEMBER FOR WINNIPEG ASSINIBOINE—MOTION UNDER S.O. 43

Mr. Roland de Corneille (Eglinton-Lawrence): Madam Speaker, I rise under the provisions of Standing Order 43. Because members of this House cannot allow remarks by one of its members to go unchallenged when to do so could in any way appear to ignore or condone the evils of racism and discrimination, I therefore move, seconded by the hon. member for Scarborough Centre (Mr. Kelly):

That this House expresses its shock, dismay and condemnation of the views stated and reiterated by the hon. member for Winnipeg-Assiniboine to the effect that blacks in South Africa lack morals, breed at an irresponsible rate, can't keep up with whites intellectually and are still too primitive for self-rule, and that this House reaffirms our commitment to call for the abolition of racist laws and censorship in South Africa, and our determination to combat the dangers of prejudice and racism at home and abroad.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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● (1410)

TRADE

SALE OF CANDU REACTORS TO SOUTH KOREA—MOTION UNDER S.O. 43

Mr. Bob Corbett (Fundy-Royal): Madam Speaker, I move, seconded by the hon. member for Athabasca (Mr. Shields):

That a major effort be mounted to negotiate in a serious way with our ally, South Korea, to establish a mutually satisfactory route for two-way trade which will ultimately lead to an agreement for the South Koreans to purchase additional Candu reactors, greatly boosting our ailing nuclear sector, and further pave the way for Canada's promotion as a leader in the field of exportable high technology.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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THE SECRETARY OF STATE

MOTION UNDER S.O. 43

Mr. Doug Lewis (Simcoe North): Madam Speaker, the performance of federal cabinet ministers on national television is important to the credibility of all hon. members of this House. Therefore I move, seconded by the hon. member for Prince Edward-Hastings (Mr. Ellis):

That if he ever appears on "Canada AM" again to debate the Ontario minister of education, the Secretary of State be better prepared, better rested, and have better figures in order to avoid the complete annihilation he suffered this morning.

Some hon. Members: Oh, oh!

Mr. Wilson: Stick to hockey!

Madam Speaker: Is there unanimous consent for the motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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ROYAL CANADIAN MOUNTED POLICE

RELEASE OF DOCUMENTS REQUESTED FOR DEFENCE OF MEMBERS—MOTION UNDER S.O. 43

Mr. Peter Elzinga (Pembina): Madam Speaker, in view of the fact that the Prime Minister (Mr. Trudeau) and his Liberal colleagues pressured the RCMP to get involved in probing separatism in Quebec by either legal or illegal means, even though the RCMP wanted nothing to do with it, and whereas it is becoming apparent that the Solicitor General (Mr. Kaplan) is refusing to release documentation, simply to cover up this Liberal government's illegal activities, I move, seconded by the hon. member for Athabasca (Mr. Shields):

That this House instruct the Solicitor General to release immediately the 33 documents the RCMP defence counsel has requested, which are essential for a fair trial of the 17 officers charged.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

UNEMPLOYMENT INSURANCE

SUGGESTED CHANGE IN REGULATIONS APPLICABLE TO LAY-OFFS—MOTION UNDER S.O. 43

Mr. Jim Manly (Cowichan-Malahat-The Islands): Madam Speaker, in view of the fact that partial lay-offs hit younger, low-seniority employees first; in view of the fact that these employees often face heavy mortgages and other payments and are unable to get by on unemployment insurance; and in view of the fact that some older employees with higher seniority could better afford a lay-off and would be willing to take a lay-off if they did not thereby forfeit their rights under unemployment insurance and their seniority rights, I move, seconded by the hon. member for Prince Albert (Mr. Hovdebo):

That the government amend UIC regulations to permit higher seniority employees the option of being laid off in place of lower seniority employees during a partial and temporary lay-off.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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CRIMINAL CODE

SUGGESTED RETENTION OF PENALTIES FOR USE OF MARIJUANA—MOTION UNDER S.O. 43

Mr. Gus Mitges (Grey-Simcoe): Madam Speaker, I rise under the provisions of Standing Order 43. Given the fact that medical research has compiled overwhelming evidence that smoking marijuana is extremely dangerous, often damaging the lungs, brain, reproductive tissues and cellular metabolism, and given the fact that relaxing penalties for marijuana has been proven beyond a doubt to lead directly to dramatic increases in the amount consumed, I move, seconded by the hon. member for Huron-Bruce (Mr. Cardiff):

That the government give its assurances not to soften the present legislation on marijuana which could easily be misconstrued as condoning or encouraging the use of this very dangerous drug.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS

CUTBACKS IN TRANSFER OF FEDERAL FUNDS TO PROVINCES—MOTION UNDER S.O. 43

Mr. Don Blenkarn (Mississauga South): Madam Speaker, on February 3 the Minister of National Health and Welfare (Miss Bégin) indicated to this House that she would be increasing the $4.6 billion she transfers to provincial governments for health concerns by 13.4 per cent. Yesterday the Secretary of State (Mr. Regan) indicated he would be increasing the transfers of $1.825 billion to the provinces for post-secondary education by at least 12 per cent. I therefore move, seconded by the hon. member for Fraser Valley West (Mr. Wenman):

That the Minister of Finance on motions today explain to this House from what appropriations he is cutting transfers to the provinces, by his own admission in the amount of $3.2 billion over the next five years, and, by the provinces' calculations, $4.5 billion, with respect to the financing of the established programs.

Madam Speaker: Is there unanimous consent for the motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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FITNESS AND AMATEUR SPORT

PARLIAMENTARY HOCKEY GAME—MOTION UNDER S.O. 43

Mr. Gilbert Parent (Welland): Madam Speaker, I rise on a matter of urgent and important business today. In view of the fact that a coalition hockey team comprised of the Conservatives and the NDP fell last night before the overwhelming talent of the Liberals, I move—

Some hon. Members: No, no!

Mr. Parent: —seconded by the hon. member for Restigouche (Mr. Harquail):

That this House formally congratulate the victorious Liberals who were able to give as good an account of themselves on the hockey rink as they do right here in the House.

Mr. Regan: Nine-nothing!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

● (1415)

Madam Speaker: Before we get into question period, I would ask hon. members to remove those beautiful apples from their desks.

Mr. Clark: I would not do anything, Madam Speaker, to draw attention to Apple Month in Canada, and I appreciate your injunction.

Some hon. Members: Hear, hear!

Oral Questions

ORAL QUESTION PERIOD

[*English*]

FINANCE

COMMENTS MADE BY MINISTER OF STATE—GOVERNMENT POLICY

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is to the Minister of Finance. He will know that his colleague, the Minister of State for Quebec, noting that there had been a significant deterioration in economic conditions in Canada since the budget was prepared has said, and I quote:

[*Translation*]

—it becomes necessary to take concrete steps to curb inflation.

[*English*]

May I ask the Minister of Finance if the Minister of State was speaking for the government when he expressed that position?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I believe the comments of the Minister of State were quite in line with comments I made myself to the effect that we are committed not simply to minimizing the consequences of unemployment for those looking for work, but to training the labour force which we will need for major resource development and high technology projects in the next few years. These and other innovative measures to strengthen the economy can and will be promoted within the current framework. Therefore, when the Minister of State speaks about concrete measures he is quite in accordance with the statement I made, which was an effort to relate what it might be possible to do within the over-all framework of restraint. Certainly that is the policy, and will continue to be the policy.

QUERY RESPECTING PROPOSALS TO INCREASE DEFICIT

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, the Minister of Finance has succeeded in compounding the continuing mystery as to just what is the real version of the budget that he brought down, changed once, and now indicates he will change significantly more. He talked about the current framework. He said yesterday in relation to what that framework is, and I quote from *The Globe and Mail:*

"I have talked about major fiscal stimulus, and I am not in favour of that.... When I talk about major stimulus, I'm talking about very big sums—five to ten billion dollars".

That clearly leaves the implication that the minister regards his current framework of restraint as involving increasing the deficit by up to $5 billion. May I ask the Prime Minister if the Minister of Finance is expressing the position of the government when he proposes to increase the deficit by up to $5 billion?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, that would be an unfortunate implication, because I can state quite categorically that it is not my intention to accept any proposals that would increase the deficit by $5 billion. I stated in reply to the earlier question that any measures that I would support or that could be taken by the government would be in the over-all framework of restraint. That means the underlying objective to control the deficit would have to be observed. It could not be abandoned. Certainly an expenditure of $5 billion would, in my view, abandon entirely the fiscal restraints which I am supporting.

MINISTER'S VIEWS ON EXPENDITURE LEVELS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, can we have today's version of the limits which the minister is prepared to contemplate? Yesterday he indicated it might be $5 billion. Today he says it is not. What is the limit?

• (1420)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I say again that in no way did I say yesterday that I was contemplating an expenditure of $5 billion. I was attempting to indicate what I considered to be a sum which might be regarded as a major stimulus to the economy either through the tax system or some other means. To make the conclusion that I was prepared to expend $5 billion is quite unwarranted.

The fiscal framework must be observed, and the cost of any particular proposal would have to be measured in terms of the over-all objective of the government. I will not put a particular figure on that today or tomorrow.

QUERY RESPECTING POSSIBLE CHANGES IN BUDGET

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, the Minister of Finance says that the fiscal framework must be respected, but he will not tell the House what it is. We have the Minister of Employment and Immigration proposing an expensive program, the Minister of State proposing an expensive new program, the now absent—perhaps permanently absent—Minister of National Health and Welfare—here she is now.

Some hon. Members: Hear, hear!

Mr. Clark: I apologize for being premature.

Some hon. Members: Hear, hear!

Mr. Clark: The Minister of National Health and Welfare is proposing an expensive new program.

Individual Canadians have to make their plans based upon some certainty as to what is in the budget. We keep getting new versions every day of how deep the deficit will be, and about what new programs will be involved. Will the minister give us an undertaking that he will come to the House, either this week or very early next week, and spell out publicly those

changes which he is contemplating so that Canadians will know just what budget we are dealing with?

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, Canadians are dealing with a budget which was approved twice by the House of Commons on non-confidence votes which were moved by the Leader of the Opposition.

An hon. Member: It was revised since.

Mr. MacEachen: That is the budget, and that is the fiscal framework. If any particular measures are adopted by cabinet, they will then be announced to the House of Commons—

Mr. Crosbie: By whom?

Mr. MacEachen: —and the hon. gentleman will have an opportunity to decide to what extent they will have affected the underlying restraint theme of the budget.

PLANS UNDER REVIEW BY DEPARTMENT

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, my supplementary question is also for the Minister of Finance. We have the unseemly charade of a number of ministers proposing plans in an attempt to be seen as doing something. Yesterday, the minister said that he did not have any other plans under review in his department. Would he confirm that to the House today? Is he saying that there are no other plans under review in his department?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, during question period yesterday the Leader of the Opposition asked me if I would reply to his concern about a specific program related to job creation which was under consideration by the ministry.

An hon. Member: Answer the question.

Mr. MacEachen: I said no to that question. The answer is correct. I would remind the hon. member that it is not the practice for ministers either to discuss or disclose in the House the proceedings of cabinet or decisions made by cabinet.

Miss MacDonald: You are doing it every day.

Mr. MacEachen: That is well understood. I do not intend to respond by telling the hon. member that a specific program or a number of programs are under review, because these are matters which are the business of cabinet and therefore secret. In a general way I will tell the hon. member that we are constantly monitoring various proposals that have been brought forward. We introduced a number of specific programs in the budget, and we are continuing to monitor programs. When the cabinet reaches decisions they will be announced in the House in the usual manner.

CAPITAL COST ALLOWANCE

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, what we are trying to do here today is to avoid another debacle similar to what we had on November 12. If we can learn from the minister what proposals are under review in the ivory tower of his department so they can be discussed in the open with the people whom they will affect in Canada, then we can have a proper understanding of what might happen.

● (1425)

Specifically, is the minister considering any change in the capital cost allowance to make it applicable in a different way so that job creation can take place in the first half of the year? The proposal in place now will leave investment to later in the year and push off the creation of jobs to the last part of this year, but we need them right now.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, it is not under consideration at all to remove or eliminate the proposed changes to the capital cost allowance. If the hon. member wishes a specific answer, that is the answer to that question.

There have been a number of representations made by various groups with respect to the application of the capital cost allowance to their situations. Obviously these matters will be under consideration. I hope they will be under consideration by members of the House of Commons as they consider tax measures. We have spent considerable time in the standing committee in the course of this session considering various tax proposals and, indeed, there was a number of changes adopted. I expect that process will continue because it is a good and healthy process.

* * *

THE ECONOMY

REQUEST THAT BANK RATE BE STABILIZED

Mr. Doug Anguish (The Battlefords-Meadow Lake): Madam Speaker, my question is directed to the Right Hon. Prime Minister. Virtually everyone in Canada has now asked that interest rates be lowered. This includes the premiers, members of this House and, in fact, members of the Prime Minister's own party.

The Prime Minister will admit that he is responsible for the policies of this government and how they are carried out. I think the statement made by the Prime Minister yesterday revealed that he has lost touch with what is happening. He said that the difference between the bank rate and the rate of inflation has traditionally been the same as it is now. That is not so. In 1976 the rates were about even. The bank rate of 14.87 per cent announced today is almost three percentage points higher than the rate of inflation. If the Prime Minister really believes that the margin should be the traditional margin and still is, will he then lower the bank rate to 12.1 per cent, and stop stick handling with the future of the Canadian

people? Will he lock that rate in at 12 per cent for the next year so that Canadians can at least plan their future with some certainty?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, that was an unfortunate metaphor about stick handling. I think members of the hon. member's party showed last night that they were not very adept at that.

Some hon. Members: Hear, hear!

Mr. Broadbent: Too many left wingers.

Some hon. Members: Oh, oh!

Mr. Trudeau: The hon. member suggests that everyone in Canada wants interest rates to come down. He is perhaps right. That certainly includes people on this side of the House. We would like to see interest rates come down. The question is how to go about that. Do we do it by ordering the banks to bring interest rates down, or by attacking the cause of inflation? In so far as the position of the various parties is concerned, I merely remind the hon. member that he is now publicly disagreeing with the position put forward by several premiers last week. One of them specifically advocated that Canadian interest rates should be one point higher than American interest rates.

Mr. Broadbent: Tell us which one.

Mr. Trudeau: That was a position put forward publicly and supported by several premiers. Obviously there is a desire on the part of everyone to see interest rates come down, with the exception of those who have money to lend, whether they be private individuals, governments, or money markets. As I said yesterday, when inflation is running at about 12 per cent, people want to lend their money at a few percentage points above 12 per cent so that when they get their money back, it will be worth the money put in. That is the problem.

The way to bring interest rates down is to bring inflation down. Therefore, if inflation is brought down to 8 per cent or 6 per cent, I could guarantee the hon. member that Canadians could see lower interest rates—unless they prefer to have a higher dollar, which would be a choice they could then express. That is the reality of the situation.

• (1430)

REQUEST THAT INTEREST RATE SPREAD BE FIXED

Mr. Doug Anguish (The Battlefords-Meadow Lake): Madam Speaker, stick handling is a problem with the government across the floor because it is that policy that got us into so much trouble over the past few years. I think it is up to the government to state some policy. The other thing that really concerns Canadians is the point spread between which deposit—

Madam Speaker: Order. The question requires no such type of explanation. The hon. member's first question was very long, and we have all agreed we should shorten our questions. I should like the hon. member to co-operate.

Mr. Anguish: Madam Speaker, the point spread had traditionally been about 2 per cent until 1979. Now we are being robbed, almost, with a point spread of 4 per cent or greater, which means hundreds of millions of dollars. Will the Prime Minister enact or give the banks guidance on how to lock in their point spread, which is a position with which the Canadian Bankers' Association has stated it would agree. If it were locked in at 2 per cent then Canadians could better analyse what is happening in banking circles.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I do recognize that the government has jurisdiction over the banks but, as I pointed out to the premiers, and to the House a few days ago, and several times in a row, general authority over prices, wages, salaries, and profits comes under provincial jurisdiction. I want to put it to the hon. member that if he really wants interest rates to come down, we should all be co-operating to bring inflation down. One way of bringing inflation down and making the country a better place in which to invest dollars and to create jobs, would be to bring inflation down. One way of doing it is to get co-operation from the provinces—an agreement that we all restrain our expenditures in so far as they concern wages to the public sector. It would only be effective, of course, if the private sector were prepared to follow that example. There again, that is under provincial jurisdiction.

I am very happy to reopen talks with the hon. member, with his party, or with the premiers, if they want to co-operate in giving leadership to this economy in areas of their jurisdiction to bring inflation down. That would then bring interest rates down.

PROFITS OF CHARTERED BANKS

Mr. Doug Anguish (The Battlefords-Meadow Lake): Madam Speaker, one way to get a grip on inflation is to control some of the profits, and I think when the chartered banks make 37.7 per cent—

Some hon. Members: Oh, oh!

Madam Speaker: Order, order. The hon. member knows he is arguing the point rather than asking a question.

Mr. Anguish: My question to the Right Hon. Prime Minister, Madam Speaker, is on whether he would think it more just to have a higher taxation rate on the banks. The taxation rate this year for the two banks we have figures available for, is 17 per cent. That is a rate lower than that which bank tellers have to pay. I think that is unreasonable. Those are things that he should be looking at in order to get inflation under control.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member is suggesting that one way of doing it is by controlling some of the profits. I would put it to him that the way of doing it is perhaps by controlling not only the

profits but also the prices, including prices for money. Most of that, I repeat, except in the latter example, is in the area of provincial jurisdiction. The provinces do not want to delegate that authority to us. We do not have it under the Constitution. We cannot control wages, prices and profits in the private sector. I wish the hon. member and his party would get that into their heads, and then perhaps put pressure on the provincial governments where they have some influence, so that there would be co-operation to keep prices down. They can do that in co-operation with each other.

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HOUSE OF COMMONS

PRESENCE IN GALLERY OF HERR LOTHOR SPAETH, PREMIER OF BADEN-WÜRTTEMBERG

Madam Speaker: I should like to draw the attention of the House to the presence in our gallery today of Herr Lothor Spaeth, Premier of Baden-Württemberg in the Federal Republic of Germany.

Some hon. Members: Hear, hear!

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AUTOMOTIVE INDUSTRY

CANADIAN CONTENT IN JAPANESE MANUFACTURED CARS

Mr. Otto Jelinek (Halton): Madam Speaker, two days ago the Canadian automotive industry held an emergency meeting in Toronto at which the keynote speaker was to have been the Hon. Herb Gray but he backed out just hours before the meeting. I suggest to the minister that he hang his head in shame.

In view of the fact that one out of seven jobs in Canada, not just Ontario but in Canada, is associated with the automotive industry, and because the meeting in Toronto concluded, as stated by the president of the Automotive Parts Manufacturers' Association of Canada, that the present arrangement of Japanese voluntary restraints or any similar new one that Ottawa may negotiate will not create a single job in Canada, will the minister now take the one crucial and necessary step that may save the auto industry and the thousands of job associated with it in this country? Will he negotiate, demand, or, if need be, legislate a fair Canadian parts content in Japanese cars sold in Canada?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, first of all I want to say that my hon. friend is quite inaccurate when he says that I backed out of giving a speech at the auto parts meeting. I had to take part in a very important cabinet committee meeting. The speech I would have given was delivered on my behalf by my very capable parliamentary secretary. He put before the meeting exactly the same message that I would have presented had I been there.

I think my hon. friend is unjustly denigrating and running down the capacities of Canadian workers and Canadian automotive and auto parts manufacturers. He is suggesting that there is nothing they can do, beyond narrow protectionist measures, to become more competitive and efficient and to win back the support of Canadian and North American consumers.

I happen to have more confidence in the ability of Canadian workers and Canadian manufacturers than he does. At the same time, we have already begun discussing with the Japanese what they should be doing with respect to a further period of restraint of exports. The kinds of concerns that I have mentioned, and that he has just now begun to echo, have been brought very forcefully to the attention of the Japanese.

REQUEST THAT MINISTER ACT TO INCREASE CANADIAN CONTENT

Mr. Otto Jelinek (Halton): Madam Speaker, may I say that the minister is not giving the Canadian worker the opportunity to have their fair share of the marketplace because of the inability or inaction of this government regarding the auto parts sector. There are 600,000 jobs still left in the auto industry in Canada. The auto industry concluded at its meeting two days ago that the only way to save these jobs is to increase the number of parts in Japanese imports.

I repeat my question. Why does the minister not take the necessary action, by legislation if need be, to require the Japanese to increase substantially from the present one half of 1 per cent the Canadian content in Japanese cars sold in this country, perhaps in return for lower tariffs which then would create jobs in Canada and not increase the price of Japanese cars sold here? Why is the minister not doing this? Can he explain that?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, my hon. friend is in his usual dream world. He completely overlooks the grave weakness in the major market for Canadian made vehicles and parts, the weakness in the United States market which takes some 80 per cent of our production. That is a major factor which affects the wellbeing of our workers and companies, over which we obviously, and unfortunately, cannot have any control.

At the same time I repeat what I have said before, and that is that, as far as I am concerned, I should like to think that the agreement we negotiated with the Volkswagen company, whereby in return for duty-free entry they committed themselves to Canadian content of some 85 per cent, a Canadian content much higher than is required from automotive assemblers here and which involves substantial purchases from independent Canadian companies, and which will result in the creation of some 1,500 jobs, will serve as a harbinger and example for other companies, including Japanese companies. We are actively pursuing efforts in that direction.

Oral Questions

CANADIAN NATIONAL RAILWAYS

DELAY IN PAYMENTS TO LAID-OFF WORKERS

Mr. J. R. Ellis (Prince Edward-Hastings): Madam Speaker, the Minister of Transport will know that, as a result of the VIA Rail cutbacks last year, a number of CN employees were laid off. Those CN employees have not yet received their severance pay or any of the benefits that were due to them as of last August. Could the minister tell me when these employees might get their pay?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I could not give an exact date. I did not have time to check since my return from the west but I will do so this afternoon. The last time I inquired, which was three or four days ago, procedures were in motion. A decision had to be made by the pension board and that has not taken place yet. The workers knew about the delays that would normally take place, so there is no substantial problem as far as I am informed.

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PUBLIC SERVICE

PAY INCREASES FOR GENERAL SERVICE WORKERS

Mr. J. R. Ellis (Prince Edward-Hastings): Madam Speaker, I have a brief supplementary for the President of the Treasury Board. He will know that the general service workers of the Public Service settled their agreement with the government last December for two years, and yet they have not seen that increase in their regular pay. I am not talking about the back pay. I am talking only about the regular increases for 1981 and 1982. They have seen none of it yet. Could the minister tell us when that will happen?

● (1440)

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, I am not aware that they have not seen their increases yet, but I will certainly look into the matter.

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NATIONAL ENERGY PROGRAM

EXTRATERRITORIAL APPLICATION OF PROPOSED UNITED STATES LEGISLATION

Mr. Maurice Foster (Algoma): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources. In view of the government's commitment to Canadianization of the Canadian petroleum industry by 1990, and our strong objection in the past to American law applying to Canadian subsidiaries of American companies doing business in Canada, what action is the government taking to respond to press reports that a new American law, which has already been passed in the House of Representatives, would block the takeover of American oil companies not only in the United States but also of subsidiaries doing business in Canada?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, indeed this bill has passed the House of Representatives. The Government of Canada, through its embassy in Washington, made representations by drawing to the attention of the United States administration that the bill, as drafted, would imply extraterritorial application of United States legislation, a matter to which Canada and other countries have always very strongly objected. We were advised that many people in the administration believe that the bill was rather poorly drafted. We will see whether the bill will make any progress at all in the United States Senate. We are monitoring the situation very carefully, and we have already drawn our objections to the attention of the United States government.

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UNEMPLOYMENT INSURANCE

TRANSFER OF FUNDS TO JOB CREATION PROGRAMS

Mr. Derek Blackburn (Brant): Madam Speaker, in the absence of the Minister of Employment and Immigration I will direct my question to the Minister of Industry, Trade and Commerce. It concerns the manpower minister's announcement yesterday that he would take another $100 million out of the unemployment insurance fund to put into job creation, when in fact job creation should have come directly out of the budget. With over a million Canadians out of work and desperately needing unemployment insurance benefits, how does the minister rationalize this theft of funds from the insurance program when it is government economic policy which caused the loss of jobs in the first place?

[*Translation*]

Mr. Rémi Bujold (Parliamentary Secretary to Minister of Employment and Immigration): Madam Speaker, I should like to say to the hon. member that the minister's announcement that money would be drawn from the unemployment insurance fund was simply meant as an explanation of the department's internal policy which is to distribute money to offset unemployment throughout the country. Of course, those payments will in no way reduce the funds available to compensate unemployment insurance claimants, nor will they otherwise affect those funds.

[*English*]

Mr. Blackburn: Madam Speaker, I am not quite sure what the hon. member had to say about it, but I will check the "blues".

REQUEST FOR ASSURANCE ON PREMIUM RATES AND WORKERS' BENEFITS

Mr. Derek Blackburn (Brant): Madam Speaker, my supplementary question is directed to the Minister of Finance. By taking this money from the workers' insurance fund instead of out of government revenues, and at the same time following an economic policy which puts 3,000 Canadian workers on the street every day, the insurance fund will be quickly eaten up and the workers will be asked to pay for the shortage in the fund by an increase in premiums. Does the Minister of Finance dispute this fact, or will he now assure the House that as long as the government pursues a monetarist policy there will be no increase in premium rates and no reduction in workers' benefits?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, as the hon. member will recall, in the budget I announced a decrease in the contribution rates for Canadian workers. I think the hon. member may misunderstand the use which is being made of the provision in the Unemployment Insurance Act to which the Minister of Employment and Immigration referred yesterday. As I understand the program recently announced by the minister, it was to employ several thousand forestry workers in northern Ontario. It was under the provision of this particular act by which unemployed workers would be given jobs. Surely that is the type of activity all of us want to encourage.

I hope the Minister of Employment and Immigration will continue to explore with provinces and with employers how the provision of the act could be used to take unemployed workers now receiving benefits and put them into gainful employment. That is really a good objective.

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AIRPORTS

CHARLOTTETOWN TERMINAL AND CONTROL TOWER

Mr. Mel Gass (Malpeque): Madam Speaker, my question is directed to the Minister of Transport. It concerns a new terminal and control tower for the Charlottetown airport which was approved in 1977 and postponed many times since. The minister was to meet with the provincial premier on January 22, 1982, to confirm the details of this expansion to start in the summer or fall of 1982. However, the minister suddenly cancelled this meeting. Could he inform the House whether this was because he is shelving the airport expansion and, if not, when does he intend to call tenders and get on with the job?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I am really not aware of the meeting I was supposed to have with the Premier of Prince Edward Island. I have had numerous meetings with the ministers of transport of that province, both the former and the new one. On the subject of the Charlottetown airport, everybody agrees that there have been uncalled-for delays, if one wants to put it this way. But the reasons are simply that under a new Treasury Board system, before one builds an airport one must be sure that the carriers, for example, will accept the plans and pay the necessary rentals. I regret very much that it took such a long time to conclude, but I will send a letter to my friend giving him the agenda for coming developments.

CUSTOMS INSPECTION FACILITIES

Mr. Mel Gass (Malpeque): Madam Speaker, the carriers agreed to the payments last August. At a time when the Prince Edward Island construction industry is flat on its back and badly needs this project, I am wondering when the minister will get on with the job. In a letter to me on August 12, 1981, the minister committed himself to include customs inspection facilities in the new terminal. Are the customs inspection facilities still in the plans?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, the Charlottetown airport is on my mind all the time, with the Crow at the moment.

Some hon. Members: Oh, oh!

Mr. Pepin: But I have not really been able to memorize the work agenda for each of Canada's one thousand airports, so I beg permission to send my friend a detailed analysis of every step in the coming hours.

Mr. Gass: When?

Mr. Pepin: Immediately, this afternoon at four o'clock!

* * *

NATIONAL DEFENCE

PURCHASE OF TWO EXECUTIVE JET AIRCRAFT

Hon. Allan B. McKinnon (Victoria): Madam Speaker, my question is directed to the Minister of National Defence. Could the minister explain why the Department of National Defence is purchasing two executive jets at a cost of $27 million, to add to its current fleet, when it is unable to find sufficient funds to pay reserve forces for the training they want to do?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, the Department of National Defence is not buying what has been referred to as uniquely VIP aircraft. We are buying two new Challenger aircraft.

Some hon. Members: Hear, hear!

Mr. Lamontagne: They will be delivered next year. They will be appropriated for the 412 Communications Squadron which is involved in the training of our crews and is an element of the over-all transportation responsibility of the Department of National Defence in case of emergency or in case of war. They

will be part of the 412 Squadron; they will not be uniquely for the transport of VIPs.

COST OF CANCELLED CHALLENGER AIRCRAFT DEVELOPMENT PROJECT

Hon. Allan B. McKinnon (Victoria): Madam Speaker, I understood the Minister of Transport had already bought two Challengers, and I thought they might serve the same purpose. My supplementary question is directed to the Minister of Industry, Trade and Commerce. Could he inform the House how much research and development money and other funds went into the stretched version of the Challenger jet before the project was cancelled with a loss of some $500 million worth of orders?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, I will be happy to obtain that information and provide it to my hon. friend as soon as possible.

* * *

EXPORT DEVELOPMENT CORPORATION

CONSTRUCTION OF MONUMENT IN ALGERIA

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, my question is directed to the Secretary of State for External Affairs. How much is it costing the country through the Export Development Corporation to expedite the construction of a monument in Algeria, which is reported to cost over $100 million, in time for the anniversary of the country's revolution in July? Could he tell us something about the terms and what the real cost to Canadians will be for this rather unusual utilization of this agency to help a Third World country, which I thought would better have been for agricultural and humanitarian purposes?

Some hon. Members: Hear, hear!

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, this is not at all unusual. It is an ordinary export financing operation of the EDC.

Some hon. Members: Oh, oh!

● (1450)

Mr. MacGuigan: The purpose of it is to help Canadian exporters to compete in the world, as the hon. gentleman well knows. The original arrangement was for the EDC to loan 85 per cent of the amount in question, I believe, some $47 million.

Miss MacDonald: It has escalated.

An hon. Member: At 6 per cent?

Mr. MacGuigan: The increases projected are now under reconsideration. I want to emphasize that the purpose of this financing is to provide jobs in Canada.

Some hon. Members: Oh, oh!

USE OF CORPORATION RESOURCES

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, it appears that Algeria has an edifice complex.

Some hon. Members: Oh, oh!

Mr. MacKay: I ask my question in all seriousness Madam Speaker. I wonder if this is a responsible way for our Export Development Corporation to use the resources provided to help a Third World country. It is not for agriculture, not for medical purposes, but simply to glorify a revolution.

An hon. Member: It is not CIDA.

Mr. MacKay: Is this something to do with the fact the Prime Minister had to return there twice when he missed the boat at Austria?

Some hon. Members: Oh, oh!

Mr. Trudeau: The boat at Austria? That is the best. There is no sea at Austria.

Hon. Mark MacGuigan (Minister of State for External Affairs): Madam Speaker, the complexes revealed by the hon. member are much worse than any others I know of. I repeat, this is not aid, it is an ordinary form of export financing.

An hon. Member: What is the interest rate?

Mr. MacGuigan: I have a quotation from the Hatch report, which resulted from hearing from, among others, 17 private sector representatives:

> If government subsidy of EDC is necessary to achieve and maintain international competitiveness in financing services, such subsidy should be given.

Some hon. Members: Oh, oh!

Mr. MacGuigan: I believe, Madam Speaker, that the Hatch report met with approval from the opposition benches as well as from this side of the House.

* * *

FINANCE

TAXATION OF NORTHERN BENEFIT ALLOWANCES

Mr. Lyle S. Kristiansen (Kootenay West): Madam Speaker, my question is for the Minister of Finance. A northern nightmare lasting longer than the proverbial six months' northern night will descend upon Canada's remote resource communities and mining industry as certainly as night follows day if the minister does not act soon to extend the tax moratorium on northern benefit allowances. In recent months at least one

finance department official plus a senior direct political representative of the minister himself have told Steelworkers' Union officials to make up the miners' tax losses by getting the additional money at the bargaining table. To paraphrase their advice, they said: "The mining companies get lots of help—"

Madam Speaker: Order, please. Will the hon. member please get to his question?

Mr. Kristiansen: There are just three words to go, Madam Speaker.

Madam Speaker: Order, please. I did ask the hon. member to go straight to his question. That means he must not finish his paragraph.

Mr. Kristiansen: Considering that some of these miners will now have to pay up to $7,000 more in taxes and will have to demand and obtain an extra $14,000 per year in wages, which is a $7 per hour increase, will the minister inform the House whether or not he stands by his staff and the advice given by them to the USWA? If the minister does not, what advice does he have for the isolated workers from whom he is grabbing up to $7,000 a year each in additional taxes?

Some hon. Members: Order.

Mr. Kristiansen: If the minister does, how can he square suggestions of immediate wage increases of $7 per hour with his appeals for restraint and the threat of wage controls?

Mr. Lawrence: Yes or no.

Mr. Baker (Nepean-Carleton): You will have to reread the question.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, as the hon. member knows, in the budget I extended the remission for another year and said that it was my intention to develop within that period an expenditure program that would deal with the problem we have up to the present time dealt with through the tax system. All the dire comments made by the hon. member are quite unjustified in view of the forthcoming attitude which I took on this subject in the budget.

* * *

CANADIAN NATIONAL RAILWAYS

QUERY RESPECTING DISMANTLING OF COMPANY

Mr. Tom McMillan (Hillsborough): Madam Speaker, my question is for the Minister of Transport. The decision made last week by Canadian National Railways to lay off 1,800 employees comes after the minister himself approved drastic reductions in VIA Rail passenger service and also drastic reductions in CN Express offices across the country. Will the minister inform the House whether he has received a mandate from the Prime Minister to preside over the dissolution of Canadian National, especially in eastern Canada, or is the minister dismantling Canadian National on his own initiative?

Mr. McKnight: It's a make-work program.

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I think that most people in Canada realize that the needs of transportation in this country are so great that there is not enough of what we call new money around to take care of it all. Most people agree that the recycling of old money, as I call it, is a necessary exercise. I think most Canadians will want the government to make the best use of their taxes. That is what we are doing in the case of CN Express and in the case of VIA Rail.

While I am on my feet, Madam Speaker, I now have my note about the airport in Charlottetown. Agreement has been reached with the carriers, a Treasury Board submission is being prepared, design work is being done, tenders will be called in 1982, and construction will begin in 1983.

TIMING OF LAY-OFFS

Mr. Tom McMillan (Hillsborough): Madam Speaker, my supplementary question is for the same minister. He talks about the need for more money to make possible railway expansion. Can the minister explain why the 1,800 lay-offs which have come at the same time as Canadian National has reported a net profit of $400 million over the last two years? These lay-offs also come at a time when the private carrier, Canadian Pacific, has made no such plans for lay-offs. Will the minister explain that anomaly? How does the minister justify that anomaly in light of the fact that Canadian National's own advertising claims that CN is more than a business, that it is also a public responsibility? Where is the public responsibility in that equation?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, this debate has been going on for a great number of years as to the responsibilities of Crown corporations. I think, generally speaking, that members of the House and the public accept the idea that Crown companies are not created for the purposes of losing money or for the purposes of keeping employees whom they do not need. I think this is accepted as a general proposition. If it were not so, CN would not have the profits to which my hon. friend refers.

* * *

VIA RAIL

LATE TRAIN ARRIVALS IN WINNIPEG

Hon. Jake Epp (Provencher): Madam Speaker, can the minister explain why, on the day CN was laying off 1,800 workers across the country, the vice-president of VIA Rail West was saying that VIA Rail in Winnipeg was short of workers? Trains were running as much as eight hours behind arriving in Winnipeg. Why is it that 1,800 people are being

laid off and yet on the same day it is being said that we do not have enough workers in the same operation?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I am intrigued by the hon. member's statement. If my hon. friend does not mind, I will check to see whether it is correct. This is the obvious thing to do, because I would not pass comment on something that I have not heard myself.

Some hon. Members: Oh, oh!

Mr. Pepin: On the general proposition of activities in railway transportation in the west, I have to report that there is a good atmosphere of enthusiasm in the west now in view of the announcement that we made in Winnipeg last Monday.

Some hon. Members: Oh, oh!

An hon. Member: That's a lot of Crow.

Mr. Pepin: The decision of the Minister of Finance to grant a special allocation of $1.35 billion in the next four years to western rail transportation will mean a great boost to the economy of the west.

Mr. Hnatyshyn: The people in Saskatchewan do not believe that.

* * *

AIR CANADA

MANDATORY RETIREMENT AGE—REQUEST THAT PILOT BE REINSTATED

Mr. Jesse P. Flis (Parkdale-High Park): Madam Speaker, my question is for the Minister of Finance. As stated yesterday in my motion under the provisions of Standing Order 43, the Supreme Court of Canada ruled unanimously that Ontario municipalities cannot impose a mandatory retirement age of 60 on their firefighters even though that had been negotiated into their collective agreement. In view of the fact that this case is almost identical to the case of my constituent, Captain Ross Stevenson, an Air Canada pilot, who was forced to retire because of the collective agreement between the Canadian Air Line Pilots Association and Air Canada, would the minister introduce an order in council ordering Air Canada to reinstate Captain Ross Stevenson to his original position of airline pilot and, if not, on what grounds does the minister refuse to bring in such an order in council?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I want to say that I have the greatest respect for my hon. friend's campaign on this subject.

An hon. Member: Write a letter.

Mr. Pepin: I really think that he is entitled to uphold his case.

Miss MacDonald: It will be the last one.

Mr. Pepin: With respect to the particular point, the Stevenson case is now before the appeals court and the Human Rights Commission, so it would not be right for me to comment at this time. Consequently I have to hold to the law as it is now, and the question of deciding at what age a pilot retires from a Canadian air carrier is a decision to be made by the union and the companies, not by the Minister of Transport.

* * *

• (1500)

[*Translation*]

PETITIONS

TABLING OF REPORTS OF CLERK OF PETITIONS

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table the reports of the Clerk of Petitions stating that he has examined the petitions presented by some hon. members on Wednesday, February 10, 1982, and finds that they meet the requirements of the Standing Orders as to form.

* * *

[*English*]

BUSINESS OF THE HOUSE

Mr. Nielsen: May I ask the government House leader the usual Thursday question. He has already indicated what the business this week is going to be; will he tell us as far as he can into next week what the business of the House will be?

[*Translation*]

Mr. Pinard: Madam Speaker, next Monday the House of Commons will study Bill C-78, an act to provide for the payment of benefits to laid-off employees and to amend the Canada Labour Code. On Tuesday we will start debating Bill C-93 to amend the statute law relating to certain taxes and to provide other authority for the raising of funds. Today, I hope we will be able to refer to committee Bill C-89 to amend the National Housing Act and, considering the urgency of Bill C-78, we will debate it tomorrow. The opposition day which was scheduled for tomorrow will be postponed until Friday next week.

What prompts me to postpone the opposition day scheduled for tomorrow and to serve notice of that now is the fact that there was to be a meeting of House leaders this morning. That had been confirmed last night but at the last minute this morning—I appreciate that my colleagues in the Progressive Conservative Party may have had excellent reasons—one of my assistants was advised that unfortunately the meeting could not be held. Under the circumstances, I was unable to review this matter this morning with the hon. member for Yukon (Mr. Nielsen). Considering the urgency, we have decided to proceed with the report stage of Bill C-78 tomor-

row. The opposition day slated for tomorrow is postponed until Friday next week.

In any event, that should enable the Progressive Conservative Party and the New Democratic Party to reach agreement as to which party will move the motion on the next allotted day. I raised that question earlier with my colleague the hon. member for Yukon in the presence of the NDP House leader, but neither was in a position to tell us the subject or the mover of the next opposition motion. I trust we will be able to agree next week so that we may dispose in an orderly manner of the questions of public interest.

[*English*]

Mr. Nielsen: Madam Speaker, I am absolutely astounded by this move by the government House leader. He knows very well that under the Standing Orders there is no necessity for Her Majesty's loyal opposition to reach agreement with anyone with respect to the opposition day. He knows full well that under Standing Order 58 the notice of an allotted day need not be given until six o'clock on this day—24 hours' notice. He knows full well he is not entitled to knowledge of the subject matter of that motion until six o'clock.

Some hon. Members: That is right.

Mr. Nielsen: So the reasons he gives are entirely irrelevant. Had he asked me today, I would have told him that notice of the allotted day has already been filed, and he would have had knowledge of the contents at six o'clock in the usual course.

My colleague, the House leader for the New Democratic Party, was fully aware of that action; indeed, we had been discussing the matter right up until about quarter to three. For the government House leader to now withdraw from the opposition an allotted day which he told us last Thursday we would have, which he reconfirmed last Friday, last Tuesday and, I believe Monday, displays a deplorable cowardice and a deplorable lack of courage.

Some hon. Members: Hear, hear!

Mr. Nielsen: Having said that, Madam Speaker, I put it to the Chair that the Chair has an obligation to protect the rights of the opposition.

Some hon. Members: Hear, hear!

Mr. Hnatyshyn: If you want a fight, you are going to get it.

Mr. Nielsen: A very brief examination of the record will show the three or four times since last Thursday the government House leader confirmed that tomorrow would be our opposition day. Now, I would point out to the Chair that on today's order paper, at page XI there appears this item:

Notices of Supply Proceedings Pursuant to Standing Order 58(4)(a)

Note: Friday, February 12, 1982—Third allotted day for the Supply period ending March 26, 1982.

It is on the Order Paper.

Mr. Baker (Nepean-Carleton): It has been ordered.

Mr. Nielsen: And for him to now try to take it off the Order Paper, I submit, is not possible.

Some hon. Members: Hear, hear!

Mr. Baker (Nepean-Carleton): Contempt of Parliament.

Mr. Nielsen: We are calling upon the Chair to protect our rights by insisting that we proceed with that item tomorrow.

However, our case need not rest there. It is further supported by the fact that I filed notice of that allotted day, pursuant to that item on the Order Paper, at 12 minutes past one today, anticipating the sneaky move—

Some hon. Members: Oh, oh!

Mr. Nielsen: —that the government House leader is trying to pull.

Miss MacDonald: Who do you think you are?

Mr. Nielsen: That notice, Madam Speaker, was filed with the Clerk, and I am sure he has informed you of that, at 12 minutes past one today. My submission is that the filing of that notice, if it was not perfected by the mere appearance on the Order Paper of the designation of tomorrow as the third allotted day, perfects that order, and the government is now bound to proceed tomorrow as they themselves, on four different occasions, said they would; as the Order Paper said they would; as the notice which was filed today insists they should.

I call upon you once again, Madam Speaker, to protect the rights of the opposition and insist that that be the order tomorrow.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Pinard: Madam Speaker, I am flabbergasted by the deplorable outburst of the hon. member for Yukon. I think that he is losing his self-control over a completely indefensible case. He will recall that before 1968, every evening at ten o'clock the House Leader would announce in the House the order of business for the next day. As a gesture of courtesy, we have made it a practice to hold weekly meetings of the House leaders to inform the opposition of coming business. I extended this courtesy further to my colleague this morning. Yesterday I invited him to a meeting in my office this morning, and he agreed to come as did the House leader for the NDP. A few minutes before the meeting which had been scheduled for 9.30 this morning, as I said earlier, one of his assistants called a member of my staff to explain that neither the House leader of the Progressive Conservative Party, the hon. member for Yukon, nor the deputy House leader of his party nor any other member of his party could attend the weekly meeting of House leaders.

As I mentioned earlier, Madam Speaker, I intended at that meeting to inform the hon. member for Yukon about the intentions of the government concerning the schedule of busi-

ness, as the government is responsible for determining the order of business, including allotted days, under Standing Order 18(2). I wanted to discuss the matter with him at that time, but I learned too late that he could not come, probably for very valid reasons. He cannot therefore blame me for that. I had the courtesy to invite him to discuss this matter long before that. This was not possible since he had other meetings to attend, but he could have told me so earlier. Madam Speaker, the determination of the order of business is the responsibility of the government. An allotted day is a day when the opposition introduces a motion, but as for the rest, it still comes under government orders as provided by our Standing Orders and parliamentary practice, and the determination of the order of business is our responsibility.

The hon. member for Yukon is now saying that he filed notice with the Clerk at a few minutes past one o'clock of the motion which he intended to introduce tomorrow. Yet, Madam Speaker, when I asked him at 2.15 or 2.10 in the presence of the hon. member for Hamilton Mountain, the House leader of the New Democratic Party, whether tomorrow would be an opposition day for his party or the NDP, he did not have the courage or the courtesy to give me an answer and he told me that the matter had not yet been decided and that he was still discussing it with his colleague. If he had really wanted to act in good faith, he would not have taken it upon himself to play hide and seek and he would have told me: Mr. Pinard, I have filed notice with the Speaker and you will learn the substance of this notice at six o'clock; it will be our allotted day. Instead of giving me a frank answer, he missed the meeting of House leaders this morning, which the House leader of the NDP attended, and he refused to indicate whether the motion to be introduced tomorrow would be a Progressive Conservative or an NDP motion. I did not want to know the substance of this motion before six o'clock, but for reasons of courtesy, I wanted to know who would move the motion on the next allotted day.

Moreover, when I learned from the New Democratic Party that they had also filed notice concerning a different subject for the same allotted day tomorrow, I concluded that the Progressive Conservatives had not been able to come to an agreement with the NDP and that Your Honour would have to decide which of these motions should be heard tomorrow, and if one of these motions calls for a non-confidence vote, we should have to wait until you decided which motion should be heard to know where we are, and we have no indication that you will make a decision later today or tomorrow at noon. Under the circumstances, in view of such uncertainty and lack of planning on the part of hon. members opposite and since we are faced with so many intrigues and so little good faith, the government has no other alternative than to take its responsibilities and try to respect the rights of the opposition. I can assure the opposition members that they will have all the allotted days to which they are entitled under the Standing Orders between now and March 26, but the next allotted day will not be tomorrow. It will probably be Friday of next week and tomorrow we shall call Bill C-78.

• (1510)

[*English*]

Mr. Nielsen: Madam Speaker, the government House leader knows that when I put the question to him at the beginning of this session as to whether or not we would hold regular weekly House leaders' meetings, he said that it had not been the practice in the past. He said it would be done only if necessary. He was not going to commit himself to regular House leaders' meetings. Also, on several occasions in the past he has agreed to House leaders' meetings which he himself has cancelled. There is nothing strange in cancelling attendance at House leaders' meetings if something important arises.

When government members start criticizing us, I would ask them: when they were in opposition, how many House leaders' meetings did their House leader go to when we called him? How many House leaders' meetings did the present Minister of Finance go to when we called him? Talk about co-operation! Nil! Zilch!

This is the first House leaders' meeting which he has called that I have unavoidably missed. The House leader for the New Democratic Party knows full well that the option was open to him to have the motion, which is now filed, standing in the name of his leader, if they so chose. They did not choose to do that. I learned that at about 1.30 p.m., although I knew the leaning of his leader well before that time. He also knows the subject matter of that motion. We on this side are not obliged to advise the government of the subject matter of an opposition day! We have no such obligation.

An hon. Member: Nobody asked you.

Miss MacDonald: He did!

Mr. Nielsen: The real reason is that they have a yellow streak down their backs! They are afraid of this motion!

Some hon. Members: Oh, oh!

An hon. Member: You've got the yellow head!

Mr. Nielsen: I am surprised, and I would ask Your Honour to check with the Table, because if I heard him correctly, and I may have misheard him on this point, he seemed to imply that he knew that if the NDP were to have the day, they would raise another subject matter. I would be surprised if anyone in the NDP informed the government of any intended subject matter that they would raise if it were their motion. There is no obligation to do that, either.

The other point I want to make concerns ordering the business of the House. The government informed us last Thursday what the order would be today. The government reiterated that on Friday, again on Monday and again on Tuesday, if my recollection serves me correctly. Now, all of a sudden, the government withdraws the day. The government House leader could have called me on the telephone yesterday

if he thought that Bill C-78, or whatever other bill he plans to raise Friday, was so danged urgent that he was going to take our allotted day away from us! I received no such phone call. I do not think anyone in the New Democratic Party received any such phone call. I received no such phone call from him today. The first we learned of it was this announcement, based on the assertion that we somehow have some obligation under the Standing Orders to bare our souls to the government concerning the subject matter of the debate. I do not believe another notice has been filed, if that was the implication which was being left by the government House leader. If another such notice has been filed, then I suggest that Your Honour has a decision to make under Standing Order 58(4)(b), I believe it is. Certainly—

An hon. Member: Take your time.

Mr. Nielsen: Yes, I will take my time, indeed, Standing Order 58(4)(b) is the citation, Madam Speaker.

I do not know whether two notices have been filed, but perhaps the government House leader does. However, if there have been two notices filed, then the Speaker has an obligation under that Standing Order to make a decision as to which motion to accept. If there has been another notice filed, I want to speak to it before Your Honour exercises that discretion. However, in the meantime, I submit to your Honour that if there ever was a time when Your Honour had an obligation to protect the rights of the opposition, that time is now, and you must!

Some hon. Members: Hear, hear!

Mr. Nielsen: In my view, if Your Honour is to exercise that protection of the rights of the opposition, you must be compelled to the overwhelming viewpoint that Friday will be an allotted day, as the notice paper says it will be, as perfected by the filing of our notice at 12 minutes past one o'clock today.

Some hon. Members: Hear, hear!

Madam Speaker: What I do want to say at this particular point—and I hope hon. members will allow me to say something definite on this particular point which is being discussed—is that I think these kinds of discussions would be best held in meetings between the House leaders.

Mr. Beatty: Exactly.

An hon. Member: They were not.

Madam Speaker: Government business should be discussed at those meetings and not on the floor of the House because the Speaker could obviously be drawn into the debate and could be asked to try to determine which point of view concerning which government business should be put forward or should prevail.

I am afraid that too many hon. members have asked me to do just that, and they know, of course, that in accordance with the Standing Order, the Speaker does not get involved in deciding what the government business will be. This has been traditionally, and in our Standing Orders, the responsibility of the government. I do not suppose I need quote the Standing Order which very clearly states that government orders shall be called and considered in sequence as the government determines. That is clear to everyone. The Standing Order is there. The government is entitled to call government business, and usually does.

Some government business has been called and withdrawn by the government. I submit to hon. members that this is done very often. It is not contrary to the way in which the government has the responsibility to call the government orders. The opposition day which had been called for Friday is not cancelled; it is simply postponed. I wish hon. members would not put it in terms that I should be protecting the right of the opposition to have opposition days. I would like to protect that right, and I would protect that right if it had been suppressed or challenged in any way.

• (1520)

The opposition day is not cancelled. It is simply postponed. The President of the Privy Council did say it would take place, until further notice, next Friday. Therefore, it is quite clear to me that I cannot intervene. I can understand the indignation and the frustration of hon. members, but I cannot take it upon myself to determine that government business will be—

Mr. Nielsen: On a point of order—

Mr. Baker (Nepean-Carleton): Before you rule—

Mr. Clark: Madam Speaker, before you rule—

Mr. Nielsen: Before you rule, Madam Speaker, I have another point I have not yet brought up.

Mr. McGrath: Why don't you hear argument?

Madam Speaker: I have heard argument.

Mr. Clark: Madam Speaker—

Some hon. Members: Order!

Some hon. Members: Shame!

Madam Speaker: Would the right hon. Leader of the Opposition please resume his seat?

Mr. Clark: No, Madam Speaker.

Mr. Nielsen: There is a point that has not been made.

Some hon. Members: Shame!

Madam Speaker: I do want to extend to hon. members—

Some hon. Members: We want to be heard.

Mr. Nielsen: There is a point that has not been made.

Mr. Lewis: We want to be heard.

Madam Speaker: I must explain to hon. members that while the Speaker is speaking, I do not think a point of order can be brought up. I will hear hon. members when I finish saying what I have begun to say.

Mr. Clark: Are you going to rule?

Madam Speaker: I have not ruled yet. I think at this point I have heard sufficient argument and the Standing Orders are sufficiently—

Mr. Clark: No, Madam Speaker.

Mr. Nielsen: There is a point that has not been made. We have a right.

Mr. Clark: That is precisely the point I wish to address.

Madam Speaker: I am very sorry, but hon. members should understand that at any rate this whole debate should not have taken place in the House. I have heard arguments, twice on this side and once on the other side, and the Standing Orders are quite clear.

Mr. Nielsen: Twice on the other side.

Madam Speaker: I did not hear the minister twice, I only heard him once. At any rate, it is clear to me that I cannot be brought in to determine what is going to be the order of the day for next Friday. The government House leader has now determined what the order of the day will be for Friday, and that simply has to stand.

The notice on the Order Paper is just simply a notice. It is not an order. I heard shouts from the floor that this was an order. It was not an order, but simply a notice. Therefore, it is with regret—

An hon. Member: But you are.

Madam Speaker: If there had been two motions—

Mr. Clark: Madam Speaker, before you rule. Before you rule. Before you rule I have the right to be heard. Before you rule. I have the right to make an argument and be heard before you rule.

Some hon. Members: Hear, hear!

Some hon. Members: Order!

Madam Speaker: Order. I will be grateful if the Right Hon. Leader of the Opposition will let me finish what I have to say.

Mr. Clark: Is it a ruling? Is it a ruling?

Madam Speaker: I am sorry, I would like to finish what I have to say.

Mr. Clark: I have the right to be heard before you rule. Before you rule.

Madam Speaker: I have started my ruling. I cannot retreat on that. It is quite clear to me that I cannot intervene in determining what the order of the day will be for next Friday. I recognize the right of the House leader of the government to determine the order of business for next Friday.

Mr. Clark: Madam Speaker—

Some hon. Members: Hear, hear!

Mr. Clark: Madam Speaker, I sought your attention. I sought it in my capacity as the Leader of the Opposition and as an officer of this House of Commons to present to Your Honour a most relevant argument prior to Your Honour coming to a judgment. I regret that you chose not to allow the Leader of the Opposition, an officer of the House of Commons, to present an argument that had not been heard by the Chair prior to the Chair coming to the ruling. I am prepared to regard that as inadvertent.

Some hon. Members: Oh, oh!

Mr. Clark: I am consequently prepared to assume that Madam Speaker will consider the relevant point that I want to make before she treats with finality the statement that she has just made from the Chair.

The point I wish to make is the following. There was a guarantee given—frequently, repeatedly—by the government House leader.

Mr. Pinard: Order. He is questioning your ruling, Madam Speaker.

Mr. Clark: That undertaking led to the publishing in the orders of the day of the order of business for tomorrow as being an allotted day. Acting on that understanding, the House leader of the official opposition filed a notice which perfected and completed the action set in train by the statements of the government House leader and by the publication in *Hansard* today. That was done, Madam Speaker. That action was completed, that consummation of the ordinance of tomorrow as an opposition day. That was done before the government House leader rose in the House of Commons to indicate that he had changed his mind.

The simple fact for Your Honour to consider is that the government House leader rose to indicate he had changed his mind too late because the notice was filed by the opposition House leader at 1.12 p.m. today, nearly two hours before the government House leader rose. That was a consummation of the act which he set in place by his guarantees, and which he cannot now unilaterally change.

Some hon. Members: Hear, hear!

Mr. Clark: He gave us an undertaking. That undertaking was confirmed by the publication in *Hansard*. On the basis of that undertaking, we acted. We acted before he changed his mind. I submit to you, Your Honour, that you have no alternative but to protect the rights of the official opposition, which indeed are the rights of Parliament and of the people of Canada themselves.

Some hon. Members: Hear, hear!

• (1530)

Mr. Clark: To accept what the government House leader is asking the Chair to do is to undo an act which had already been carried through to completion by the filing of the notice well in advance of the change of view, for whatever reason, of the government.

Some hon. Members: Hear, hear!

Madam Speaker: I would just like to correct one thing for the record. I had already risen and was certainly at least three quarters through what I had to say when the Right Hon. Leader of the Opposition rose to ask for the floor.

Some hon. Members: Hear, hear!

Madam Speaker: I am sorry, the hon. member for Nepean-Carleton was rising and I decided at that point that I would rule on this particular question for the reason which I gave, that these debates should take place among the House leaders of the different parties.

As hon. members can see, there is a danger in dragging the Speaker into those discussions.

The Right Hon. Leader of the Opposition has brought forth some arguments—of course, I cannot go back on my own ruling or comment on my own ruling—but they do not change the situation in any way—

Mr. Clark: Of course they do.

Madam Speaker: I do maintain what I have said.

Mr. Nielsen: Madam Speaker, I rise on a question of privilege. I would not want it to remain on the record that I was raising this very serious matter on the basis of what should have been taking place in meetings of House leaders. I raised a valid point of order based on the Order Paper itself, based on the appearance of the notice—

Some hon. Members: Order!

Mr. Nielsen: —based on the timing of the filing and, indeed, I quoted the Standing Orders. That was one of the most serious points of order that has been raised so far in this session.

Some hon. Members: Order!

Mr. Nielsen: It is not the subject matter of meetings of House leaders. The subject matter here is the protection of the rights of the opposition to which it is entitled under the Standing Orders. That was the question.

Madam Speaker: That is quite clear. The hon. member raised a point with regard to Standing Orders and that is why I ruled on it. Otherwise, I would not have ruled on what might have taken place among the House leaders.

Mr. Broadbent: Madam Speaker, I listened carefully to what the government House leader said and, I think, more important, to what the Leader of the Opposition had to say about the rights of the opposition in Parliament. Before I continue with a few observations about the point of order, all I want to say is that there are not only the rights of the opposition in the Parliament of Canada, there are also the rights of the minority in opposition in the Parliament of Canada.

Some hon. Members: Hear, hear!

Mr. Broadbent: I notice some members of the Conservative party agreeing with that.

It was my hope that your ruling, Madam Speaker, would be accepted because you are the Speaker of the House. You have interpreted the rules strictly, as I certainly understand them, but I want to speak to the point of order in question which was raised since your ruling.

An hon. Member: It has already been ruled on.

Mr. Broadbent: I would say very clearly that it is indeed the right of the official opposition to decide on the allocation of opposition days. However, the House leader of the Conservative party knows very well that throughout the existence of opposition days, the tradition has been that when days are allotted to the NDP—and this was the clear understanding of the New Democratic Party—there is no attempt by the official opposition subsequently to change that.

I will not elaborate on that in great detail, Madam Speaker, but I had direct conversations with the Leader of the Official Opposition and he knows that as of last night my clear understanding was that the name of the New Democratic Party would be on the opposition motion moved on Friday. Subsequent to that time, the official opposition has talked nobly about the rights of the opposition. I can only say that it has tried to deny the right of the minority by withdrawing, for the first time in Parliamentary history, the minority's right to have a motion in its name.

Some hon. Members: Shame!

Mr. Nielsen: Why do you not cross the floor?

Mr. Broadbent: Madam Speaker, the House leader has made much of the news that they filed a motion at 1.12 p.m. I can say that they were informed before then that we were going ahead as an opposition party to file an important motion on the Crow rate in Canada. They knew that would be the subject matter. They knew we were going to do it, but they went ahead and proceeded with their own motion, trying to deny us our rights, and are now raising what I regard as a highly spurious battle in the House of Commons.

Some hon. Members: Hear, hear!

Some hon. Members: Shame!

Mr. Jelinek: Cross the floor.

Mr. Nielsen: Madam Speaker, if those braying donkeys, as the Prime Minister is wont to call members in the back benches of the Liberal party, would stop their braying, I might answer two or three points which were raised by the Leader of the New Democratic Party.

His House leader knows that last Friday I informed him that the allotted day scheduled for this Friday would be the New Democratic Party's day, subject to the approval of my caucus.

Mr. Broadbent: Oh, oh!

Mr. Nielsen: I see the House leader of the New Democratic Party nodding his head in agreement. It was very clear. The matter was taken to my caucus yesterday and, because of intervening events, I did not get that approval. I conveyed that message to the House leader of the New Democratic Party, and I am sure he will agree with that. That is the fact. I was not privy to any conversation which took place between the leader of the New Democratic Party and my own leader.

An hon. Member: Talk to Joe.

Mr. Broadbent: Ask him.

Mr. Nielsen: There may have been a breakdown in communication between the leader of the New Democratic Party and his House leader, and similarly here, but certainly the understanding between myself and his House leader was very clear.

An hon. Member: Address the Chair.

Mr. Epp: There is no Chair.

Mr. Nielsen: There are still four allotted days, and now five by virtue of the Chair's ruling, left in this semester. Ordinarily, the fair share of those days would provide two to the New Democratic Party. I can assure the leader of the New Democratic Party, as I did assure his House leader just before three o'clock, that it was our intention that they should have that fair share of those days remaining. It is fully our intention to supply them with those days, as they are entitled to a fair share of the 13 allotted days between March 27 and June 30. I can assure the leader of the New Democratic Party that his party will get the fair share of those days. However, for him to suggest that there has been a usurpation of the rights of the minority party in opposition is not fair at all. There has been no usurpation.

An hon. Member: You try to dictate what they are.

Mr. Nielsen: I hear an interjection from a member of the NDP that he does not like to be dictated to with respect to allotted days. The fact of the matter is that the Standing Orders placed the obligation for the utilization of those allotted days in each of the semesters to Her Majesty's Loyal Opposition. Under the Standing Orders, there is no obligation to allot either allotted days or votes attached to the New Democratic Party, and indeed it was the practice of previous House leaders for the opposition not to allow any votes to the NDP. But as the NDP grew in number, we thought it fair that they should have a fair share, and that is now the practice. That will continue to be the practice. There is no point in complaining they are not getting their fair share, because they are. Those are the facts of the matter.

• (1540)

There is one other point to which the Leader of the New Democratic Party alluded. He suggested I somehow had knowledge that his party intended to file a motion. I had no such knowledge from his House leader or from any other member of the New Democratic Party that there was such an intention. I had been advised that the leader of the New Democratic Party was very strongly of the view that we should go to a particular subject matter. I will not mention the subject matter. I do not think that would be proper. But I was informed that he felt very strongly that on behalf of his party he wanted to go to a subject matter which was different. However, I was informed of that by his House leader just before we came to the end of the question period between two and three o'clock. I had no such foreknowledge, as he suggests, and I hope he will accept that because I know it would be confirmed by his own House leader.

Mr. Deans: Madam Speaker—

Madam Speaker: I hope we can conclude this debate. This is the first time I have chaired—despite my wish to do so—a meeting of House leaders. I can only reflect on how wise it is that the Chair does not preside at House leaders' meetings. I have never understood so well the meaning of that custom. If the Chair were presiding at such meetings, there would be no possibility for negotiations, and I think we all understand that it is necessary to negotiate these things. If the Chair were to preside at those meetings and have the final word, the only thing that could happen would be that there would be a strict application of rules. Sometimes negotiations are beneficial before we go to the strict application of rules.

I allowed this discussion because I felt the House needed to air this problem at this particular time. I hope now that negotiations can go on—that we can proceed to the business of the House.

Mr. Nielsen: There will be none. There can't be.

Mr. Clark: Madam Speaker, I rise on two questions. One might well be a question of privilege relating to my rights as the Leader of Her Majesty's Loyal Opposition. The other is a question to the Chair.

I wonder if the Chair would advise the House whether the attention of the Chair had been drawn either to the filing of the notice at 1.12 p.m. this afternoon by the opposition House leader or to the contents of the motion filed.

My second question, which may well have to do with the rights of the Leader of the Opposition, has to do with the fact that I rose while you were speaking at the first mention you made of delivering a ruling. Until that time it had been my

impression that you were going to make some other comments which would fall short of a ruling, because you had heard interventions by representatives of only two parties and not of the three parties in the House and because you knew that there were others, including the former House leader of this party, the House leader when this party was in government, who wished to make a point. I assumed when you began to speak that you were not going to rule, but I rose at that time only because I would not have wanted you to make a ruling before you heard all the evidence.

The question that arises has to do with the rights of the Leader of the Opposition as an officer of the House of Commons.

An hon. Member: You are not a leader.

Mr. Clark: I have attempted to exercise my responsibilities to this Parliament both as prime minister and as Leader of the Opposition with the utmost of respect for the institution of Parliament and also with restraint. I cannot recall a time in the nearly ten years I have been a member of the House when the Chair has declined to hear an argument by the Leader of Her Majesty's Loyal Opposition. I cannot recall that having occurred in my relatively brief time here, and colleagues of mine who have been here longer tell me it has never occurred before, until today.

The question on which I am seeking clarification—and I suppose in relation to which I am giving the Chair notice that I may well want to file a subsequent question of privilege—has to do with my right, as an officer of this House and as Leader of Her Majesty's Loyal Opposition, to rise and be heard on procedural questions. That is a matter I regret I have to raise, but I believe that in the circumstances I have no alternative.

I should draw the attention of the Chair again to the earlier question I asked. We would naturally be interested in knowing whether the content and the timing of the filing of that notice had been drawn to the attention of the Chair prior to the statement by the government House leader, but the other matter, in view of the long-standing practices of Parliament, is perhaps of more importance.

[*Translation*]

Mr. Pinard: On a point of order, Madam Speaker.

Madam Speaker: I should like to reply to the Right Hon. Leader of the Opposition because—

[*English*]

—I think the Right Hon. Leader of the Opposition deserves an answer and deserves to understand what I was doing. I was applying the rule whereby no member of the House—and, I regret to say, not even the Leader of the Opposition—may rise when the Speaker of the House is on her feet and speaking. That is the only rule I was applying when I did not want to cede the floor to the Right Hon. Leader of the Opposition. That is strictly what I was doing, and nothing more than that. The Right Hon. Leader of the Opposition will understand that I have to do what Speakers are supposed to do in those circumstances. It was no reflection on the role of the Right Hon. Leader of the Opposition in the House, his numerous qualities and all the rights he has, along with other members, to intervene in debate.

Mr. Nielsen: There is a distinction.

Madam Speaker: Of course. I said the Leader of the Opposition and all the others. I was simply applying that simple rule, and I just stood and asked to be allowed to finish what I was about to say. I was ruling, and no one from the New Democratic Party had asked for the floor at that time. If someone from the New Democratic Party had risen at that time, I probably would have heard him in order to hear at least one representative from each of the various parties. However, no one rose at that time. I had already heard two interventions from the opposition side and one from the other side. I think that will clarify that question.

As to whether I knew a motion had been filed, I learned during the question period that two motions had been filed, one by the New Democratic Party and one by the Conservative Party, but I did not know what the subject matters of those two motions were. I was informed then that I might be called upon at some later time to determine which of those two motions—since the parties did not agree between themselves—would be debated on Friday. I was informed that I might be called upon to determine which one of the two should have priority.

Those are exactly the facts as I know them.

Mr. Deans: Madam Speaker, I rise on a point of order. There are two matters I want to place before you. One pertains to the explanation you have just completed. I did, in fact, rise. It may be that you did not see me, and I accept that, but there are people who will acknowledge that I did. However, that is neither here nor there. That is not really important in this argument.

I want to clear up a matter which may well be important for the purposes of future relationships. The matter of the notification to the official opposition of the intention of the New Democratic Party to file a motion is not in dispute. The leader of the New Democratic Party called the office of the Leader of the Official Opposition at 11.42 a.m. this morning and informed that office that it was his intention and the intention of this party to file a notice for a discussion similar, if not identical, to the notice we subsequently filed. As the House leader for the official opposition indicates, sometimes there are communication problems. I suspect they exist everywhere much of the time.

While I am on my feet, I want to make one further point. With regard to the dispute before the Chair—and I think Your Honour put it rather well—it would have been much better could we have resolved it at a meeting. I recognize that. In fact, I think it was the House leader of the official opposition who, not long after I was appointed to serve in the capacity of acting House leader of the New Democratic Party, rose in his place and made it clear that he found it abhorrent

that we should conduct negotiations on the floor of the House. I agree with that, and I think it is unfortunate that we are conducting negotiations on the floor of the House today. However, the ruling that you made with regard to the appropriateness of the government House leader calling the business of the House in whatever order he sees fit is quite clearly set out in the rules. Much though I would like to argue that, I cannot find an argument that would be sustainable.

● (1550)

The other side of the question is that in a dispute such as this it is always very difficult to determine just how much of what one hears is absolutely correct in the minds of all the parties taking part in the discussion. I would concede to the House leader of the official opposition that he did indeed indicate to me that the Friday next—that being tomorrow—would be an opposition day for the NDP, subject to caucus approval. That has always been the case. In fact, any time I have had dealings with either of the House leaders there has been, from time to time, the necessity to make an agreement, subject to it being checked out with either the leader of a party or with the caucus of the member that is represented. That is not out of the ordinary.

The reason we came to the conclusion, however, that tomorrow was to be our opposition day was a conversation between my leader and the Leader of the Official Opposition yesterday afternoon after the Conservative caucus had met. At that point, if I understand the gist of the conversation correctly, what was said was that we had examined the possibility of a particular motion and had decided we were not disposed to commit ourselves to dealing with it. We had looked at another motion and suggested that we felt better about that one, given that we felt on balance that it was more substantive. We were therefore prepared to go ahead with the opposition day on one of the two motions.

My understanding of the conversation as it was related to me was that no objection was made at that time, so we assumed and I think correctly, that we were going to proceed. I am sure the dispute is one that we will resolve at House leaders' meetings; it is not a dispute that I think can be resolved by the Chair. I think it is unfortunate, but probably necessary, that we have further meetings, and I hope we will be able to deal with our motion when this particular matter is called again next week.

Mr. Baker (Nepean-Carleton): Madam Speaker, are we still on House business?

Madam Speaker: Yes, we are.

Mr. Baker (Nepean-Carleton): I have a question for the government House leader. On December 8, 1981 I put a question to the President of the Treasury Board which dealt with House business. I asked whether it was his intention to introduce for consideration of the House a bill that has the unanimous approval of members of the public accounts committee. It is a bill permitting the Auditor General to present his reports more frequently and on other than an emergency basis. His colleague indicated at that time that the government would be consulting, I presume with the government House leader, who would then advise the House. Has that consultation taken place, and does the government intend to introduce that bill?

Mr. Pinard: Madam Speaker, we are not in a position to introduce this bill now. I suggest that my hon. colleague put his question to the President of the Treasury Board who is in a better position than I to give more detail on this.

Mr. Taylor: Madam Speaker, I would like to ask the President of the Privy Council, in view of what has happened today, if we can ever believe a word he says from now on?

Mr. Clark: I guess the answer is no.

* * *

PETITION

MR. WISE—CHANGES IN TAXATION OF LIFE INSURANCE POLICIES

Hon. John Wise (Elgin): Madam Speaker, I have the duty and the responsibility to table today for the second time in this session, a petition signed by many citizens of the city of St. Thomas in the county of Elgin.

This petition reflects the strong protest of Elgin constituents regarding the changes in the taxation of life insurance policies as stated by the Minister of Finance (Mr. MacEachen) in the November 12 budget. This petition reflects the disappointment and the hostility of life insurance companies, sales representatives and thousands of policyholders across Canada.

I sincerely hope that the Minister of Finance will recognize this blunder and have the courage to withdraw these provisions immediately.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 2,682, 3,248, 3,249, 3,311 and 3,521.

[*Text*]

RECOMMENDATIONS RELATING TO PRIVACY

Question No. 2,682—**Mr. Beatty:**

1. What individual or which bodies within the government currently have responsibility for making recommendations to the government relating to privacy and, in each case (a) who is the individual or member of the body involved and for which department or agency does he/she work (b) to whom are reports made (c) on what date was the responsibility for privacy first given to that individual or body and on what date does his/her mandate expire (d) what reports or recommendations have been made to date and on what date were they made?

2. Was action taken as a result of the recommendations and, if so, what action and on what date?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): The Department of Justice advises:

1. (a) The Information Law and Privacy Section of the Department of Justice is responsible for advising the Minister of Justice on matters relating to privacy. The Minister of Justice is responsible for making recommendations to the government on this subject.

(b) The Minister of Justice.

(c) The section was established in March, 1981. No date has been set for this mandate to expire.

(d) No reports or recommendations have been made to date.

2. Not applicable.

The Canadian Human Rights Commission advises:

1. (a) Inger Hansen, QC, Privacy Commissioner appointed in accordance with the Canadian Human Rights Act, is responsible for making recommendations to government departments and institutions subject to Part IV of the act.

(b) To the responsible minister for the department or institution concerned.

(c) The Privacy Commissioner was appointed on October 1, 1977. She was reappointed on October 1, 1981 for a four-year term.

(d) See the annual reports of the Privacy Commissioner submitted to Parliament pursuant to Section 60 of the Canadian Human Rights Act for the years 1978, 1979 and 1980.

2. The actions taken by government departments and institutions as a result of the recommendations are reported in the annual reports of the Privacy Commissioner.

The Privacy Commissioner appeared as a witness before the Committee on Justice and Legal Affairs in respect of their study of Bill C-43, an act to enact the Access to Information Act and the Privacy Act, to amend the Federal Court Act and the Canada Evidence Act, and to amend certain other acts in consequence thereof, on March 10, 1981.

INFLOW OF FOREIGN CAPITAL

Question No. 3,248—**Mr. Cossitt:**

Does the government have an estimate of the inflow of foreign capital as a result of the applications approved by the Foreign Investment Review Agency since its establishment and, if so, what is the amount?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): In so far as the Foreign Investment Review Agency is concerned:

The Foreign Investment Review Agency does not approve or disapprove applications received under the Foreign Investment Review Act. This is a function of the governor in council. Investments are financed in diverse ways, only some of which may have an impact on capital flows. For example, in cases of indirect acquisitions, there may be no separate consideration paid for the Canadian business. In addition, many acquisition and new business proposals are financed through the Canadian banking system. However, the value of assets acquired in the 1,504 allowed acquisition applications (from April 9, 1974 to September 30, 1981) was $8.4 billion, and the value of planned investment in the 1,461 allowed new business applications (from October 15, 1975 to September 30, 1981) was $2.4 billion.

CRITERIA USED BY FIRA WHEN MAKING DECISIONS

Question No. 3,249—**Mr. Cossitt:**

What are all the criteria used by the Foreign Investment Review Agency when making decisions on applications?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): In so far as the Foreign Investment Review Agency is concerned:

The Foreign Investment Review Agency does not make decisions on whether to allow or disallow applications received under the Foreign Investment Review Act. This is a function of the governor in council. The criteria taken into account in the decision by the governor in council, to the extent they are relevant, are set out in subsection 2(2) of the act as follows:

(a) the effect of the acquisition or establishment on the level and nature of economic activity in Canada, including, without limiting the generality of the foregoing, the effect on employment, on resource processing, on the utilization of parts, components and services produced in Canada, and on exports from Canada;

(b) the degree and significance of participation by Canadians in the business enterprise or new business and in any industry or industries in Canada of which the business enterprise or new business forms or would form a part;

(c) the effect of the acquisition or establishment on productivity, industrial efficiency, technological development, product innovation and product variety in Canada;

(d) the effect of the acquisition or establishment on competition within any industry or industries in Canada; and

(e) the compatibility of the acquisition or establishment with national industrial and economic policies, taking into consideration industrial and economic policy objectives enunciated by the government or legislature of any province likely to be significantly affected by the acquisition or establishment.

GANNETT CO. INC.

Question No. 3,311—**Mr. Cossitt:**

1. Did the Foreign Investment Review Agency approve an application by the Gannett Company Incorporated of the United States only after two refusals and only after the American company was forced to make certain commitments to the government and, if so, did such commitments include a pledge by the company to use Canadian newsprint for an American national newspaper and does the government have the right to insist on certain things being done in another country?

2. Is it government policy to impose commitments on foreign companies seeking to invest in Canada before applications will be approved by the agency?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): In so far as the Foreign Investment Review Agency is concerned:

1. The Foreign Investment Review Agency does not approve or disapprove applications under the Foreign Investment Review Act. This is a function of the governor in council. A third application by Gannett Co. Inc. to acquire Mediacom Industries Inc., Mediacom Inc. and C.D. Maintenance Services Ltd. was allowed on October 30, 1981. Two previous proposals had been disallowed. Among the various improvements and additional undertakings submitted in the third, successful, application by Gannett was a commitment to purchase from Canadian suppliers for a period of three years the bulk of the newsprint required by a new U.S. national newspaper, assuming that its development proves feasible and successful. This, as is the case with all of the other undertakings, was offered by Gannett in support of its proposal. They were, in turn, accepted by the government as a condition of allowance.

2. It is government policy to allow all applications which offer significant benefit to Canada according to the factors set out in Subsection 2(2) of the Foreign Investment Review Act. Prior to an assessment of whether or not their proposals offer significant benefit to Canada, foreign investors are asked to identify any plans they may have with respect to employment, resource processing, sourcing, exports, Canadian participation, productivity, industrial efficiency, technological development, product innovation, product variety and any other relevant matters. However, it is entirely up to foreign investors to choose their own means to demonstrate that their proposals will be of significant benefit to Canada. In this regard, foreign investors frequently offer undertakings in support of their proposals. The undertakings, in turn, are accepted by the government as a condition of allowance.

MAINTENANCE OF SCHEFFERVILLE AIRPORT

Question No. 3,521—**Mr. Ellis:**

1. Which company was awarded the contract to maintain and manage the Schefferville airport?

2. What is the fee paid to the company for their services and is the amount paid on a cost plus basis or is it a simple contract agreement at a fixed amount?

3. Will tenders again be called for managing the airport and, if so, on what date?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): 1. Quebecair, Montreal International Airport.

2. The contract is based on tendered hourly rates for actual hours of work plus a fixed tendered amount for other expenses associated with fringe benefits, overtime and travel, etc.

Fees are paid to the contractor as follows:

	1980/81	1981/82	1982/83 (option year)
Salaries	$ 96,053 (est.)	$ 96,053 (est.)	$ 96,053 (est.)
Other Expenses	$ 56,691 (fixed)	$ 56,691 (fixed)	$ 56,691 (fixed)
	$152,744 (est.)	$152,744 (est.)	$152,744 (est.)

3. The contract was awarded to Quebecair from June, 1977 to June, 1980. TB 771922 gave authority to amend the contract with Quebecair for a two-year period, plus an optional one-year period. Depending on whether both parties agree to extend the contract for the option year, public tenders may be called in May, 1982, or May, 1983.

* * *

[*English*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if question No. 2,808 could be made an order for return, this return would be tabled immediately.

[*Translation*]

Madam Speaker: The questions enumerated by the hon. parliamentary secretary have been answered. Is it the pleasure of the House that question No. 2808 be deemed to have been made an order for return?

Some hon. Members: Agreed.

[*Text*]

UNITY CANADA PUBLICATIONS

Question No. 2,808—**Mr. Thacker:**

1. Did Unity Canada produce publications during 1979 and, if so, how many?

2. What were the titles of the information publications published in 1979?

3. Since its inception, how many publications did Unity Canada produce?

4. Since its inception, what were the titles of information publications printed by Unity Canada?

5. What was the total cost expended on information publications by Unity Canada (a) in 1979 (b) since its inception?

6. Under what legislation and under what provisions is the financing of Unity Canada publications handled?

Return tabled.

[*English*]

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

Madam Speaker: Shall the remaining questions stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

NATIONAL HOUSING ACT
CANADA MORTGAGE AND HOUSING CORPORATION ACT

MEASURE TO AMEND

The House resumed from Tuesday, February 9, consideration of the motion of Mr. Cosgrove that Bill C-89, to amend the National Housing Act and the Canada Mortgage and Housing Corporation Act, be read the second time and referred to the Standing Committee on National Resources and Public Works.

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, on February 3, an extraordinary letter was sent to the Prime Minister (Mr. Trudeau) and was also released to the press gallery. It came from ten Liberal members of Parliament, including two Liberal cabinet ministers from Quebec. In that letter it was brought to the attention of the Prime Minister that there is a very serious and growing economic crisis in this country which needs to be addressed at the earliest opportunity by the government.

The letter made two recommendations. The first was for urgent action to stimulate the housing industry in Canada. The writers recognized that if we are to do something about unemployment in Canada, perhaps the most direct way is to ensure that Canadians can again see stimulation in the housing industry, that more housing is built, that the shortfall in housing units does not continue and that housing again becomes affordable.

The second action that was recommended was a special program to provide some assistance, particularly to young Canadians who find themselves unemployed today.

That letter was extraordinary for a couple of reasons, Mr. Speaker. First of all, it was extraordinary that ten members of the government caucus would have so lost confidence in the government's policies that they felt it necessary to lobby the government by issuing a public letter to the Prime Minister, calling upon him to reject the policies outlined in the federal budget.

The second thing, and it was even more extraordinary, was the fact that two members of cabinet chose to make a public break with their Minister of Finance (Mr. MacEachen) and dissociate themselves from the policies he had enunciated. They called upon the minister to bring in new policies to correct problems he had caused.

If members of the Liberal caucus were concerned on February 3 about the effect of government policies upon unemployment and housing in Canada, those fears were borne out two days later when, last Friday, Statistics Canada issued new statistics which showed that well over one million Canadians cannot find jobs. Statistics Canada told Canadians on February 5 that in January of this year some 1,096,000 Canadians found themselves without jobs. There were fully 117,000 fewer Canadians working in January, 1982, than had been working in the previous January. This indicates that the crisis caused by the budget of the Minister of Finance is deepening dramatically and that the fears expressed by ten Liberal Members of Parliament were dramatically borne out when Statistics Canada released those figures on Friday.

• (1600)

The crisis in Canada today, which is being deepened so remarkably by the failure of leadership on the part of the Minister of Finance and his obstinate refusal to recognize the damage being done by his budget, has placed all Members of Parliament in a very difficult situation. But no Member of Parliament finds himself in a more difficult spot than members of the Liberal caucus. As they are confronted with this legislation before them today, the choice is very simple. Are they representatives of their constituencies in Ottawa, or are they representatives of Ottawa in their constituencies? Is it their job to go to Ottawa and express the concerns of their constituents who are suffering at the hand of the government's scorched-earth economic policies, or is it their job to sit mute and be silently complacent when government policies are wreaking so much havoc upon Canadians today?

Ten Liberal members of caucus felt that it was their job to express the points of view of their constituents, but many others have remained silent. When budgetary bills such as the one before us today have been called, many of them have said one thing to their constituents about how concerned they were, but when they stood in the House of Commons to vote, they made it clear that they put their party before their constituents. If there is to be any hope of redressing the serious economic crisis of today, Liberal Members of Parliament should be prepared to show the courage to put the country first and to recognize that they are here to do a job on behalf of their constituents.

The Minister of Finance, the Minister of Public Works (Mr. Cosgrove) and some other ministers have recognized the fact that there is a serious housing crisis. Between 1980 and 1982 government projections show that there will likely be a shortfall of 143,000 housing units. We have a situation where housing is increasingly becoming unaffordable and in many centres is becoming totally unavailable.

The government's figures were last published in October, 1981. I should like to take a look at what they show in terms of vacancy rates faced by Canadian families who need accommodation in urban centres. In the Kitchener area the Liberal Member of Parliament is being called upon by his constituents to speak out. In October of last year the vacancy rate in Kitchener was 0.7 per cent. Most experts believe that the vacancy rate should be at least 3 per cent. This is why the constituents of the hon. member for Kitchener (Mr. Lang) are calling upon him to show some leadership. Liberal Members of Parliament from Toronto should be aware of the fact that their community had a vacancy rate of 0.3 per cent. In Oshawa, the constituency of the leader of the NDP, the vacancy rate in October was zero. In Vancouver and in Victoria the vacancy

rates were running at 0.1 per cent last October. We have a growing crisis in the affordability and availability of accommodation in Canada. It is essential that the government recognize this fact today and be prepared to bring new measures before Parliament which will address the problem and begin to correct the difficulties which were caused by its misguided budget.

Even where there is available housing, there is a second concern that housing is rapidly becoming unaffordable. In the Liberal constituency of Kitchener, an average house sold for $58,746 last year. In the Liberal constituency of Guelph, an average house sold for $57,402 last year. In Toronto, an average house sold for $100,373. We are finding that affordable housing is being taken away from Canadians, and that the dream of many Canadian families of owning their own homes is becoming a forgotten dream because of government policy.

No one who looks at the bill which was put before us by the minister responsible for housing could make a claim in any honesty that it will address the problem. It presents a band-aid or a palliative which mitigates against some of the worst effects of the policies of the Minister of Finance, but it does not give the dramatic stimulus that is necessary if we are to make housing affordable and available to all Canadians.

Mr. Kelly: That is not so.

Mr. Beatty: This fact was recognized by the ten Liberal Members of Parliament who sent that open letter to the Prime Minister. They knew what was in the bill. It is striking that the hon. member for Scarborough Centre (Mr. Kelly), who just spoke out, did not have the courage to speak out on behalf of his constituents. The members from Montreal were left to do so by themselves.

Mr. Kelly: Are you going to vote against it?

Mr. Beatty: The hon. member is asking whether we will vote against band-aids. No, we will not vote against band-aids, but what we will do—and what the constituents of the hon. member asked him to do—is to speak up for people by saying that it is time for housing to be made affordable and that the policies of the government which are directly designed to cost ordinary Canadians their homes must be stopped and changed. His constituents are calling upon him to say that ordinary Canadians are finding their businesses are being taken away from them because of the policies of the Minister of Finance. They are calling upon him to speak up and represent them. Also they are saying that an unprecedented number of working Canadians are having their jobs taken away from them, with tremendous economic and social consequences for all Canada. It is time that the hon. member for Scarborough Centre spoke up instead of remaining silently complicit in the government's scorched-earth economic policies. Also they are saying that it is essential, when ordinary Canadians find their farms being taken away from them by the policies supported by the minister for housing and the hon. member for Scarborough Centre for new policies to be designed so that farming in Canada be made possible in the future and that family farms do not cease to exist.

What is in the budget or in the bill before us today that offers hope to Canadians? The answer is, very little. I should like to take a look at the specific provisions in the bill. On budget night the Minister of Finance gave an estimate to the House of the number of Canadians whose mortgages would be coming up for renewal over the course of one year. He pointed out that there were appoximately five million home owners in Canada. According to the Minister of Finance and his budget papers, over the course of the last half of last year and this year, which is essentially the period covered by the budget, some 920,000 Canadians will be put in the position of renegotiating their mortgages. Anyone who has had the experience of renegotiating a mortgage under the present economic conditions set by the high interest rate policy of the government knows the serious problem it poses for many ordinary Canadian families. How many of them will be helped? How many families whose mortgages are coming up for renewal will be helped by the proposition before us today?

I ask the hon. member for Scarborough Centre and the minister for housing for their attention. When the minister spoke the other day, I followed his remarks very carefully. He did not mention how many Canadian families would be helped by the band-aids he put forward.

Mr. Cosgrove: All those with over 30 per cent.

Mr. Beatty: I ask the minister to correct me if I am wrong, that the number of Canadians who will be helped by this provision, in terms of assistance for them with their mortgages, will amount to approximately 50,000 of the 920,000 Canadians whose mortgages are coming up for renewal this year. It will amount to 12,500 Canadian families who will receive up to a maximum of $3,000 in assistance, and it will amount to another 37,500 Canadian families who will be allowed to defer interest. Let us make very clear what the minister is proposing. Is he proposing direct assistance to 37,500 Canadians? Is he proposing some relief which will subsidize interest rates? No, he is not. He is proposing that their indebtedness should increase, and next year they will find themselves with higher debt loads than they had this year. This is what the minister is proposing, and this is his idea of assistance for people in dire straits.

The minister has the responsibility, when he is proposing this legislation, to be honest with Canadians and to indicate that he recognizes it is simply a band-aid and will not address the serious problem which the ten Liberal members from Montreal felt the government needed to deal with urgently, without any further delay. Yet the government presents palliatives as a means of distracting the attention of Canadians and as a means of trying to convince them that the government takes the problem seriously and is prepared to show some leadership in this serious economic crisis of today.

Over the course of the Christmas recess I had a chance to talk with my constituents. There was one message which they gave me time and time again. It was the same message I heard

when I was in the Liberal constituencies of Guelph and Kitchener, that the government's policies are taking us on a road to economic disaster, and that increasing numbers of small businesses, family farmers and home owners are being forced to suffer as a result of government policy. When members of the Liberal caucus come forward with measures such as the one before us today and say that it is satisfactory to deal with the housing crisis, then they are guilty of complicity as Canadians have their homes taken away from them. When Liberal members of caucus vote to support the Minister of Finance on his budget, they are complicitous. As farming Canadians find that a family farm can be taken away from them, Liberal members are complicitous. As ordinary Canadians have their jobs taken away from them by the policies of the Minister of Finance, Liberal members are complicitous. As more small-business men in record numbers find themselves being forced out of business, Liberal members are complicitous.

● (1610)

The crisis which is facing Canadians today is a crisis which confronts the members of the Liberal caucus directly because the choice is theirs. They can use their majority to prop up and sustain policies that are wreaking havoc in their own constituencies, or they can exercise courage and independence and they can do the job they were sent down here to do, that is, to speak out on behalf of their constituents, to call upon the Minister of Finance to change that disastrous budget and to recognize the serious crisis in Canada today.

I do not think anyone who has had the opportunity of looking at the state of Canada's economy today can be anything but concerned. Certainly members on this side of the House are deeply concerned. We are today in the most serious economic crisis since the Great Depression. Every sign that we get from the government is that it has no answer. The government has no plans. What the Minister of Finance has done in his budget is to plan for higher unemployment, to plan for continuing high interest rates and to plan for continuing high inflation. He has not shown any leadership in coming to grips with the serious problems facing Canadians. This is why there is such an economic malaise in our country today. This is why business is increasingly saying to each of us that if they are expected to make investment in the future, they have to have some long-term assurance as to what the government's plans will be. Business has to have some assurance that if it invests in this country, the economy will be soundly managed and that business will get a fair return on its investment. Business does not have that assurance today. Growing numbers of Canadian businessmen are voting with their dollar and saying they have a lack of confidence in this government's management of the economy.

This is a concern to me because I am worried about the future of young Canadians in Canada. What will the prospects be for them with unemployment running this year over one million? What will be the prospects for young families who want to have a home of their own? The prospect is very bleak indeed at the present time. One of the reasons that since prior to confederation millions of people left their homes in other countries to come to Canada is that they felt there was an opportunity in this country to own their own home and to build a future for themselves and their families. It was for that reason that I proposed at this time last year that the government's constitutional resolution be amended to recognize the rights of Canadians to own property. Initially, the government indicated it was prepared to support that. But under pressure from the NDP, the government withdrew that support and broke the promise it had made.

What we are finding today is that the government is going a step further. Not only is it not prepared to guarantee the right of Canadians to own property, but because of the government's policies, increasing numbers of Canadians, ordinary working families, are having their hopes and their dreams dashed. They are having their homes and their dreams taken away from them. What more cruel policy could there be on the part of any government to inflict that sort of consequence upon every Canadian?

Not every Canadian is in jeopardy today of losing his home. Some Canadians will be able to manage even in spite of the government's management of the economy and the new policies being brought down in the budget. But an ominous note was sounded in some of the material which was tabled with the budget. The minister responsible for housing again did not address this particular issue when he made his speech a couple of days ago in support of this bill. When the Minister of Finance made his budget speech, he decided that he would take a look at tax expenditures. He decided to take a look at what potential revenues could be gained for the government if the government closed what he keeps referring to as loopholes, which ordinary Canadians consider essential to their survival. One of those loopholes which he identified was that by charging an imputed rent to ordinary Canadians who live in their own homes and own their own homes, the government will be able to achieve a saving of a further $4.5 billion for its tax revenue. That was based on the fiscal year 1979. According to the Minister of Finance, if the government chose to charge that imputed rent, that $4.5 billion would have resulted in a tax increase of an average of $458 per tax filer in Canada.

Liberal members opposite say that the minister talked about it, he had it in his discussion paper. He did computations to see how much revenue he could gain if he chose to charge that imputed rent and tax it, but he decided not to do it this year. On the strength of this government's track record, Canadian home owners and families have good cause for concern that the trial balloon that was floated by the Minister of Finance in November, 1981, may very well turn out to be the reality in the coming budget.

What we found in this budget was a massive tax grab which hits the ordinary Canadian and taxes benefits that he receives at his place of work. For example, dental plans will be taxed under the budget of the Minister of Finance. How much further is there to go if he wants more revenue than for him to seek that further $458 per tax filer in Canada and to charge that imputed rent that he was talking about in the budget

papers that were tabled in the House of Commons on budget night?

Can ordinary Canadians feel that their investment in their houses are safe, and that the Minister of Finance will not see this as an opportunity to attack them? I invite them to read the document and to see the words of the Minister of Finance as he talked about the inequities that were caused by the tax expenditures. Canadians should ask themselves where the logic of the Minister of Finance will lead the Liberal caucus and the Liberal Party come next budget.

What the government has done by its policies is to strike directly against the middle class in Canada. The government has struck directly against the dream of Canadian families to own a home of their own. In so doing, what it has done is to destroy the viability of our whole economic and political system in many instances. The government has created a feeling of unrest and uncertainty in the country. The government has seriously damaged the national unity on which the Prime Minsiter said in 1968 that he would run to protect it. The government has created feelings of bitterness throughout the country and feelings of alienation on the part of ordinary Canadians who want very much to work for this country and to build a future for themselves and their families.

What could be done by the government if it were prepared to show some leadership? The most obvious thing that could have been done if the party opposite had not obstructed the proposal which my party made in government for a tax credit for ordinary Canadian families in 1979.

A family who is paying some $5,000 interest this year, if the Liberal caucus had not filibustered that measure and refused to allow the bill to go through, would have had some $1,250 benefit as a result of the plan. That is this year.

The ordinary families in my constituency are facing this massive tax grab by the Liberal government today.

Mr. Cosgrove: What about renters?

Mr. Beatty: I hear the minister responsible for housing shouting out "What about renters?" I might ask the minister responsible for housing what he has done for renters. What has the minister done when there is a vacancy rate throughout the country that is so low that it is often impossible for ordinary Canadians to find accommodation for themselves that is affordable? What has the minister done for renters? What has the minister done for ordinary Canadians who are home owners? What has the minister done to act on the promise that was made by the Liberal Party when it was in opposition and opposed the mortgage interest and property tax credit? The Liberals said they opposed it because they wanted something which they felt would be better, and that was assistance for all housing in the way of a shelter grant which would apply to apartment dwellers as well. What has the minister responsible for housing done to keep his word on that shelter grant? Has he done anything? He has done nothing. It is yet another broken promise.

Mr. Evans: Do you have a spare $3 billion lying around?

Mr. Beatty: The Parliamentary Secretary to the Minister of Finance (Mr. Evans) asks whether we have a spare billion lying around.

Mr. Evans: Three billion dollars.

Mr. Beatty: He says $3 billion. There we are. The parliamentary secretary asks whether we have a further $3 billion lying around. Maybe if it would cost $3 billion, you should not have made the commitment for the shelter grant in the first place. If you could not afford it, you should not have been deluding Canadians and making false promises to them at election time.

This is the sort of cynicism we get from the Liberal Party. The present Prime Minister said "Say anything, do anything, as long as you can get and maintain power." That is the Liberal Party's principle. The Parliamentary Secretary to the Minister of Finance flees the House because he recognizes that that is the case. Yet in instance after instance what we have found is that promises made by the Liberal Party during the election campaign are broken. What about cheap gas? I remember that one, and so do the people in my constituency. What about promises for a shelter grant? I remember that one. Those promises have been broken, and ordinary Canadians know it.

What we have had instead is a massive tax grab on the part of the Minister of Finance, unprecedented in the history of Canada. We have had policies being put in place which penalize ordinary working Canadians, cost them their jobs, their homes, businesses and farms. And the members opposite sit silently complicitous. They go back to their constituents, shake their heads and say, "We are concerned too because we recognize your problems and we will go and talk quietly behind closed doors to the minister, try to get him to listen to reason and to change his policies."

● (1620)

Ten Liberal members, Mr. Speaker, within the past week have said they cannot do it behind closed doors any more; the only hope they have to get the government to change its disastrous policies is by putting pressure directly and publicly on the Prime Minister through this letter they released to the press. They recognize that quiet persuasion will not work; it is impossible to persuade the Minister of Finance to listen to reason.

Well, if the minister is confident his policies are serving Canadians well and they support them, I invite him to come to my constituency. Or, if he prefers, let him come to two Liberal constituencies. Let him come with me to Guelph and talk to ordinary working people there and explain his policies. Let him come to Kitchener and explain the effect of his policies on the life insurance industry, which is so important to the economy of Kitchener. Let him explain whether or not his policies were justified, and let him try to convince Canadians who are suffering at his hands that he understands their problems and is providing the sort of leadership so desperately needed by Canadians today.

Mr. Kelly: What are your policies?

Mr. Beatty: Mr. Speaker, I started by pointing out the fact that there is a serious crisis confronting every Liberal member today. Will they remain silently complicitous like the hon. member for Scarborough Centre, or will they have the courage to speak out on behalf of their constituents? Will they, for example, propose the mortgage interest tax credit we proposed and they opposed, or will they sit quietly while their constituents have their homes taken away from them? Will they do anything about the energy tax credit?

You will remember complaints by government members about the 18 cents a gallon excise tax on gasoline which they said was punitive. The Liberal candidate in my constituency stood on Highway 10 every morning with a sign saying, "Vote against 18 cents a gallon more". What has happened, Mr. Speaker, to gas prices since the Liberal Party returned to office?

Mr. Mayer: Eighty cents a gallon, that is what happened to it.

Mr. Beatty: What happened to the energy tax credit which was going to give relief under the Crosbie budget? Again, they are quietly complicitous on the government's policy. Did they speak out when the government imposed a tax upon heating oil which was exempt under the Crosbie budget? Did they speak out when my constituents were hit by that?

Mr. Kelly: We are not subsidizing oil.

Mr. Beatty: They remained silently complicitous again.

Mr. Mayer: Duplicity, not complicity.

Mr. Beatty: The hon. member for Scarborough Centre again shrugs it off and says, well, this is not his concern. He is not prepared to subsidize that. Well, I say to you, Mr. Speaker, that ordinary Canadians are concerned. They find the policies of this government are hitting them in their home, their place of work, and they are threatening to challenge the Canadian dream: The ability of Canadian families to own a home of their own.

Mr. Mayer: That is right, Liberals have no principles.

Mr. Beatty: Mr. Speaker, the choice confronting the hon. member for Scarborough Centre today, the choice confronting all members of the Liberal side, is: Are they Canadians first? Are they prepared to put the interests of their constituents first, or are they members of the Liberal Party first? Will they speak out on behalf of their constituents, or will they serve only as the government's representatives to their constituencies, to try to apologize for what the Minister of Finance has done and to try to explain the inexplicable, to try to explain that it is in the national interest that jobs should be lost, that Canadians should give up their homes, businesses and farms? Which will they do?

The member who spoke before asked whether we were going to vote against the bill. The answer is no, we are not opposed to band-aids but we say they are not adequate. The hon. member knows that this bill provides a perfect opportunity for him to speak out on behalf of his constituents because there is no threat. At other times they say, "I cannot speak out because if I do it will threaten the survival of the government. If I speak out on the effects of this government's policies, that could be considered a vote of non-confidence and the government could be defeated." They know this bill will be passed, and it will be passed relatively expeditiously. Do they have the courage to stand up and say on behalf of their constituents, "This is not enough. What the government is doing is offering palliatives instead of solutions to the pressing problems of Canadians." Or will they again sell their constituents short? Will they again refuse to speak on their behalf?

That is the choice which confronts the members of the Liberal caucus today, Mr. Speaker. We will see over the course of this day and this debate whether they are prepared to speak up on behalf of their constituents. Thank you, Mr. Speaker.

Some hon. Members: Hear, hear!

Mr. Tom McMillan (Hillsborough): Mr. Speaker, like other members I am pleased to participate in debate on Bill C-89, an act to amend the National Housing Act and the Canada Mortgage and Housing Corporation Act, but I hasten to add that my pleasure is not derived in any way from any sense that this is a quality bill. If the government has, in some fashion, come up with this as a piece of legislation which will answer the serious question of the dire straits in which Canadians everywhere find themselves in regard to housing, then this bill is a pathetic one. It is a pathetic response to a housing crisis by a pathetic minister in a do-nothing government.

The bill sets out to do a number of things. First, it purports to provide legislative authority for a mortgage interest deferral plan as outlined in the budget. In fact, Mr. Speaker, the plan allows individuals faced with higher mortgage payments to borrow money from financial institutions to meet those higher payments. It is not an innovative program, it is nothing new, bold or imaginative. It is nothing less than a poor cousin to, or variation of plans, already operated by the major banks such as the Royal Bank or the Canadian Imperial Bank of Commerce. The government has stolen an idea from the banks, and in some respects the banks are part of the problem, not part of the solution.

This provision in Bill C-89 is wholly inadequate in a crisis which is causing hundreds and thousands of Canadians great hardship. In the case of the government's proposal, Mr. Speaker, as distinct from the bank's parallel program, an individual now faced with mortgage payments in excess of 30 per cent of his gross income can defer the excess amount for a time. The difference between the 35 per cent or 45 per cent of gross income he is paying on his mortgage and the 30 per cent which the government defines as the appropriate amount can be deferred with some government help. However, it is not a handout, a gift or a subvention from the treasury to help these people. It is, rather, a way of simply adding to the principal of

the mortgage at the end of its term. It postpones the day of reckoning and causes Canadians, already over their heads because of this government's policies, to go deeper and deeper into debt. When the final hurt comes, it will be much worse than it would have been had this government done nothing.

The Canada Mortgage and Housing Corporation, Mr. Speaker, is going to provide the necessary insurance or security for the loan. It is simply a loan to be piled on top of the other loans these mortgage holders have. What a sham. What a stingy and miserly and inadequate measure at a time when Canadians from all walks of life are expecting leadership from the minister responsible for housing in particular, and from the government as a whole. The minister should hang his head in shame. He should be so embarrassed at the inadequacy of his program, which he heralds as the great avenue in solving people's problems, that he should not show his face in the House. Rather than give much needed help to home owners, the minister offers home owners more debt. The minister, in his fancy news release on February 8, here in the nation's capital, said the government's policy was "to help achieve a smooth transition to a more normal state of affairs and to see that no one suffers unduly in the process".

● (1630)

Can anyone imagine any minister of the Crown saying that this proposal will provide a smooth transition to higher interest rates for Canadians burdened by mortgage payments they cannot afford and that no one will suffer because of the government's lack of response to the crisis? He talks about a smooth transition. He says that no one will suffer and that assistance will be provided. Instead, we have a slippery pathway to more suffering, more debt and more hardship for Canadians who are already overburdened.

The government's idea of housing policy and rental policy is to encourage people to set back the date of their own executions, but they will be executed anyway. The government is simply saying that instead of doing it on March 15, we will do it on April 15.

Mr. Kelly: I have a point of order, Mr. Speaker.

The Acting Speaker (Mr. Ethier): Is the hon. member seeking the floor on a point of order?

Mr. Kelly: Yes. The hon. gentleman has addressed himself to one half of the program, and I am wondering whether he would address himself to the other half of the program if he knows it.

Mr. Lewis: Oh, come on! He has been speaking for seven minutes, Kelly. That is cheap!

Mr. McMillan: Mr. Speaker, I am seven minutes into my speech, and whether the hon. member had risen or not, I fully intended to deal with all of the inadequacies of this program. I am grateful for the invitation to deal with the other inadequacies, of which there are many.

Mr. Lewis: The biggest inadequacy is him!

Mr. McMillan: Mr. Speaker, the minister responsible for housing has come into the House with a program which is embarrassingly inadequate.

Mr. Lewis: All Scarborough is embarrassed for you.

Mr. McMillan: Through his stinginess and his parsimony, this minister responsible for housing makes Ebenezer Scrooge look like Santa Claus.

Mr. Waddell: That is an original line!

Mr. McMillan: The hon. member who just interrupted me invited me to deal with other inadequacies.

Mr. Kelly: The other half is—

Mr. McMillan: May I be allowed to continue without the rude interruptions of the hon. member?

The bill also provides legislative authority for interest free loans of up to $7,500 per unit to landlords constructing new buildings as outlined, however poorly, in the budget. This measure will supposedly encourage construction of rental accommodation. It is supposedly the government's response to the rental crisis. It would seem that the government's response to the residential home ownership crisis, if anything, is even worse. Once again the minister has taken out his change purse and has thrown a brass farthing in the wishing well. That is what it is, a brass farthing in the wishing well in comparison with the real need for a vigorous, imaginative, involved and well-financed response to the rental crisis.

Canada needs 220,000 new housing units each year to meet demand. For example, as young married couples come into the market, new housing must be available so they can have homes. CMHC and other experts estimate that to meet national requirements every year, we need something like 220,000 new units in the market. In 1980, under this government and largely under this minister, only 159,000 units were built. In 1981, 178,000 units were built, which was again much lower than the required 220,000. Experts, such as CMHC and the Conference Board of Canada, are projecting that only 180,000 units will be constructed in 1982.

In the last three years, 143,000 fewer homes than required have been produced in Canada. The government's high interest rate policy has virtually brought construction to a halt. Let us not make any bones about the fact that this has been the result of the callous, insensitive and brutal policy of the Minister of Finance (Mr. MacEachen), his colleague, the minister responsible for housing, this whole cabinet, and the trained seals behind them. They are responsible for the high interest rate policy in this country which is crippling the construction industry and is denying Canadians the homes they require. Worse still, it is denying most Canadians their precious dream of ever owning a home.

The government itself and others have demonstrated that investors, landlords and other people in the industry cannot turn a profit on rental accommodation because of the government's high interest rate policy. In Ontario, investors and

landlords must charge an average of $800 a month for a typical one bedroom apartment. I come from a part of the country outside of Ontario. I come from Prince Edward Island, which is one of the Atlantic provinces. At first, one can see that a corresponding apartment in Prince Edward Island would cost somewhat less than the $800 figure, but incomes are lower as well. Certainly, investors in my home city of Charlottetown have told me that they must charge somewhere in the neighbourhood of $800 per month for new rental accommodation in order to break even, without even considering profit.

People are being dissuaded from investing in the rental accommodation industry because of high interest rates. They cannot turn the honest and legitimate profit required to justify this sort of investment. Therefore, what do we have? We have a situation where rental accommodation is not being built. We have a situation where young families and other individuals are looking for rental accommodation which is not being built, and existing accommodation is already full.

It is almost impossible to find an adequate apartment in Toronto or in Ottawa. It is difficult to find good, decent, liveable accommodation in the city of Charlottetown. In Vancouver, the situation is critical. In Canada, the average vacancy rate was 1.2 per cent in 1981. That figure fell from 2.8 per cent in 1980. In the city of Halifax, Nova Scotia, which is pretty close to my home, the vacancy rate is 0.5 per cent, well below the national average of 1.2 per cent. Under such circumstances, young couples find that the odds are against them when looking for rental accommodation. There are no apartments to rent, no homes, no townhouses. People cannot afford to own a home because of this government's tight money policy. In the absence of owning a home, they cannot rent accommodation.

● (1640)

The government's policies are literally throwing people onto the streets. That fact should be on the conscience of every Liberal Member of Parliament in the House. It should weigh very heavily on their conscience. It is they, especially the trained seals behind the cabinet, who are endorsing and clapping for every inane justification and rationale for those measures from the Minister of Finance and the minister in charge of housing. It should be on the conscience of the trained seals, the Liberal backbenchers. You see them every day in question period flapping their flippers at every inane justification provided by the cabinet for this callous policy, every answer given in this House in response to our queries, every answer provided by the Prime Minister (Mr. Trudeau), the Minister of Finance, the minister of housing, no matter who. You can always count on the trained seals on the Liberal backbenches to clap wildly and endorse what they say.

Economists say that a vacancy rate below 3 per cent constitutes a crisis in the rental accommodation area. As I said, in Halifax it is 0.5 per cent. If 3 per cent is a crisis, what is 0.5 per cent? It is a catastrophe. The minister of housing comes into the House all smiles, promising $7,500 in the form of a loan to lower, marginally I would argue, the $800 that has to be charged by investors in rent every month just to break even.

That $7,500 loan per unit up to a maximum that is stipulated in the bill will not do more than pay for the toilets in most of those units. The minister promises a housing policy. Instead he comes up with a toilet policy. The minister's policy should be flushed down the toilet. I would argue that most Canadians would not regret it if the minister followed very closely behind.

It is bad enough that Canadians are being given a stingy, parsimonious rental policy and a stingy housing policy. The government is also going to take away one of the few genuinely sound problems in place to stimulate rental accommodation. I refer to the fact that we have in place, and have had for some time, the multiple unit residential buildings plan, MURBs. It is a tax incentive to encourage investors to construct rental accommodation. In its wisdom, the government realized in the past that investors need a certain amount of encouragement to invest in rental accommodation rather than in safe debentures or financial returns of a different sort. Rather than have their money in banks drawing high interest, the government introduced MURBs to encourage them to make that money work for Canadians, creating jobs in the construction industry and providing much needed accommodation for Canadians from all walks of life right across the country.

Under MURBs, building owners, landlords if you will, were allowed to deduct from their personnal income for tax purposes so-called soft costs of construction. I refer to legal fees, architect fees and designer fees. Those kinds of soft costs were allowed to be deducted from their income for income tax purposes in the first year of construction. I am told by people in the industry who know a lot more about the details than I do that these soft costs constitute approximately 10 per cent of the total cost of construction of most buildings.

In addition to that provision to which I have made reference, owners could also deduct 5 per cent of the cost of the building every year as depreciation up to a maximum of 20 years. The first year they could deduct 5 per cent of the cost of the building, the next year they could deduct 5 per cent of the remaining amount, and so on for a maximum of 20 years. It was a tax break, an incentive if you will. It recognized that buildings do in fact depreciate just as any product or property does. Of course, operating costs could be deducted. That goes without saying.

MURBs were not perfect. Nobody suggested they were. In some respects they were inadequate. Public policy rarely is perfect. However, it was an effort, a fairly imaginative and helpful response to the housing situation as it then was. Now what do we have? We have the federal government introducing a wholly inadequate new policy on the one hand and on the other hand removing what little there was in place to help create jobs, stimulate the construction industry and provided rental accommodation for Canadians.

The government estimates—and this is their estimate and not mine—that the $7,500 policy will stimulate construction of 15,000 new units at most. It is giving 15,000 units and taking away 25,000. Experts have established that MURBs stimulate

construction of approximately 25,000 new units a year. The government is introducing a policy that will at most create 15,000 new units and take away 25,000 a year. That is not robbing Peter to pay Paul; it is robbing everyone to pay nobody. The minister is Merlin the magician. Now you see a housing policy, now you don't. With one stroke of the legislative pen, the minister makes 10,000 rental accommodations vanish.

The hon. member who preceded me described the housing situation in Canada as a crisis. That language is not too strong. The housing situation in Canada is critical. It is a national emergency. The minister gets into his ambulance and emerges with a finger band-aid. That is the response of the minister of housing to an emergency. It is a most inadequate rental and home ownership policy. Johnson and Johnson band-aids never looked more inadequate to the task.

At this time we do not have a Johnson and Johnson, policy; we have a Cosgrove and Cosgrove policy, band-aids for housing and band-aids for rental accommodation. This is a national emergency, no doubt about it. Mine is not hollow rhetoric. The average price of a home in Canada in 1981 was $77,900. If we assume, as we must, that the average family which is buying a home today makes a down payment of approximately 10 per cent and that the average property taxes are $1,000—this may vary and be higher in Toronto and Vancouver and lower in other parts of the country—the total payments on principal, interest and taxes should not exceed 30 per cent of gross income. That is the rule of thumb that the government uses. Therefore, an average family income of $44,500 is now needed to afford an average-priced home in Canada. If you take the average price of a home in Canada today at $77,900, the average income required to afford that home would be $44,500. How many Canadians can afford the average home? I am not talking about a Taj Mahal, a palace or a 16-room mansion. I am talking about a simple bungalow in Etobicoke or a simple three-bedroom house in Sherwood, Prince Edward Island. The average income required to buy such a home is in excess of $44,000.

● (1650)

I would be the first to admit that the average price of a home in my province of Prince Edward Island is not $77,900. It is more in the area of $60,000, according to the Prince Edward Island Corporation. But that still is a lot of money, especially considering that people in Prince Edward Island make much less money than those in Toronto or Vancouver.

According to the information I have obtained from my research, most families in Prince Edward Island pay approximately $200 per month for utilities. These utilities can be broadly defined as electricity, heat, lighting, telephone and so on. The cost of these utilities amounts to approximately $2,400, yearly.

Using Prince Edward Island as an example to which there are many parallels across the country, the average family income is $18,800. If we use the rule of thumb once again, 30 per cent of that—which the government says is the figure home owners should be tolerating as a proporation of one's income as an expenditure on a home—amounts to $470 per month. The average net monthly income of Islanders based on $18,800 a year is $1,100. Of that $1,100, a family must pay $670 for mortgage and utilities. That is comprised of $470 for mortgage payments and $200 for utilities. Therefore, the average family is left with $430 per month to live on. This is not taking into account any expenditures for house maintenance; it is just the basic cost of owning a home. The remaining sum of $430 per month to live on is for a father, mother and an average of two children. What can they do with $430 when the government is plunging the country deeper and deeper into recession? How much food will that buy? How much clothing will $430 buy for the average family on Prince Edward Island? These families also have to pay medical and dental bills. These calculations do not even take into account the astronomical costs of home maintenance for such things as plumbing and electrical fixtures.

How would the minister responsible for housing enjoy trying to survive on $430 a month? That is approximately $100 a week, a little over $13 a day. I suspect that the minister spends that much on taxis. I do not know whether you think I am being unduly harsh with the minister responsible for housing, Mr. Speaker, but I think you would be the first to agree, as would most Canadians, that, if anything, I am being charitable to the minister.

Mr. and Mrs. Gallant who live just outside of Charlottetown in my riding would agree that I am being charitable to the minister. They wrote to me on October 29, 1981 to indicate their frustration. Incidentally, my mail bag is full of letters such as this, and the same is true for other members of the House. They are swamped with letters such as this. I will read the letter so hon. members may share the pain, hurt and sorrow of Mr. and Mrs. Gallant. They say:

> I am writing to you in order to express to you my deepest concern over the present government policy of high interest rates which I am afraid may soon lead to the loss of my home. At the present time my husband is recuperating with a broken ankle and is drawing medical benefits from the CEIC of $572 per month. Of this $572 we must pay out $304.13 for our mortgage payment to the P.E.I. Housing Authority for our Co-op home which we built in 1975.

That is a direct quote, Mr. Speaker. They have had their home for seven years. The letter goes on to say:

> Our present government states that those who are spending 35 per cent of their income for shelter are in "dire straits" so as you can see from the above figures we are in a disastrous situation as we pay 53.2 per cent and my fears of losing my home are well founded. This figure of $304.13 represents an increase in payment of $150.66 from our original monthly payment when we signed our mortgage in 1975.

These are typical people, Mr. Speaker, not atypical. They bought a home in good faith and had the same reasonable expectation that any Canadian, including bankers, would share that their interest payments would remain in the vicinity of what they were paying seven years ago when they bought their home. In this case the family has suffered some adversity because the husband had developed medical problems, but the letter goes on to say that even if that had not occurred, the high interest rate policy of the government has forced them into paying several times more for their mortgage than what

they could have reasonably expected. The increase is 53 per cent, and though their income may well have increased a little since 1975, I venture to say that it has not increased by 53 per cent. As a result, the Gallants and many like them right across the country stand to lose their homes.

• (1700)

I understand I have about five minutes left, Mr. Speaker.

Some hon. Members: No.

Mr. McMillan: If I may conclude, I and other members in the House invited the minister to respond to critical situations like that of the Gallants. He promised in the House two weeks ago—

The Acting Speaker (Mr. Blaker): Perhaps I could explain to the hon. member that we have private member's hour this evening, which begins at five o'clock.

Mr. McMillan: Is my time up?

The Acting Speaker (Mr. Blaker): I am sure the House would agree to give the hon. member a moment or two to complete his remarks.

Mr. McMillan: Thank you, Mr. Speaker. I express my appreciation also to hon. members of the House.

When the Clark government was in power, interest rates were not above 14 per cent.

Mr. Waddell: It was your policy to have high interest rates too.

Mr. McMillan: The Liberal Party lamented, cried and attacked the Clark government for its so-called high interest rate policy. We have seen interest rates in this country rise to 20 per cent, 21 per cent and 22 per cent, and even now, although they have declined a bit, it looks very much as though by the spring we will be on a course of record high interest rates again.

This government has been callous and heartless. It has forced a tight money policy on the country as a whole, and to address the problem it has come up with a pathetic and mealy-mouthed policy which should be the shame of the minister responsible for housing. It should be cause for embarrassment for every Liberal member of the House of Commons.

Mr. Lewis: They are beyond embarrassment.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Blaker): It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Lotbiniere (Mr. Dubois)—Finance—Advantages for Quebec related to new fiscal transfers; the hon. member for Vancouver South (Mr. Fraser)—Fisheries—(a) Task force decision not to hold public hearings. (b) Fishermen's representation.

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

There being no items on the Order Paper under the heading of private bills, the House will proceed to notices of motions (papers).

PRIVATE MEMBERS' MOTIONS FOR PAPERS

[*English*]

Notices of Motions Nos. 22, 35, 1, 48, 28, 43, 5, 54 and 69 allowed to stand by unanimous consent.

* * *

EXCHANGES CONCERNING DAYCARE CENTRES BETWEEN THE GOVERNMENTS OF CANADA AND ONTARIO

Mr. Hal Herbert (Vaudreuil) moved:

That an humble address be presented to His Excellency praying that he will cause to be laid before this House copies of all correspondence, telegrams, minutes of meetings and other communications during the last year between the government and the province of Ontario relating to construction and health standards for daycare centres.

He said: Mr. Speaker, first I want to express my appreciation to my colleague, the hon. member for Ottawa-Vanier (Mr. Gauthier). He has seconded the motion in order to give me the opportunity to speak on this subject. Of course, he is not aware of what I am going to say in my remarks, so he can accept no responsibility for the comments I am going to make.

I am very pleased this afternoon to be able to discuss a subject in which I have taken a considerable amount of interest. Some may say I have taken a little too much interest in this subject. Be that as it may, I am the father of three children and a grandfather of two children. All my children and grandchildren have been through kindergarten, which we

now term daycare centres. Fortunately, our family was in a position to be able to pay the cost, but nevertheless we were very pleased that such kindergartens or daycare centres were available. I sincerely hope such facilities eventually will be available to all children from coast to coast in this country.

I would like to set the tone for my remarks and state the reason I first put this motion on the Order Paper. Last spring I had the opportunity, as a member of the fiscal transfer payments committee, to cross this country and discuss with representatives of the governments of the provinces—some of the prime ministers, many ministers including ministers of education and health and ministers responsible for social services—problems in the three areas of health, post-secondary education and social services. While in the various provinces we also listened to representations from groups from those three sectors. We spoke with many groups in the health sector. We heard from groups of doctors and nurses and groups representing hospital administrations. We spoke to university teachers and university administration groups, and we also spoke to a large number of groups responsible for social services in this country.

It occurred to me and became clear through questioning that many of our social service groups were working somewhat in the dark. When we asked them questions about their operations, they knew what they were doing, but they had no certainty that the provincial administrations were necessarily aware either of their operations or of the useful part they were playing and, of course, they were never aware for how long they would be able to continue to receive funding.

I discussed with several of these social service groups the Canada Assistance Plan, the cost of which, as hon. members are aware, the federal government shares with provincial governments on a fifty-fifty basis in relation to certain social services. In fact, the federal government transfers some $2 billion to the provincial governments for that purpose. The groups were most interested in the agreements signed between the federal government and the provincial governments. However, those agreements were not available to the public and therefore were not available to the social service groups.

When I returned from that trip across Canada, I asked if these documents could be produced. I was told by officials in the Ministry of National Health and Welfare that these documents were not to be released, at the specific request of certain of the provincial governments, so I took the only initiative I could at that time and put a motion on the Order Paper. My first motion was to obtain a copy of the agreement signed between the federal government and the province of Ontario. I rose in the House a couple of times to ask what was happening to this motion, and eventually the document was produced. It is a voluminous document. Of course, once this agreement has been tabled, it is available to the public at large, so I decided at that time to put some further motions on the Order Paper, and hon. members will note that even at the present time there remain several motions calling for the agreements signed between the federal government and the other nine provinces. These documents have still to be produced, although I was assured as late as this week that they will be forthcoming. I want to see them because I want the various groups in the social service field to know that they are available and that they can be perused by them.

It is not difficult to understand why the provincial governments were not anxious to make these documents public. In fact, a reading of certain minutes indicates that it has been stated on more than one occasion that making these documents public might lead to some comparisons between provinces. It might lead to some bargaining between social service groups. It might not necessarily be good for the provincial governments because there might be pressure brought to bear on provincial governments to provide services provided in other provinces or to provide services on an equal basis throughout certain provinces. I do not like this approach to social services, Mr. Speaker. I am absolutely convinced that in the field of social service there should be equal opportunity and equal accessibility to all persons in all provinces.

• (1710)

You will note from a reading of the minutes of the meetings of the committee that examined fiscal transfer payments, that in one province there is only one daycare centre. You will also note that the federal government, on a per capita basis, puts 2.5 times as much money into one province as into another. Let me hasten to say that this is not the choice of the federal government. Of course, the Department of National Health and Welfare receives a bill from the provincial government and, in effect, all the federal government does is to see that the general standards of the programs are conformed to, and then it signs the cheque.

Last week the Minister of National Health and Welfare (Miss Bégin) was proud to announce that the federal government had increased the spending on social services this year by 19 per cent. That pleases me, but it also indicates to me that, first of all, it was not our choice to spend 19 per cent more as we are just paying the bill. Also, there is apparently greater need in the country, otherwise the provinces would not have increased their spending by a similar amount.

In June last year the President of the Treasury Board (Mr. Johnston) issued a news release in which it was stated that he approved a program to facilitate the operation of pilot daycare centres in federally owned or leased buildings. I should like to quote from that news release as follows:

> These projects are designed to permit employees with young children to fulfil their combined roles of employees and parents.

It goes on to say:

> The management of these centres will be the responsibility of parent-users, who will form a legal corporation and assume complete administrative and financial responsibility for their operation. In order to facilitate this undertaking, the departments will provide the required space and maintenance.

So far so good, but that led me to recall that during the nine years or so that I have been a member of this House, three of the secretaries employed in my office have been single parents inasmuch as they have been responsible for bringing up young children, and, of course, as they live alone, they have been

obliged to go to work. The circumstances of the three ladies were different. One was a widow, but in all three cases the women were obliged to find daycare centres or kindergartens in which to leave their children between the hours of approximately 8.30 a.m. and 5.30 p.m. Each approached the problem from a different point of view. In one case, because a mother lived nearby she was able to leave the children there. Another left the children with a neighbour, and the third put her children into a daycare centre. Of course, not everyone has a mother or mother-in-law available and it is not always easy to find a kind neighbour.

At any rate, Mr. Speaker, in this day and age I think we have to recognize that the working mother—or for that matter a working father whose wife must of necessity go to work—should have access to controlled facilities on an equal basis. When I say an equal basis, that is because what is happening at the present time—and this is the reason I brought the motion forward—is that the government has indicated its willingness to provide space and maintenance, and then it has indicated that it is going to wash its hands of the operation. I do not believe that the government is going to be able to do exactly that.

When I put this motion on the Order Paper, I asked for communications dealing with construction standards and health standards. The first thing the government will have to do is to make sure that it conforms to the construction standards that apply in the various provinces. In order to do that, it should be aware of what those standards are.

At the present time the Department of Public Works has under construction a daycare centre in the city of Ottawa which I understand is listed as costing some $250,000. Rumour has it that the department is likely to spend in excess of $350,000 to build it and, in fact, one person who should know indicated to me yesterday that it might cost in excess of $400,000. At that point the facility is to be turned over to a corporation which is to run it on a self-supporting basis. In other words, the daycare centre is to be a self-supporting facility.

The implication and the philosophy is that the daycare centres are to be provided for those who can afford to pay and for those who are willing to pay. If no federal moneys were involved, we might accept that approach. However, if the government is prepared to put $200,000, $300,000 or $400,000 into a daycare centre for some 40 children, then the government is financially involved and is, in fact, subsidizing the children who use it.

Under these circumstances we have no choice—at least I hope we have no choice—but to ensure that these facilities, financed out of the public purse, shall be available to all children on an equal basis. I will go further and suggest that they shall be available to the children of the parents who have the greatest need. That means, of course, the parents who cannot afford high fees for a daycare centre.

All I know about the charges at the present time is that the figure $75 per week is being bandied about. One can translate that into a cost of $650 per month for two children. I have to ask myself if there is a bus driver on the hill or a secretary living alone or, for that matter, anyone working in the cafeterias or anyone in the public service in Ottawa at that level who can afford that kind of fee for children in a daycare centre.

What I am saying is that if the federal government intends to venture into this field, then it has to be with full subsidization; otherwise there must be no federal financial involvement whatsoever. In my opinion it makes no sense that we should spend huge sums of money to provide the facilities unless we carry through and provide to the parents who do not have the means themselves, the necessary grants to ensure that every child has an equal opportunity to share the facilities.

I feel very strongly on the subject, Mr. Speaker. As a parent I feel that I have had the privilege of seeing my children brought through the kindergarten system. In fact, I was able to see my daughter, who will be ten years old next week, take her first grade in a private kindergarten. Now she is one year ahead of the other girls in her particular class. I would like that opportunity to be available to every child. I suggest that the government must very seriously reconsider its approach. The President of the Treasury Board issued his news release in June. Hopefully he will issue another news release indicating that from here on in we intend, as a federal government, to ensure that daycare facilities in the public service will be built and available on an equal basis for all children.

● (1720)

Mr. Howard Crosby (Halifax West): Mr. Speaker, the motion before the House of the hon. member for Vaudreuil (Mr. Herbert) provides us with an opportunity not only to deal with the specifics of his request for documents relating to daycare centres, but it allows us to discuss in a more general way the subject of daycare which has risen to serious eminence in Canada over the past decade.

My association with daycare goes back to the late 1960s when, in the city of Halifax, the governors of an institution which was previously known as St. Joseph's Orphanage realized and recognized the changing times and the need to provide a different form of child care beyond the old tradition of the orphanage. Those forwardminded persons developed an institution which became known as St. Joseph's Day Care Centre. I believe it was one of the first substantial institutions of that kind in the area, although other nursery schools and institutions which might have been called daycare centres had been previously established. But it was the first effort of which I am aware to establish a substantial institution based upon developing principles which are now very much a part of the daycare system.

I was involved as a member of the board of directors of that institution. I was very pleased to be a part of the developing concept which we were able to implement and bring to life in the new daycare centre.

Also I was equally pleased, at the time I served as legislative counsel for the province of Nova Scotia, to be involved as a draftsman in what I believe was one of the first pieces of

daycare legislation enacted in Canada. In 1971, the legislature of the province of Nova Scotia enacted the daycare services act, the purpose and principle of which was to give daycare a legislative base from which standards, methods of providing financial aid through public funds and similar matters to enhance the development of daycare facilities across the province could be developed.

In this respect I should pay tribute to my colleague from the city of Halifax who is now the Secretary of State (Mr. Regan) because he, as premier of the province at the time, took an interest in the subject when it was presented to him by people like myself and other persons interested in daycare. Through the efforts of his government we were able to provide this legislative base for daycare.

Since 1970 daycare has developed not only in Nova Scotia but across the nation as the means of dealing with a very serious difficulty which arises in some family situations; that is, the situation in which parents of a child or, in the case where a child has no parents, those responsible for the custodial care of the child are unable on a day to day basis to provide proper care for the child. As I indicated, the old tradition was to allow such a child to be boarded in an orphanage with other children beset with similar difficulties. But the developing concept of daycare allowed us to replace that institution which lacked the kind of real life experience that any child requires in order to develop, progress and become a successful adult in modern society.

It is with great appreciation of the need and necessity for proper daycare facilities across Canada that I now rise to address some remarks on this subject. Let me conclude my references to Nova Scotia by recording the fact that some years later, in 1978, another daycare act was provided, which indicates and records the evolutionary process that even today is evolving with respect to daycare. For the record, daycare is defined in the statutes of the province of Nova Scotia—and I suspect it is similar in legislatures elsewhere—as the providing of services pertinent to a child's physical, social, emotional and intellectual development apart from the child's parents or guardian. The whole concept of daycare is to provide for the child's needs in a home away from home type of environment. What has developed over a period of time and is more or less established is that the kind of environment which will give a child the same benefits and advantages of a parent in the home upbringing has become very costly. Indeed the costs have grown to the extent where it is almost essential that some form of public assistance be provided if we are to have proper daycare facilities across Canada. In some cases those facilities can be provided without public expenditure by corporations for their employees. In other similar situations, universities and educational institutions have tended to pioneer in the provision of daycare facilities for staff persons and employees. But it is not everyone who is in the situation where they can look to an employer or an institution such as a university to assist them with the provision of daycare for their children. The hon. member was quite right when he underlined the need for government involvement in the matter of daycare, both at the provincial level, which has the primary responsibility, and at the federal level, particularly with respect to public servants.

Let me review very briefly the kinds of situations in which daycare is often required; that is, in most cases the situation of a single parent who must work to maintain herself or himself and at the same time has responsibility for the upbringing of a child or children. For this reason, the provision of daycare has become mostly involved with the quest for equal rights for women. I think all hon. members of the House of both sexes appreciate the very particular problem of women in this situation, although it is certainly a problem which can be experienced by a male person as well.

The point I want to make is that if we are to talk meaningfully of women's rights which are now enshrined in the Canadian Charter of Rights and Freedoms, we must implement this concern in practical ways. The implementation of a daycare program is one of the many ways in which legislators in the Parliament of Canada and in provincial legislatures across the land can really give effect to their good intentions with respect to equality for women. It is those kinds of programs which allow women to take their place in society when they are in family situations and have the responsibility to maintain a child or children, as well as themselves. It is natural that in the forefront of the movement for proper daycare facilities have been many women who experience on a day to day basis the difficulties and traumas which occur when persons are prevented, for financial and other reasons, from providing direct care for their children. If we are to have a meaningful attitude toward the entrenchment of equal rights for women, we are required and forced to examine concepts such as daycare. It is not the only one, but it is very important to the implementation of women's rights in this country.

There are other areas at which we ought to look when we consider daycare. One in particular is the provisions of the Income Tax Act respecting child care expenses. Without going into detail, the Income Tax Act provides for a single person's exemption, it provides for a married and equivalent exemption and it provides for exemptions for children. But beyond those exemptions there is a provision for deducting the expenses incurred for child care outside the home, with a relative or in the circumstances spelled out in the Income Tax Act and regulations. But the limit on those expenses is $1,000 per child to a maximum of $4,000 for four or more children.

● (1730)

We know that the kinds of facilities and the kinds of services that ought to be provided in a daycare centre involve costs well beyond those amounts. That is to say, there is no way that suitable daycare can be provided for a child at an annual cost of $1,000. In fact, you are talking about amounts that go beyond that and in some cases are as high as $5,000 or $6,000. Again, if we were really to try to implement programs such as daycare, we would have to provide the financial capability to utilize those programs. One of the backup provisions is the provision in the Income Tax Act that will provide a tax benefit for child care expenses.

I have pointed out in the House and in other places time and time again that the deduction currently provided is totally inadequate. In no way can it reflect the actual costs of maintaining a child. Do not forget, Mr. Speaker, it is very easy for people to say that the wife or the husband should stay in the home and look after the child. Certainly that is the ideal situation and one that we would all like to see in every Canadian home, but in many cases economics make it impossible. Beyond that, there is also the element of free choice that is involved. It simply comes down to the fact that, in this day and age, many women and many men do not wish to stay in the home to assist in providing child care on a full-time basis. They prefer to seek and to pursue careers. We cannot in the House, or in any other legislature, interfere with that freedom of choice, namely, the right to pursue a person's interest in the way he or she wants. Whether the reason is economic or whether it is simply a matter of choice, many poeple are not in a position to care for children in the home in the traditional way. It is not sufficient, even if it is the opinion of some—it is not mine—to condemn such persons because at the same time you have to recognize that the real concern is the child.

We are providing these facilities and we are constructing these programs, not to benefit in all cases the parent or the person responsible for caring for the child, but to ensure that the child has the benefit of proper care. Whatever philosophy you apply to the situation, you are left with the practical fact that there are great numbers of children in Canada who are not cared for in the home. The only way that they can be properly cared for is in a daycare centre, with the appropriate facilities to provide the proper services.

As I have indicated, and it is worth underlining, all this costs money. The hon. member for Vaudreuil mentioned the Canada Assistance Plan and the kind of social services that are available under that plan. As I understand it, and I am not up to date on the matter, the Canada Assistance Plan does permit provinces to assist persons in the financing of daycare as one of the services to which the Canada Assistance Plan can be applied. I know that in my province of Nova Scotia the Canada Assistance Plan has been used for this purpose. Formulae and methods have been established for assistance to people who use daycare facilities. Again, as we have all seen, costs escalate time and time again to the point where even the relatively small portion of the cost that may be required to be borne by the parents becomes too great a financial burden. I know from my own experience in St. Joseph's Day Care Centre that once we constructed the formula and put it into operation that many people whose income levels exceeded those at which assistance was available could not, in fact, pay the amounts required to maintain the child in the daycare centre. Again, if a person's financial ability is not properly assessed, with the result that a person presumed to have sufficient funds but cannot maintain a child in daycare facilities, the child is the one who suffers. It is not enough to examine the circumstances of the parent and determine that in your view or in the view of the legislature they can maintain a child in a daycare facility if, in fact, they believe they cannot, because the child is left in circumstances which are not conducive to the social wellbeing and mental health of the child.

Child care is the problem area. Our concern ought to be and should be for the care of children, and think of nothing else; if we reject the concept that people are entitled in certain circumstances to help or assistance, and the idea of maintaining children in places other than the home with care provided by parents of the child, we will still have to face the problem of children who are not receiving adequate care.

That problem exists in Canada as it does throughout the world. As it happens, daycare centres have been a very successful method of dealing with that problem. As I have said, they are the modern version of the orphanage; they represent tremendous improvements on the concept of maintaining a child in an orphanage. It is not that many of the orphanages established in Canada and elsewhere did not do an excellent job of caring for children, but we now know that it is most important for a child to be placed in a situation as close to normal as possible. An institution like an orphanage is not the kind of place that will allow a child to develop in the normal way, developing his or her own capabilities and capacities.

With the rising costs and the strain of finances on single parents and many working parents, we have to consider what the role is of government and what provision must be made to ensure that the children of those parents receive care.

I think by bringing this matter before the House, the hon. member at least calls to public attention the fact that these problems exist, that there are methods for dealing with them and that there may be a role for government to play in providing the facilities and the services required by Canadian children.

Let me again just refer to the fact that we have included in the Canadian Charter of Rights and Freedoms a special provision for women. I want to underline again the association of daycare with the women's rights movement. If we are not prepared as a government, and if we are not prepared as a legislating body to ensure that women can maintain their traditional role as parents and as the persons primarily responsible for the provision of child care—in some cases it is the single working mother who is the only person who bears that responsibility—and at the same time pursue a career which allows them to maintain financial independence, then we are not serious about women's rights. That is a matter that ought to be recognized and underlined; the granting of these rights is meaningless unless we are prepared and willing to provide the support programs, like daycare, that give real effect to those rights.

Mrs. Margaret Mitchell (Vancouver East): Mr. Speaker, I am very pleased to have the opportunity to speak today not only about daycare but about Canada's children in general and the very urgent need for major action on behalf of all levels of government for children. I would also like to congratulate the hon. member for Vaudreuil (Mr. Herbert), and I share what I think is his underlying philosophy that we must have good

quality universal daycare in every centre in Canada, affordable daycare for every family that needs it.

● (1740)

Now, unfortunately, it is that member's government and the Minister of National Health and Welfare (Miss Bégin), indeed the Prime Minister (Mr. Trudeau), who have refused to take any action in this area. I would point out, Mr. Speaker, that the International Year of the Child occurred close to three years ago, and many projects funded partly by the federal government demonstrated the need for services and action for children. Last year recommendations were brought to the Standing Committee on Health, Welfare and Social Affairs from the Commission for the International Year of the Child, and we spent many weeks seriously considering the needs of children and made some very tough recommendations. They were rushed through, came back to the committee in order to be tabled in the House last July, and what has happened? Before this House adjourned for the summer it was intended that major action be taken. Nothing at all has happened. I checked with the Minister of National Health and Welfare and found that the report has not even been taken to cabinet. Judging from some of the remarks made by the minister, I am quite sure she has hardly read it, and I will elaborate on that later. The groups across this country who have worked so hard to do things for children have been completely ignored. This is a disgrace when you think of the situation in Canada today and the needs of our younger generation, and the damage that can be and is being done to millions of children, particularly those caught up in poverty.

So I would like to use my time, Mr. Speaker, to speak, of couse, on daycare and child care services generally, but also to read into the record some of the recommendations from a report the NDP presented to that committee and the recommendations we feel should have been acted upon.

Major economic and social forces have, over a long time, brought major changes to Canada's families. We are really in a new era today with respect to what is happening to families and its implications for social policy. Inflation and the growth of women's career demands have resulted in a very large proportion of two-worker families. Where just a generation ago barely 25 per cent of married women with school age children worked outside the home, it is now more than double that number and rapidly rising. Stress on domestic tranquillity and changing values in society have resulted in an increasing number of divorces. Two out of three marriages are likely to end in divorce today. We also see the new phenomenon of a constantly changing family situation, changing partners, indeed changing family combinations.

The growth in the number of single-parent families has given rise to a number of new problems for society. Recent estimates indicate that nearly half of the children born during the 1970s will be raised at least partially in a one-parent family home, usually the mother. In 1977, 44 per cent of Canada's families headed by women were living in poverty. We have runaway inflation and massive unemployment taking their toll on today's families with a major impact on Canada's children. As previous speakers have mentioned, the lack of supervised daycare has made it very difficult for many women, and many men as well, who are badly in need of a second income, to get needed daycare. High mobility, isolation, and the distance from other family members, also make it very difficult to get support when needed. I think of many of the families in rural communities who do not have daycare centres or services. We think we are badly off in the cities, but I can tell you that in many communities in Canada there are no services at all.

Many children, particularly in western Canada where the families have moved and left their relatives behind, grow up without having their grandparents close by. This is really a sad commentary when you compare it to our generation's family life. The challenge of the 1980s is to find new ways of supporting families while enriching the experiences of growing children. New concepts in education and child development are needed to encourage self-reliance in children. They have to be able to adapt to a very mobile and changing society. We want to encourage creativity and adaptability so that children will be able to face the many changes that are coming.

Of course, of top priority are daycare and other child care programs for preschoolers, the most important age in a person's life. We need a range of child care services and supports, particularly for parents of young children. Affordable, quality daycare centres must be there in every community, not only to help meet the needs of working parents but to stimulate a child's development and provide backup support for communities. A guaranteed annual income is also basic to mitigating the effects of widening gaps between wages and prices and to substantially reducing poverty, and I will have something more to say about that in a moment.

We have presented in summary form a number of national priorities. We picked the most serious areas of concern affecting our children and pressed, through the health and welfare committee, for government action in these areas. Our national goals for children must include adequate family incomes and the opportunity for children and young people to develop their full potential in a rapidly changing world. Protection from poverty, abuse and neglect, the strengthening of families and a whole range of community support are priorities. We looked at it from the point of view of federal departments and chose just one area where we could and should take immediate action for children.

From the point of view of the Minister of Finance (Mr. MacEachen), we urged income support programs above the poverty line for families with young children. This meant increasing the child tax credit substantially and, hopefully, taking steps to move as soon as we can toward a guaranteed income system. To the Minister of Indian Affairs and Northern Development (Mr. Munro) we said there must be emergency action for native children, and I wish I had time to elaborate on that. It is probably the most desperate problem in Canada, for they are the poorest of the poor, and this is a national disgrace.

We wanted preventive help for young children and families through the Department of National Health and Welfare, and the minister has done nothing about these recommendations. Through the same minister we wanted a national child care act and subsidies for comprehensive daycare. We want to extend job opportunities by providing training for youth through the Department of Employment and Immigration and the recognition of children's rights by the Minister of Justice (Mr. Chrétien).

I would like, Mr. Speaker, to concentrate particularly on those recommendations having to do with daycare and poverty as it affects young children. Let us look at some of the statistics which again prove how urgent the need is for good daycare across Canada. We know that 88 per cent of Canada's children are under the age of six. That is a large number of children, many of whom are born of adolescent mothers. If anyone needs adequate care, it is those children. Many mothers are in the labour force and are left with no choice but unlicensed child care arrangements. The state of baby-sitting is quite unreliable. Sometimes daycare services are not available or affordable, and children are actually being damaged. How tragic this is for mothers as well as for their children! Out of 531,000 children between the ages of two and six whose parents are working, only 15.7 per cent are enrolled in daycare. Out of 229,000 children under the age of two whose parents are working, only 3.8 per cent receive daycare. In my community in the province of British Columbia, there is no daycare service for children under the age of three, with the exception of private care. That means that a working mother must shop around in several places in an attempt to find satisfactory baby-sitting arrangements if she has children of different ages. There is no problem in proving the need for daycare.

● (1750)

Referring back to our special report on action for Canada's children, we recommended that there be a national childcare act and subsidies which would allow Canadians to have a comprehensive daycare program across the country. In many countries where family policy has been carefully and comprehensively planned, government-sponsored child care programs are provided as a matter of course. For instance, in Scandinavian countries, daycare is integrated with the school system. Every community and every family has available daycare for preschoolers which is very close to home, and it is good, high quality daycare. However, in Canada, while we call ourselves civilized, only 12 per cent of young children of working mothers were in government-approved child care programs in 1979. As I have said, over 600,000 children under the age of seven have no access to licensed care.

In addition, of course, there is a very great problem for children over the age of five, and this is also related to the field of daycare. We find that there are approximately one million latchkey children, as they say in the trade, who have no licensed care at all. These are children between the ages of six and 12 who come home to empty homes and must look after themselves or go on the streets, as they have no one who can really provide the kind of supervision and care they need. That is another area of urgent need.

What should the federal government do about the problem? We feel, first of all, that there must be federal action to legislate a national child care act. We know that health and welfare services are largely under provincial jurisdiction; however, as the Commission on the International Year of the Child stated, it is also the responsibility of senior governments to ensure that all of Canada's children are provided with good care.

We feel that a national child care act, effected by agreement with the provinces, would spell out national standards for a broad range of child care services which would be available to families in all communities and provinces. Second, we would redefine eligibility for the Canada Assistance Plan. This was mentioned by other hon. members. Here again, the Canada Assistance Plan is in need of major revision so that more emphasis is placed on prevention of neglect. The Canada Assistance Plan usually provides money for services in cases of extreme neglect where children must be removed from their homes. We feel there should be greater emphasis on support services, such as daycare, and family services to go along with daycare, so that more emphasis is placed on prevention of neglect. These kinds of services should be available to a broader range of people.

Third, we would revise the Income Tax Act and provide an extended child care tax credit. I think that both men and women workers who need daycare for their children, regardless of income, should be able to deduct child care expenses from their income tax. This would help to support daycare centres financially. Fourth, we would provide start-up and capital funds for additional non-profit child care facilities.

I would like to stress that the essential funds should be provided for the non-profit daycare and child care facilities. It is extremely important to realize that because of free enterprise trends in our country, there is presently a movement toward commercial daycare centres into the field. There are many chain daycare centres which are trying to move in, just as the McDonald's hamburger chain has taken over our country. These commercial chains are moving up from the United States, particularly in this part of Canada, I understand, where they are providing daycare centres based on a profit motive. They provide no guarantee of adequate standards, and no guarantee that they will provide adequate staff. They exploit their child care workers and teachers by paying low salaries. These centres do not consider child development to be their main concern. We do not want daycare to be a profit-motivated, free enterprise business. We want it to be a very important and essential service, one which is part of our whole educational system for children.

Concerning the question of facilities, I would also like to mention that we feel the federal government should be providing much more in the way of start-up funds so that all communities, and particularly rural communities, can utilize some of the school classrooms which are now empty by converting them into daycare centres. This could be done with

churches as well where there are facilities. However, the communities need funds to fix up the facilities in order to get the daycare centres licensed. The federal government has a real responsibility to help in this area.

We also feel that the government should provide work-based child care programs and nine months of paid child care leave for federal government employees, as we have mentioned a number of times in the House. This should be an example to private industry. Two years ago in the House, I pressed for daycare here on the Hill to demonstrate that good daycare in the workplace is essential. It should not be provided only on the Hill but also in all federal departments and in private industry throughout the country. This is not, of course, the only kind of daycare. I think daycare close to home is often the preferred type of daycare for many families.

We would like to introduce amendments to the Canada Pension Plan to incorporate pension credits for those who are charged with the care of children under the age of seven. Once again, it is mainly women who are working in low-paid jobs in this most important field; women who not only do not receive adequate salaries for their efforts to keep daycare centres open while struggling with inadequate working conditions, but who do not receive pension credits either. Again, they will be the victims of the system. When they reach a later stage in life, they will find themselves poverty-ridden and seeking welfare because they will not have adequate pensions.

I mentioned earlier that income support programs to bring people above the poverty line are essential. I see that my time in which to speak has almost expired, so I will refer anyone who is interested to this report for further details. I would simply like to say that the high cost of living and continuing unemployment are having a drastic impact on the living conditions of Canadian families and children. Native children are suffering physically as well as emotionally, and this has been caused by the irresponsible federal government which is actually practising neglect in its lack of concern for native children. Provisions for licensed child care lag far behind most industrialized countries. We would like to see preventive services, and we proposed a program similar to New Horizons which would help to start many kinds of daycare and family support programs because preventive services are lacking and must be expanded and promoted.

Finally, the rights of children must be identified and protected. The recommendation of the health and welfare committee was that a children's bureau be established under the federal government which would give priority to children's needs. We wanted a minister responsible for children, and we wanted a major conference to negotiate with the provinces for ways and means to implement these recommendations immediately. This has not happened, and the Liberal government is directly responsible for this failure.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Blaker): I think the hon. member for Scarborough West (Mr. Weatherhead) seeks the floor, with the consent of the House. Is it agreed?

Some hon. Members: Agreed.

Mr. Weatherhead: Mr. Speaker, under the rules of the House, this debate will continue on another occasion for an additional 30 minutes or so. We do have many comments to make on this very important subject, and, with Your Honour's permission, I would like to call it six o'clock.

The Acting Speaker (Mr. Blaker): The hour provided for the consideration of private members' business having expired, I do now leave the chair until eight o'clock this evening.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

NATIONAL HOUSING ACT
CANADA MORTGAGE AND HOUSING CORPORATION

MEASURE TO AMEND

The House resumed consideration of the motion of Mr. Cosgrove that Bill C-89, to amend the National Housing Act and the Canada Mortgage and Housing Corporation Act, be read the second time and referred to the Standing Committee on National Resources and Public Works.

Mr. Jim Manly (Cowichan-Malahat-The Islands): Mr. Speaker, I welcome this opportunity to speak in the debate on Bill C-89, an act to amend the National Housing Act and the Canada Mortgage and Housing Corporation Act. At the beginning, it is important that we recognize housing as one of the basic factors of human life. The kind of housing we provide says a great deal about the kind of people we are, and a great deal about the kind of people we hope to be.

Housing is a kind of touchstone. If we visit a new city or strange country, when we come back we want to talk about the kind of housing we have seen. We might talk about some of the grand mansions in some cities or we might talk about the shantytowns on the edges of those cities. Housing says something about the way we are as a people and how we see ourselves in relation to our world.

Consider, for example, pre-European west coast Indian housing. This housing blended very uniquely into its environment. It emphasized the total community of the Indian people with their surroundings. We can contrast that with the kind of Indian housing that was developed in Father William Duncan's mission village of Metlakatla. There are pictures of long rows of bleak identical looking frame buildings that stand out on the landscape. They symbolize European attempts to make

Indian life conform to a European concept of order and harmony. Father Duncan was one of the greatest missionaries to the Indian people. Perhaps if he had been less confident in his own ability and was less convinced of the superiority of his own culture, he could have helped to match some of the European technology with some of the aesthetic sense of the Indian people and come up with a much better housing situation than what we see in the pictures of early Metlakatla.

It is important as we begin a discussion of this bill that we recognize the importance of housing not just to provide shelter but in the total context of human life. I would like to consider the kind of housing policy that is essential to meet the challenge of the eighties.

There are at least four components that have to be brought together in such a housing policy. First, there is the question of our need for housing. Second, we have to look at the technology and the materials that we can use to provide housing. Third, we want to look at the question of aesthetics. Fourth, we have to look at the social dimension, how our housing stock fits into the community.

First let us look at the question of need. An absolute number of houses are needed. A few years ago it was estimated that we need to build 234,000 housing units per year. If we look at the housing starts over the last few years we see that in 1980 there were 158,000 housing starts. In 1981, we had 178,000. There are approximately 165,000 planned for 1982. We are falling behind our much needed housing requirements by 50,000 to70,000 every year. We can look at the need for low cost housing in the various sectors of our population. We need to consider the change which has occurred in the makeup of our families such as the growing number of single parent families and the increasing number of senior citizens.

● (2010)

While reviewing housing needs, perhaps we need to reconsider the whole concept of suburbia. Suburbia is a concept which has run its course and perhaps it is time we recognized that we can no longer afford two and three-car houses because of the economic problems. Greater emphasis will have to be put on housing in the mid-town area where we must preserve the present stock of housing that exists there.

If one reviews what CMHC has done to assist this housing situation, one would find that in 1975 it made loans of $900 million and in 1980, it made loans of $300 million. Five years later it was making one third of the loans and this does not take into account the inflation factor.

While we consider the need for housing, it is important that we move away from the concept of housing as an investment, a hedge against inflation, or a nest egg, and start considering housing as a basic human right. The idea of housing as an investment has acted in a most detrimental way to Canadians. People who thought they had made a good investment in housing are now unable to meet mortgage payments. There are Canadians who own homes in one part of the country and have been transferred elsewhere but are unable to accept the transfer because the cost of housing has risen more sharply in the new area. People who thought their investment value in their homes was rising are now faced with increased assessments which make it difficult for them to pay their taxes. Our concept of housing as an investment, rather than a human right and necessisty, is no longer valid.

We must also consider the need for affordable rental units within our housing policy. Housing which was built under the previous MURB programs was very costly in many cases and we should now put money into low-cost rental units.

Another factor which must be considered is the technology and availability of materials to be used for our housing. A housing policy must be integrated with energy needs. In this regard a great deal more research should be conducted with respect to such areas as solar heating and conservation. It is interesting to note that a recent Gallup poll indicated that people preferred moving toward solar energy rather than nuclear energy by a ratio of nine to one. However, the government is spending our money on nuclear energy. The government should be assisting those home owners who have solar heating so that solar heating installations do not increase the assessment on their property taxes. There should not be a tax policy which works against an intelligent housing policy. There should be a housing policy which has land assembly plans. There is nothing to that effect in the bill. Land costs are one of the highest factors in housing, along with interest rates.

There is still too much construction on agricultural lands. We need more money to develop sewage treatment programs to meet the needs of the 1980s so that we will not continue to dump sewage and primary processed sewage into our rivers and oceans. For example, there are no public beaches for two million Montrealers because of the lack of adequate programs for treating sewage.

A housing policy which will take into account modern technology and the availability of materials will stimulate Canadian industry. As we begin to meet our housing needs we will stimulate the plywood and lumber industry, the cement industry, and other housing-related industries.

A modern housing policy should not just take into account the bare minimum requirement for shelter from the elements. It should also provide a sense of aesthestics in this modern industrial society with its stresses and strains. Although houses are needed, people need homes to which they have a sense of belonging.

Mr. Nickerson: We know where you belong.

Mr. Manly: Pardon me?

Mr. Nickerson: I said that we know where you belong.

Mr. Manly: I belong here to try to speak to an intelligent housing policy which we are not getting from the government. If the hon. member is satisfied with the government's housing policy, good for him.

There should be a housing policy which will allow people to live in homes they can be proud of. If the members to my right do not agree with that, that is too bad.

Mr. Crosby: Have you been to Scarborough lately?

Mr. Manly: I believe that a housing policy must avoid the sterility of mass uniformity in urban areas.

Mr. Crosby: That is it; that is Scarborough.

Mr. Manly: You can mention some of your suburbs in Ontario. I can think of similar areas in British Columbia which can be greatly improved upon. Different regions can afford different housing styles.

Finally, Mr. Speaker, there is a need when planning our housing to take into consideration the social aspects of our society. Our houses must not be planned as a series of isolated dwelling units but must take into consideration other policies of the government such as energy, transportation, daycare, education, recreation and culture. It must consider the changing patterns of family life, employment and age.

It is within that framework of a complete housing policy that I would like to point out some of the problems regarding Indian and native housing. The Department of Indian Affairs and Northern Development has delegated some of its responsibility for Indian housing to CMHC. However, CMHC has not been very helpful to the Indian people in meeting their problems. There is the danger in considering the problem of native housing that we might ignore the fact that some Indian people have built very nice homes for themselves in which they take a great deal of pride. When we make reference to the fact that Indian housing is a national disgrace, we do not mean that all Indian homes are shacks. That implication would be grossly unfair to the Indian people. Many homes on Indian reserves are spacious and others are modest but attractive and well maintained. It is also a fact that too many Indian homes are inadequate because of poor heating, poor ventilation, inadequate sanitation and safety facilities.

A survey put out by the Department of Indian Affairs and Northern Development on Indian conditions in 1980 detailed the major health problems encountered by Indians. The survey said:

● (2020)

> The major causes of Indian deaths and illnesses appear to be associated with poor housing and living conditions and a rural life style.

In a report on Indian health, Mr. Justice Tom Berger makes the same point. He says:

> So many of the causes of Indian ill health lie beyond the fact of illness itself . . . Indians are usually poor. Their homes are crowded. One third, at least, of their houses are unfit for human habitation. There is a lack of clean water, and inadequate sewage and garbage disposal. The prevalence of respiratory illness among Indians is, of course, aggravated by the absence of central heating in a cold country.

During a survey of housing on a reserve near my constituency two years ago houses with four and five bedrooms and 16 and 18 people crowded into them were still found. In 1977 across Canada 14.8 per cent of all Indian homes housed two families; another 4 per cent housed three or more families. This is the kind of crowding conditions in which Indian people have had to live. Fewer than 50 per cent of all Indian homes across Canada have water or sewage hookups. In 1975 fewer than 35 per cent of Indian reserves had adequate fire protection. This, combined with overcrowding and inadequate heating, explains why Indian people have had a death rate resulting from house fires seven times that of non-Indians.

There is a backlog of some 11,000 homes to be built and another 11,000 homes which need to be renovated and brought up to date. At present there is supposed to be a major review of Indian housing by the Department of Indian Affairs and Northern Development and CMHC. We are still waiting for it, and the two departments seem to have a great deal of difficulty getting together and coming up with some proposal which, in consultation with the Indian people, will be acceptable.

The use of CMHC funds is helpful on some reserves, but on many others it is not of very much help. It creates all kinds of additional problems for the Indian people. For example, there is the difficulty of making payments when people have a welfare-type economy. When these housing programs no longer have any labour component we really do not have good Indian housing policy at all.

A discussion paper put out on October 28, 1981, by the department talks about some of the problems. It says:

> In order to access housing effectively, bands must go to DIAND, CMHC, in some cases the Canada Employment and Immigration Commission (CEIC), approved lenders, their own resources, etc. Even when bands seek funds from all these sources, they are often not able to raise the full amount needed for their housing.
>
> Almost invariably these labour funds come on stream at the wrong time of year for house construction on Indian reserves. Worse still, bands often do not know whether programs funded in one year will even be available at all the following year. For example, labour funds in support of house construction on Indian reserves in 1977 were made available through CEIC's Canada Works Program. Then through their Local Employment Assistance Program (LEAP) and laterally through their Canada Community Development Projects (CCDP). This last program for 1981-82 was not announced until the end of the summer for implementation in October. Bands could not plan for it but will try to take up as much money from this program as they can, despite its coming on stream at the wrong time of the year—

The Department of Indian Affairs and Northern Development has recognized the backlog of 11,000 homes which need to be built, but is not able to come up with programs which will meet that backlog. The 1980-81 report of the department points out the following:

> The on-reserve housing target remained the same in 1980-81 as they were for 1979-80: 2,400 new houses and 3,000 renovations to existing structures . . . There remains a shortage of approximately 11,000 housing units on reserve and a backlog again of 11,000 units in need of repairs.
>
> The on-reserve housing backlog increased steadily from 1963 to 1971. From 1971 onwards, the backlog has remained relatively stable due to the fact that the target of 2,400 new housing units remains sufficient to satisfy current demand in terms of accommodating new families—

In other words, the department is just barely able to keep up with the growing population. It is not doing anything about the continuing problems of overcrowding mentioned earlier.

When we look at the situation of off-reserve Indians, we find it to be similarly desperate. If we look at our small towns across Canada, often we will find across the river or on the other side of the railroad tracks small communities derisively

called "Tepee Town", "Moccasin Flats" or "Apache Pass', depending on the locality. This is where many native people have to go because they do not have access to anywhere else. They have been forced off reserves, and there is a lack of adequate low-cost housing in our towns.

In the annual report of the department we find this very interesting statement:

—the number of applications for off-reserve housing units declined. This was due to economic factors such as high interest rates for first mortgages, which have pushed up housing costs.

In other words, fewer off-reserve Indian people are applying for help because, no matter what kind of help is offered by the department, it is not enough to offset the disastrous interest rate policy of this government. The budget for rural and native housing between 1976 and 1981 was cut from $178 million to $115 million by the CMHC. That indicates how seriously this government is taking the problem.

When we look at Bill C-89, we see that it falls far short of what our country needs in terms of a housing policy. In many respects it runs directly counter to those needs. I would like to point, for example, to the mortgage interest deferment plan. As has been pointed out many times by speakers from our party, this is a cruel hoax. It is the kind of arrangement which gave mortgages a bad name during the thirties and the early years of this century. People pay and pay and pay on their mortgages, but they never own what they are paying for. Like the ill-fated AHOP, it is a financial time bomb. Mortgage holders under this plan will owe more at the end of the year than they do at the beginning. It is no real help at all to people who face the high mortgage interest rates which are the result of this government's policies.

Another disastrous feature of this bill eliminates the requirement that housing co-operatives must be non-profit. Again, this opens the way for speculators to move into the co-operative area. Instead of doing this, we should be expanding the whole co-op sector. But if we look at figures for 1976 to 1981, we find that the amount of money available for co-op housing was reduced from $51 million to less than $1 million.

In conclusion, I urge the government to recognize the inadequacies of this bill. I urge it to recognize that the short-term measures in it do not help. They do not help even in the short term. I urge the government to bring in a national housing policy which would begin to meet the needs of the 1980s; a policy planned for the whole nation but involving community planning in detail; a policy which would allow for orientation toward community needs.

● (2030)

What we need is a plan that will recognize the changes in the Canadian population, a plan that will recognize the needs of the Indian people, the elderly, single parents, and the poor. We need a plan that includes a place for public co-op and low rental housing as well as for affordable single units. I urge the government to introduce a plan that brings together the needs of our people for housing, the skills of our people in designing building and renovating homes, a plan that uses the wealth of our nation which, until now, has been siphoned off to the banks in high interest rates.

Mr. Doug Lewis (Simcoe North): Mr. Speaker, it is my pleasure to address the House on this bill, an act to amend the National Housing Act and the Canada Mortgage and Housing Corporation Act. I should like to remind hon. members that on Monday, January 25, 1982, the House passed a unanimous motion under Standing Order 43 expressing our condolences to the family and relatives of nine Canadians who died in a fire in Spanish, Ontario.

Some people may wonder what that fire has to do with Bill C-89. The fire, the deaths, the surrounding human tragedy symbolizes the grief that the Liberal Party is bringing to hundreds of thousands of Canadians daily. What connection does this fire have with this bill? The fire, the deaths, the human tragedy and suffering might not have happened if this government had moved sooner, with more conviction, with more passion, with more compassion and more understanding to assist Canadians suffering under the Liberal high interest rate policy. Members of the Vincent family who perished in the fire were forced to move from their home in Spanish, Ontario, a single family residence, because they could not maintain their mortgage payments. Perhaps if the hon. member for Algoma (Mr. Foster) had been more forceful in persuading his Liberal colleagues to work toward adequate assistance sooner, that tragedy might not have happened. On the concession roads of this country, in village after village, town after town, city after city, Canadians are losing their homes daily because the Liberal government has failed to act to assist home owners.

I should like to read to the House some excerpts from an article which appeared in the Midland *Free Press* on January 29, 1982. The article begins:

Like so many thousands of Canadians, Jim Pelletier is the victim of the growing economic shudders felt nationwide.

Pelletier lost his three-bedroom bungalow in Port McNicoll last summer when mortgage and interest rates reached the 20 per cent point.

The loss of his home, plus the break-up of his family combined to put Pelletier into hospital for depression.

The article states that his monthly payments jumped from $330 to $530. The article goes on:

It made me feel terrible, like we were working for nothing, Pelletier said from his Midland Bay Street apartment . . . We worked hard for that house for five years. I put my blood and guts into it . . . Losing it hurt.

That story is being repeated in the riding of Simcoe North just as it is across the country.

For 22 months the Liberal Party has talked about monitoring the situation. In the Speech from the Throne in April, 1980, the government stated:

In particular, my government recognizes the need to protect those Canadians most affected by unacceptably high interest rates. My government will act to assist those unable to bear the burden of renegotiating their home mortgages in the present abnormal situation so that the spectre of foreclosure will be avoided.

What an empty promise, Mr. Speaker. This government does not even understand that lending institutions and private lenders no longer use foreclosure as the main legal remedy.

Foreclosure is a legal remedy whereby, upon default, the mortgagee enters into a lengthy legal procedure of nine to 12 months designed to secure title to the property for the lender. All of the equity is transferred to the lender. That legal procedure is unpopular and expensive and, therefore, is no longer used extensively by lending institutions.

In Ontario, at least, people have switched to power of sale proceedings. When a mortgage goes into default, the mortgagee simply sends a formal notice to the home owner advising him or her to bring the mortgage into good standing within a prescribed period or the home will be sold. In this case the lending institution only gets the amount of the mortgage upon completion of the sale. The difference between the sale price and the mortgage goes to the home owner—after expenses, of course.

Home owners in difficulty in Ontario and in all provinces are being forced to sell at distress prices by the lending institutions. The lending institution which controls the sale is only interested in getting the mortgage principal out of the deal. The home owner's equity means nothing to it. Consequently, thousands of Canadians are losing their homes, thanks to the Liberal Party's high interest rate policy. Reference to rising or falling foreclosure rates is empty rhetoric since that legal remedy is no longer in popular use.

We cannot measure the effects of sale proceedings, nor can we measure the human suffering, but there are some causes that we can examine and there are some solutions we can suggest. There are two main causes of the problems of Canadian home owners. The first occurs as a result of the Liberal Party's high interest rate policy and the second is the failure of the Liberal government to address the problem. The present government is responsible for the highest mortgage interest rates in Canada's history.

In 1980, the year the Liberal Party lied to the Canadian people in order to gain re-election and promised to protect them from the spectre of foreclosure, mortgage interest rates rose from a low of 13 per cent to a high of 17 per cent. In 1981, the second year of the promise to do something, the rates ranged from a low of 15 per cent to a high of 21.5 per cent. I would remind the House that this is the rate being charged in Toronto and the other large cities. It is certainly not the rate that is available to Canadian home owners in the riding of Simcoe North and the rural areas of this country. Canadians have suffered the highest mortgage interest rates in history, since the Liberal Party took office. In 1982 this government continues to do nothing to control soaring interest rates.

During the past two years all hon. members have received complaints from home owners faced with horrendous increases in mortgage payments as a result of this government's policies. There is no way that people can handle the unconscionable increases in payments. I am sure all members, no matter on which side of the House, will agree with me that there is nothing so frustrating for a Member of Parliament as listening to home owner after home owner tell of the hardship the high interest rate policy is forcing upon them. We on this side do not want to monitor the situation; we want to offer the people action. At least we can say that we did offer them action. The people have had it, Mr. Speaker; they have had it up to here with what they are having to pay.

Coupled with these high interest rates is a social problem, the extent of which we cannot gauge at this time, but it is out there. Until the mid-1960s the long-term mortgage was the rule—20 or 25-year terms. Home owners knew that their monthly payments were fixed at something they could afford for a substantial period of time. Then in the mid-1960s lending institutions moved to the five-year mortgage. Perhaps it was not as good, but it was a substantial time-frame within which to plan one's future with a reasonable sense of stability. Now Canadians are faced with one and two-year terms, even six months in some cases. The stability of having one's amount of payment fixed for five years is gone. I do not pretend to be a social scientist, but common sense tells me that this will place a terrific strain upon many hundreds of thousands of Canadian families.

• (2040)

What does the bill do? The much-touted Canada mortgage renewal plan is little more than government stalling tactics which force Canadians already faced with financial difficulties further into debt. It will not help anyone who faced the Liberal high interest rates before September 1, 1982, or anyone after November 12, 1982. A leaked document prepared in the autumn of 1981 predicted that more than 100,000 Canadian households would be faced with mortgage payments exceeding 30 per cent of their gross income. The bill proposes to give an interest deferral guarantee of up to $3,000 to borrowers who have some equity in their homes. The government estimates that 37,500 home owners will qualify for this deferral guarantee. This is nothing more than an encouragement to Canadians to increase their debt load. Canadians are mortgaging their future because the government has absolutely no imagination, except to suggest that Canadians borrow more against what little equity they have. Approximately 12,500 home owners with only 5 per cent equity will receive an outright grant of $3,000. That grant is tantamount to AHOP revisited, the program brought in by the Liberal government which led so many Canadian home owners to disaster. Of the 920,000 Canadians who will be renewing their mortgages in 1982, the government proposes to assist 50,000 home owners.

If the Progressive Conservative mortgage interest and property tax credit plan had been adopted, every Canadian home owner would have received assistance with his mortgage; not just the 920,000 renewing their mortgages this year, but every Canadian home owner with a mortgage. They would have received a credit of up to $1,500 a year, amounting to $125 per month. This would have considerably addressed the problem with which Canadian home owners are faced as a result of the Liberal high interest rate policy. The Liberal Party voted against that proposal, the NDP voted against it as well. We invite the Canadian public to compare the paltry provisions of the bill before the House with the Progressive Conservative mortgage interest and realty tax credit plan we introduced in the House against which the Liberals and members of the

NDP voted, defeating it. It has often been suggested that we in the Conservative Party have no alternatives, but that alternative would have provided an incentive for Canadians to own homes. We on this side feel that those expenses should be legitimate deductions from income and that this was positive action to address the problem. The minister of housing has thrown a papier maché life ring to drowning Canadian home owners.

I should like to draw to the attention of the House the minister's remark when he introduced the bill on February 8, 1982, as reported on page 14760 of *Hansard*. He said:

I would like to add that these 15,000 new units would mean not only affordable homes for 15,000 more families, but also an estimated 35,000 additional jobs for people involved in the construction industry and associated businesses.

In the past I was spokesman for housing on this side. The highest multiplier we could find to which experts referred that related housing starts to jobs—and I checked this information this afternoon—was 1.75. If I take the 15,000 housing starts and multiply them by 1.75, I come up with 26,250 jobs. I suggest that either the minister is guilty of his usual accuracy or, if the figures are true, he is guilty of his usual inaccuracy.

I should like now to deal with the minister's actions as minister responsible for housing when the budget was presented and the bill was introduced. When we look at the attitude of government in regard to the bill, we must also look at the attitude of the minister to government and to the House of Commons. In the week preceding the budget, on November 13, 1981, the minister's officials were busily calling selected Canadian home owners and telling them to hold on until Thursday night, that there would be something in the budget to help them. The criteria for calling was never disclosed to the House, although we asked for it. Some Canadian home owners were called, others were not, but everyone had some hope. Then the bill was presented and everyone lost hope.

Subsequently the minister announced to the House that he had personally signed in excess of 10,000 letters directed to Canadian home owners. To think of a minister of the Crown sitting down to sign personally 10,000 form letters boggles the minds of everyone on this side of the House. Then the budget was brought down, and everyone laughed when the minister of housing made his comments. Then after 19 months of monitoring, Bill C-89 was the piteous and paltry answer. Lo and behold, the next day advertisements appeared in newspapers inviting people to contact CMHC about its new plan. We on this side found it passing strange that the ad had been placed so quickly on Friday by a minister who had advised us on Tuesday that he had no idea what would happen on Thursday. Then we obtained the answer. The officials had worked through Thursday night and, as a result of hard work, produced a cameraready ad in Ottawa which was then taken to Montreal for shooting and delivered to newspapers such as the Brockville *Recorder and Times* in time to be printed on Friday. At a later date it was determined that the ad in fact was produced on the Monday night prior to the budget, that is the Monday night prior to the Tuesday when he told us he had no idea what would be in the budget on Thursday. There are two schools of thought on this side of the House in that regard. One believes that the minister deliberately misled the House; the other believes that the minister was misled by his officials. In either case the minister became the laughingstock of the House, the media and the country.

I should like now to turn to the area of housing starts. Under Liberal government housing policies, Canadians are facing an accommodation crisis. In 1980, we required 222,000 housing starts to adequately shelter Canadians, and Liberal government policies resulted in 159,000 starts. They improved in 1981, at which time we required 222,000 housing starts to adequately shelter Canadians, and Liberal government policies resulted in 178,000. This is government by shortfall; housing policy by shortfall! In 1982, again we required 222,000 housing starts to adequately shelter Canadians, and the figures released this week show that we will achieve 148,000 housing starts.

• (2050)

The housing start figures indicate that both the single family residential market and the multiple dwelling rental accomodation market are facing serious shortfalls. In fact, the single family residential market has become completely unattractive because of mortgage interest rates and present economic difficulties. For the same reason it is unattractive to build rental accommodation.

During the past two years the national vacancy rate for rental dwellings has dropped from an accessible 2.3 per 1,000 units to an intolerable 1.4 vacancies per 1,000 units. The Liberal high interest rate policy has played a significant role in discouraging the building of rental housing.

One of the devices that was still providing some rental accommodation was the multiple unit residential building program. The Minister of Finance (Mr. MacEachen) eliminated the MURB program on November 12, 1981. In doing so, the Minister of Finance eliminated projects which were in process at that date. Thousands of Canadians were thrown out of work by the actions of the Minister of Finance.

Within a week the Minister of Finance backtracked and reinstated the MURB program, provided the footings or other base supports were in place by December 31, 1981, or where arrangements for construction were made in writing and substantially advanced by November 13, 1981 and the footings were in place by May 31, 1982.

I am not here to debate at length the value of MURBs. There is a school of thought that says they are a legitimate device to stimulate the production of rental accommodation. There is a school of thought that says they are nothing but a tax dodge for the rich. But, in any event, that device will disappear on May 31, 1982.

In the House of Commons we have to ask ourselves how the Minister of Finance could have been so out of touch with reality to forget about the provisions to phase in this elimination of MURBs. Why could the minister forget to phase it in and leave all of those people trying to provide rental accommodation out in the cold? Then he backtracked.

What did the government do having done all that? What did the government do to stimulate the building of rental accommodation? How did the government react to this crisis? The government cancelled the MURB program which it estimated produced 25,000 housing starts per annum and replaced it with a program designed to loan $7,500 per unit, interest free, to builders of up to 15,000 units. The net effect was that we lost 10,000 rental units. That is a terrific way to approach a vacancy rate crisis.

Furthermore, the government has totally abandoned the law of supply and demand in favour of bureaucratic action. Whatever the inadequacies of the MURB program at least we knew the market would dictate where they were built. These units would be built where the demand existed. Now we know these units will be built where the bureaucrats designate. These are the same bureaucrats who brought us the budget of November 12 and they are now going to allocate the interest-free loans. They are the ones who will do it. In Oshawa, which has a zero vacancy rate, what will be done about the 232 units they presently have under administration which are vacant. Those are the same bureaucrats who want to allocate rental accommodation for Canadians.

Given the budget's lack of reality, is there any Canadian who thinks that those loans are going to be allocated properly? Given this government's past actions, are there any Canadians who think that those rental units and loans are going to be allocated fairly?

In my riding of Simcoe North, we are facing a crisis vacancy rate. There is a vacancy crisis in Orillia and Midland. What guarantee do we have from the minister that some of those interest-free loans will be allocated to interested developers in the smaller communities of Canada? Quite frankly, I am not worried about Toronto, Montreal and Vancouver. I am worried about my riding. The people of my riding sent me here. How many units will the government allocate to the riding of Simcoe North?

Mr. Kelly: What do you need?

Mr. Lewis: Let us find out what we need. We need some help from the government.

Mr. Kelly: Give us a number.

Mr. Lewis: We need some of those loans.

Mr. Kelly: Give us a number.

Mr. Lewis: I hear an interjection from the hon. member for Scarborough Centre (Mr. Kelly). Since he is connected with a constituent of mine, and without reading out the name of the constituent, I would like to make one comment just to set the record straight.

An hon. Member: Name him.

Mr. Lewis: This is what my constituent says about the government represented by the hon. member for Scarborough Centre:

> In the past, we have had our ups and downs, but I never really worried about the future. Right now though, I am worried as I just cannot see any future.

That is what the government of the hon. member for Scarborough Centre has done for his brother. I am sorry, I will get back to my text. I was a little bit thrown off there.

Mr. Beatty: Suddenly there is silence on the other side.

Mr. Lewis: I would like to suggest something to the minister and I do this with all sincerity. I have practised law in a small town, and I was in business before that. Prior to 1971 when the government allowed losses on rental accommodation ventures, they were deductible against other income. As a result, multiple unit dwellings were not owned exclusively by doctors, dentists and the occasional lawyer as a tax dodge. They were owned by mechanics, farmers and by service station owners. These are the people who own, bought and built the triplexes, the duplexes and the sixplexes all across Canada. They applied any loss they incurred against other income, and they provided rental accommodation. But, when this government wiped out that ability to balance off income losses on rental properties against other income, the rental accommodation was wiped out.

I suggest very sincerely to the government that it take a hard look at bringing that incentive back, because it has gone. I suggest to you, Mr. Speaker, that this bill is a tragedy at a time when Canadians are renewing their mortgages at the horrendous rates advocated, supported and propogated by this government. I suggest that the Liberal government has brought forward the weakest solution imaginable.

Mr. Beatty: Paul Cosgrove.

Mr. Lewis: The government completely ignores the stated housing policy of the Progressive Conservative Party to see that every Canadian has a right to accessibility to decent affordable housing.

Mr. Turner: Mr. Speaker, I rise on a point of order. I understand there was a delay in the reprinting of Bill C-78 which resulted in some members not being able to give notice of amendments.

Pursuant to Standing Order 75(5), and in order to be fair to all members, since this bill will be called tomorrow, would the House give leave to extend the deadline for giving notice to proposed amendments to Bill C-78 until ten o'clock tonight for tomorrow's consideration and until five o'clock Friday for consideration Monday or thereafter.

The Acting Speaker (Mr. Blaker): Order, please. I see two hon. members rising. Are they both standing on the same point of order?

Mr. Lewis: Yes, I am, Mr. Speaker. I cannot see any difficulty with that but I would like to have the opportunity to discuss the matter with my House leader. I can do that within the next ten minutes and get back to the hon. member. This is the first notice we have had of the offer. We would have appreciated some advance warning but we find that this is the

way the government operates. We can appreciate that it is part of the pattern. I will get back to the hon. member immediately.

The Acting Speaker (Mr. Blaker): The Chair has been apprised that there will be a few moments today while the proposal put forward by the hon. member for London East (Mr. Turner) is considered.

Mr. Robert Wenman (Fraser Valley West): Mr. Speaker, Canadians are hurting. This nation is crying. The Canadian people are crying in frustration, anger, fear and, unfortunately, in too many cases with despondency. According to a Gallup poll, one of the most basic desires of about 95 per cent of us, we in this House and the people we represent, is that we, at some time, in some way, in our lifetime, might be able to have a detached house, standing strong and independent on a good sized lot. That is what the dream is. That is in fact a reality for almost 60 per cent of Canadians, but the dream has been shattered for the other 40 per cent who have come to expect that if they do not own the roof over their heads right now, the opportunity has gone and the dream will never be fulfilled. That applies to just the 40 per cent who do not own homes now, but who would like to.

• (2100)

However, they are not in as bad shape, Mr. Speaker, as the 1,200,000 Canadians who thought they had realized their dream and now find, as a result of mortgage renewals, that it has become a nightmare of lost savings, lost equity, and mortgage payments they cannot possibly meet.

In 1965 one out of every two Canadians could afford to buy a house and carry the mortgage for 30 per cent of their income. I was fortunate in 1965 to be one of those, but what about the 1,200,000 who bought in the last one, two, or three years? Well, that has now changed. Instead of one out of two, right now in Vancouver only one out of 43 tenants who want to or could have afforded to buy a home can qualify. That is a drop from one out of two down to one out of 43; in other words, almost none, Mr. Speaker. Those are people who have had their dreams dashed.

When you think about those few who can qualify, you might wonder why they would want to, because having qualified they would find out, if it was in the lower mainland of British Columbia, their gas rates would have increased by an average of 95 per cent this year. Their taxes would have doubled along with their assessments.

I live in the fastest growing part of Canada and I represent that suburban fringe where those one, two and three-year mortgage renewals are coming due. A lot of those 1,200,000 people are in my riding. I know about the problems because I hear about them from my constituents. These are the people who are really in trouble. Many of these people are not just in dire straits. As a result of the government's policies they are far beyond that, to the point of giving up.

Let me give you a typical example. Eighteen months ago a family in the greater Vancouver area earning $42,000 saved $30,000. That is not easy to do, Mr. Speaker. The average person must have a down payment of at least $30,000 to get into the average home in Vancouver. The person could make that down payment on a medium-priced house for which he would pay $150,000. Eighteen months ago he could get a mortgage at 12 per cent, resulting in mortgage payments of $1,300. That is a pretty heavy payment. It took all his savings to make the down payment and in fact the wife had to work in order to make that payment of $1,300. Perhaps, they had a little help from their parents and they planned to do without holidays for the next few years. This spring, on renewal of the two-year mortgage, the payment will jump from $1,300 to $2,100. They will have to find $800 a month, Mr. Speaker, to keep their home. Is there any member of this House who can pull $800 a month out of his salary? Perhaps Mr. MacEachen could, but we could not, and our salaries are a lot better than the $42,000 this man is making. This is sad, it is terribly tragic when you are in that position. There are hundreds of people like that and I am going to read you some of their letters in a minute.

To add insult to injury, the same house 18 months later is only worth $120,000. Their savings of $30,000 is gone and what do they have in exchange? They have a payment which has gone from $1,300 a month to $2,100 a month, which they cannot possibly pay. They have a 95 per cent increase in their gas rates, taxes are up, the cost of living is up and inflation is 12 per cent. Where are they? They are lost because they cannot keep up, and they do not know what to do.

You might say: Well, sell your house. They have no equity left, and they cannot sell at a loss. Even if they could sell no one can qualify to buy the house. Suppose they could sell it, where are they going to live? In Langley, in my riding, people come to my office who cannot find a place to stay. There is a zero vacancy rate—not next year, Mr. Speaker, but right now. We have a zero vacancy rate and everything is at a standstill. We have land, we have space, area for growth and we have sewers in place. Now small businesses are going bankrupt at the rate of 2,500 a month. They cannot afford to go to the bank at 20 per cent, 24 per cent or 26 per cent to build a house. As a result there are no small builders building houses. They cannot afford the risks involved, assuming they have the credit to borrow at 20 per cent, because they do not want to lose everything they have.

The people in my riding, Mr. Speaker, are not statistics. These 1,200,000 people renewing their mortgages are human beings; they are you, me, our brothers, sisters, aunts, uncles, cousins—they are our constituents.

An hon. Member: Flesh and blood.

Mr. Wenman: The people who wrote me these letters are real people, educated people, and they are very serious letters. This letter thanks the minister responsible for housing for his marvellous response, and it says:

> In your letter, you indicate that the government is committed to budgetary restraint and therefore can not subsidize mortgage rates. We are pleased to hear that the government is trying to reduce non-productive spending, however, your government did not follow this policy for a number of years and we taxpayers are now obliged to pay off the national debt and suffer high interest rates. Until the

government is prepared to balance its budget, we see no hope of combating inflation.

You suggested that we draw on our savings accounts to pay the increase in our mortgage interest; when we purchased our home last year, the rate was 13¾ per cent and our mortgage payment was so high that we could not afford to save. In fact, we have savings of less than $1,000. We do not have any assets that can be liquidated other than our wedding rings.

We feel that housing is a necessity as is food and the mortgage payment should be exempt from income tax. The loss of revenue to the government should be compensated for by cutting down on frills in government such as the $27,000 fuel bill to fly 3 aircraft to Manitoba when the 3 officials involved could have taken scheduled flights at a cost of $1,500. We also feel that Mr. Trudeau's decorating bills and high living should not be paid with taxpayers' money.

You see, they know about that.

● (2110)

The letter continues:

Perhaps you should review the latest Canada Council grants and weigh them against the plight of the Canadian home owner.

If the high interest rate is not lowered and stabilized, CMHC will be faced with a flood of foreclosures; many of your mortgages are 95 per cent advanced on equity. Our local house prices have dropped by 25 per cent since January. Should you have to foreclose, there will not be sufficient equity to pay off the debts owing against the homes that were purchased at market peak.

We will struggle to hold on to our home and expect your government to work toward a solution to this difficult problem.

The government works toward a solution, all right! What a solution!

Another one of my constituents writes:

I have not, and will not sign the renewal of my mortgage. How can the banks be allowed to administer such injustices? Do the people in government positions really know the misery and desperation of the average Canadian?

Mr. Deans: I think that an excess profits tax would be a good thing.

Mr. Wenman: The letter continues:

We read in newspapers and books about some highly paid child-psychiatrist who wonders why most of our children are depressed, rebellious, and suicidal. What do we expect? Most of our kids are brought up in apartments which are borderline on slum, starting in the range of $550-$600 monthly. Can you imagine the frustrations of parents every day of their lives just to pay rent or mortgage and eat Kraft dinner three times a week?

I have to retain possession of my home. My children will be left without channels for proper education (university), proper dental care, opportunities for the future and the mental stability required to lead a good life. If I don't leave anything for their future, they will end up on the streets like so many others.

My place of employment, Panco Poultry Cargill Ltd., the largest poultry processor in B.C., closes its doors February 1, 1982, leaving another 400 people on the unemployment line.

What hope is there for that mother? These people are not uneducated, unthoughtful people. They are writing intelligent letters. One can tell by the state of the letter that this is an intelligent Canadian who has written with logic. Can hon. members hear?

I received another letter from one of my constituents which states:

I have never written a letter to my MP before, so I will try to be short and not misinterpreted. I have tried to understand both sides of the story from Ottawa, inflation or high interest rates. Understanding does not put food on my table.

I have nowhere to turn now, and I hope you will show me the courtesy to read on.

The mortgage on my house is now being renewed. The rate has risen in two years from 11¾ per cent to 20¼ per cent. So far, I am the same as the general populace. Here is where my dilemma begins.

I have two children, 15 years and 11 years. I have raised them on my own for nine years. During that time we did without, literally. After seven years, I invested every cent I had saved into the down payment on a little house. I knew this was the only way I was to have anything of value for the future.

This summer I was diagnosed as having melanoma cancer, which has penetrated the lymph nodes. Every day I get a little wearier, which is a factor of this type of cancer. Because of this, I cannot take another job after my eight hours are over at work. Now, what to do? We pay $438 monthly now and that's to be doubled. I have to borrow sometimes to pay the mortgage now.

What will the government do with my kids when the house is foreclosed upon and I am gone from the cancer?

In summary, I will not leave my home. We will have to be bodily removed, and even then I will protect my home and children with whatever physical means are available. That is my right.

It is the government's obligation to do something about this woman's problem, but it has done nothing. This letter reflects a real case. I have spoken with this woman and her family and I feel sick for them. I feel for this family because of what the government is doing to them, and hon. members should, too. All this woman gets is a busy tone at the other end of the phone and an answer that she should somehow cut back, perhaps on her holidays, or perhaps save a little bit. What kind of a minister is this? What kind of a government is this? They should meet that woman and talk to her, and do something in the name of humanity.

These are average people, about whom I care. I know hon. members care about them. Hear them! They are crying! The whole nation is crying, yet the government sits there and does nothing. Is this only one woman? I gave an extreme example to make a point, to make hon. members care and listen. I gave other examples which were average cases. Do not smile! It is not worth smiling about. Do not smile over there! Cry for them! That is the way I feel.

Mr. Kelly: It is not the subject, it is the delivery.

Mr. Wenman: I am sorry, Sir, but that is the way I feel. When the hon. member starts feeling that way, maybe he will vote against the government and do something about the problems, instead of smiling there in the Liberal backbench. These people are not alone. She is not alone.

I surveyed my riding by questionnaire. One question asked: Has your mortgage put you in dire straits? Forty-eight per cent answered "yes", or almost half the population. I asked: Have rising mortgage rates seriously affected your plans to purchase a home? Fifty-nine per cent answered "yes". I asked: Should mortgage interest rates be made tax-deductible? Obviously, 83 per cent answered "yes".

Mr. Kelly: Of course.

Mr. Wenman: Do my constituents support that Conservative proposal? Yes, they do. Should it be implemented? The answer is yes.

Mr. Kelly: What about the renter?

Mr. Wenman: I spoke about the renter. No one is building rental units. We now have a little push on MURB because we are trying to get in under that deadline, and that might help for two months.

Mr. Cosgrove: How about the bill in front of you?

Mr. Wenman: If the minister destroys everyone's aspirations for homes, if everyone gives up, there will be no upward movement of people moving into homes and moving out of apartment accomodation, and so on. There is no hope for the renters, either. There is a zero rental vacancy rate, and renters are paying $550 or $600 for an apartment in suburban Vancouver, 38 miles from downtown Vancouver. Yes, what about the renters? I agree, that is a question which must be answered. Stand up and tell me what the government will do about them?

Mr. Cosgrove: We are providing $350 million more than in your plan.

Mr. Kelly: Do not confuse him with the facts.

Mr. Wenman: I will admit what the government is doing is successful when I see someone in the construction industry start to pound a nail and when I see plans for construction. Plans are not coming in because the government does not have the right attitudes.

Mr. Cosgrove: First, pass the bill.

Mr. Wenman: Does the minister really think this bill will do something for Canadians?

Mr. Cosgrove: Not while you talk.

Mr. Wenman: The minister does not even believe it. He knows how pathetic this vehicle is.

Mr. Beatty: It is as plain as the hair on his head.

Mr. Deans: That was cruel.

Mr. Lewis: So is the minister.

Mr. Wenman: In my riding, in Surrey, British Columbia, I put up a notice for a meeting. On October 8, several hundred lower mainland residents came out and gathered in Surrey to talk about their problems. They signed a petition. I wanted to give them some hope at that stage because I, too, felt there might be some hope. I said to the people, "Your government can help you. Your Member of Parliament can stand up on this floor and speak. I can take petitions. Before the government brings down that budget, let us petition and let it know that we have this many people who care. Let us let the government know." We signed a petition, and I brought it to the House of Commons. What happened when I brought it here? I stood in my place as a responsible member and I tried to read the petition, but was stopped. I asked, "Can I just put the petition in? Will Your Honour receive it?" Madam Speaker said, "We will receive it". She received it.

The next day I said, "Madam Speaker, ask everyone in this House if we can now hear the petition? Can it be read in this House so hon. members can hear the desires of hundreds of thousands of people who have signed their names to similar petitions? Can we hear this direct representation?" The Liberal backbenchers, as the record and anyone who was in this House will bear out, said, "No, we do not want to hear their petition. Do not read it. You cannot read it in this House." I asked Madam Speaker, "Will the House then give permission to pass it on to committee to study and maybe get some action?" There was no way. I tried again and again and again. They did not want to hear the people of Canada. They would not even let me read their simple petition.

• (2120)

What do they want? They want interest rates to be reduced, adequate affordable housing to be recognized as a major government principle and objective, mortgage payments to be made tax deductions or tax credits, and limits placed on mortgage interest increases upon renewal. That is what they are asking. I have read this in the House of Commons, and I ask the minister of housing, did it hurt to have that petition read in the House of Commons? Why would you not let me read it in the House?

An hon. Member: Read it now.

Mr. Wenman: I just read it. I do not know why they were afraid, unless they knew how much it would hurt. Why will the minister not take those petitions to the committee? He can do that. He has the petitions. He can appoint the committee. Let us have some hearings about this. Let us go across this country and see how people are hurting. I know the minister went across the country. I hope he had some bodyguards with him.

I am concerned that my petitioners have not been heard on the floor of this House through direct representation. It is time the government reformed that aspect of these House proceedings.

Mr. Cosgrove: I answered 10,000 petitioners.

Mr. Wenman: What was the answer you gave them? I have it here. This is the answer the minister gave. I will read it:

> As you know, the government is committed to budgetary restraint, and for this reason, we are not contemplating an across-the-board program of home owner subsidies. In fact, many Canadians are drawing on their savings or are changing their spending habits to help them meet increased housing costs.

That is what the minister's letter told them. What help is that to the people? Do you want their gold wedding rings, the gold in their teeth to be picked out before you do something? Is that what you want?

Mr. Cosgrove: Read on.

Mr. Wenman: I will read on. You gave them a promise about a budget that is coming; the budget came and offered them nothing.

The people who came to this meeting, those who came to Ottawa to protest, were not big businessmen, or professional

lobbyists. They represented all political parties. They are the working class—that's the picture—who generate the Canadian economy and the tax base that is so often wasted by this government. That is the kind of people they are.

Some of this group came to Ottawa. What were they met with? They were met with riot sticks. These ordinary working Canadians were shocked at the state of the democracy, the state of this economy, as I and every member of this House is shocked. They stood at that meeting and demanded that the government do something. They cried. Grown men stood and cried in front of these microphones. There was no one in that room who did not see those tears. Worst of all, many sat despondent in silence, without hope, knowwing that signing the petition probably would not work. Some of them would not even bother.

Sitting in that group were Dennis and Ruth Tkach. They signed the petition. They went out and gathered more names on the petition. They wrote to the minister. They tried to get him on the free line, but could not get through. They held their breath waiting for the budget, waiting for hope, waiting for a promise of help that never came. Their house is up for sale. They hope it will sell before it is foreclosed. They have lost. It seems to me I heard someone in this chamber say that no one was going to lose. Now it has happened.

Mr. Gauthier: That's not parliamentary.

Mr. Wenman: It is not parliamentary, but I hope it has some effect on you.

Mr. Gauthier: Complete your speech.

Mr. Wenman: I am making my speech. I am sorry it is not important to you. What did the people who came to that meeting think? What did they say about the budget? What do the professionals say? I asked the Fraser Valley Real Estate Board what it will do. I asked it to look at the new proposals the minister had come out with and tell me whether they would provide more housing. What did the professionals in this area say? They said:

> The budget proposals will have a negative effect on both the supply of rental properties and the quality of existing rental accommodation, thereby adding additional pressure to this area of housing.
>
> The budget proposals may not increase tax revenues; in fact a decreased volume of activity in new construction and resale markets may actually reduce the amount of income which will be taxed.
>
> The budget proposals will likely cause increased ownership of Canadian real estate by foreign investors—

I thought the minister was concerned about that.

> —as well as wealthy corporations and individuals.
>
> The budget proposals will increase unemployment in the construction and real estate related industries.
>
> Internal asset reorganizations on a roll-over basis have been made virtually impossible if real estate inventory is involved.

That is what the professionals are saying, those in the field. The minister says that something will be done about rentals. Well, that is what the professionals say his program does.

The government brings in this bill in order to give help, but what kind of help? When the bill first came in, I thought maybe it would provide some help. Then I looked at the qualifications. You have to spend over 30 per cent of your income and you must have a minimum percentage of equity. Who is going to be helped? I suggest almost no one.

The people who will be helped are those who are already on their way down. They have no incentive to stay in the house anyway. Why should they stay in that house, pay their taxes and so forth after they have lost their investment? That just amounts to high-priced rent, so why stay? Why accept this theoretical goodie? This is too late, for the wrong people at the wrong time.

This program is a "time buying" program. That is what they are hoping. Let us see what is going to happen in time. The bank rate announced today tells us what is happening. The Bank rate this week is 14.87 per cent, up from last week. The rate on six-month treasury bills was 15.44 per cent, up again in six months. The rate on one-year bills is 16.26 per cent. In other words, this is buying time at a higher interest rate. That is the way it will go unless this government does something about it.

Could mortgage interest deductibility work. That would drop interest rates in a specific area to 14 per cent or 15 per cent. Could this be done? It was proposed in a budget. The Conservative budget made it possible. The Conservatives put it in a budgetary process that would have been brought forward but for the socialists, the NDP, who defeated that proposal of mortgage interest deductibility in this House of Commons.

Mr. Deans: The public defeated it.

Mr. Wenman: Instead we have the bill that is now before us. That is their choice. My petitioners asked for lower interest rates. Can interest rates be lowered? First we had the excuse that we had to keep pace with United States rates. Then the interest rate went to a four to six point spread. We have had 4 to 6 point spreads before. We can lower interest rates if we want. If we were to lower the interest rate a little bit, even if the dollar dropped, not only would it help housing, it would help unemployment and our export industry. It is true we would have to accept some inflation, but the way the nation is hurting today, that is the only alternative.

Mr. Kelly: How much is some—2 per cent, 5 per cent?

• (2130)

Mr. Wenman: To start out with we have to make housing affordable; it must be lowered to that point of affordability. Affordability is the point at which people can qualify. I said we can do it in the housing program through mortgage interest deductibility. If the government does not want to go all the way it can start with one program. It will not know the market reaction until it tries it, and it is about time the government did try it. I think it would be healthy to have a lower interest rate and to drop the dollar at this moment. I think it would help British Columbia in particular.

Mr. Kelly: Give us some figures.

Mr. Wenman: Perhaps it could be tried for a fixed term of a five-year minimum. We have had fixed terms before. It is true that we might have to adjust two or three other related monetary instruments but we have had five-year, as well as 20-year and 25-year mortgages before. They still have those five year mortgages in the same money market in the United States. I have an offer in hand on a mortgage in the United States, a remortgage of 14 per cent this week. That is what their remortgages are, 14 per cent. I can show you the offer in the U.S. It is a remortgage on an investment property of 14 per cent and that same mortgage here would be 20 per cent. If they can do it in the United States, in the same market, surely the government can do it here. If they can have the kind of deductibility—

Mr. Cosgrove: That is why they are building half as many houses as we are.

Mr. Deans: They are building half as many as we need.

Mr. Wenman: You can still remortgage a house in the United States. When he can match the American program I will be satisfied. When he can make housing as affordable in Canada as it is in the United States the minister will have done something. Then he can stand up. Until he does, he better just sit there and listen.

How about some innovative ideas? How about considering subsidized interest rates for first-time buyers? We should try to get some first-time buyers involved. We should give these rates for the first three years to give them a stake in the country.

Mr. Kelly: How much would that cost?

Mr. Wenman: it would cost a lot less than the mortgage interest deductibility which was proposed in our program. What I am saying is that if you cannot provide interest deductibility for the whole group, why not do it for first-time buyers? Why not help first-time buyers?

Mr. Kelly: How much would it cost? Give me a figure.

Mr. Wenman: Our heckler from the Liberal side was not here for the Conservative budget. He came in after the Conservative budget which his party defeated. Unfortunately, he will not be here to hear the Conservative budget after the next election because he does not understand these things.

Mr. Kelly: I came in because of the Conservative budget.

Mr. Lewis: Where are you going because of the Liberal budget?

Mr. Wenman: I would suggest that consideration of interest subsidy for first-time buyers, say for the first three years, would be an innovative idea. Perhaps a home acquisition grant such as some of the provinces tried to give for first-time buyers would help give them a start. Give people such as the young people working in this building and across Canada a first-time start.

Mr. Kelly: How much would it cost?

Mr. Deans: I will move you to the other end if you do not be quiet.

Mr. Kelly: I have learned from you.

Mr. Wenman: Mr. Speaker, this Liberal has no innovative ideas of his own, but I appreciate his heckling so I can explain mine. He asks how much it would cost. It would cost less than the Conservative proposal in the last budget which was fiscally possible and would have reduced Canada's deficit as well.

Mr. Deans: Oh, come on now. You were doing well until you started that.

Some hon. Members: Oh, oh!

Mr. Wenman: The Liberals sit there and laugh. Ours was a real budget. They should be crying like the rest of Canadians. Instead of some innovative programs the government comes in with some half-baked ideas which will not help anyone except perhaps a small minority of Canadians. This country is hurting and every backbench Liberal knows it. They are trying to tell the minister and the government but they cannot hear. That chicken member over there would not have signed the letter; I know that. Those backbenchers are trying to tell them that the nation is hurting and that the country is crying. I hear them, Mr. Speaker, and I hope the government begins to hear them too.

Mr. Alex Patterson (Fraser Valley East): Mr. Speaker, I am pleased to have the opportunity to take part in this debate this evening. Tonight I rise with a feeling almost of frustration and, I was tempted to say, righteous anger. When I hear the appeals being made in the House for some evidence of concern and compassion, then listen to the interjections and silly remarks of some of the Liberal members, I have to come to the conclusion that it is an absolute impossibility to impress upon the Liberal backbenchers, as well as others, the fact that there are needs in this country which they should be concerned about instead of laughing and sneering, as they are doing tonight. However, I will venture to make a few comments in connection with this measure which proposes to amend the National Housing Act and the Canada Mortgage and Housing Corporation Act.

In his introductory remarks, the Minister of Public Works (Mr. Cosgrove) stated:

> —the bill before the House for second reading is a response to the serious difficulty which many Canadians are now facing in finding and maintaining good housing at affordable cost.

The minister indicated as well that the bill:

> —provides the necessary legislative authority to put into effect the Canada mortgage renewal plan.

Notice, Mr. Speaker, the "renewal plan". He goes on to say:

—it enables the government to act more effectively in stimulating production of rental housing, and makes possible new kinds of assistance for young families who are buying for the first time.

Those are very optimistic words. However, we are getting used to hearing optimistic declarations from the government. Unfortunately, time usually proves that that optimism is ill-founded.

I remember years ago—I have been around here a little while—the response of the government to the inflationary problem was that it was going to wrestle inflation to the ground. Those are noble words, Mr. Speaker; a ringing clarion call to challenge the forces that were driving prices up and causing such havoc in the country. I think just about every budget that has been brought in since that time echoes the same words—perhaps different words but the same sentiments.

We also heard the statement made that we were overcoming the problem of unemployment. Once again, every Liberal budget that has been brought in since that statement of many years ago has reiterated this statement, that the government will bring this demon of unemployment under control. We heard the assertions that the government will assist the farmers in riding out the critical financial problems they are currently facing. We know what has happened. I suggest there have been many other similar declarations which have indicated the same determination and same direction, but, in the final analysis, nothing has happened. Instead of getting better, things get worse, and we all know where inflation stands today. We all know the level of unemployment in Canada today. We know the situation in which the farming community and small businesses are finding themselves today. Instead of getting better, the situation is worse. Yet hon. members on the government side sit and laugh, sneer and joke. They are at it again now. I do not know what it will take to shake them loose and make them show at least some compassion and understanding of the problems Canadians are facing at the present time.

● (2140)

There are three basic needs of mankind; food, clothing and shelter and when we consider the climatic conditions in Canada, we know that shelter certainly is without question basic to our survival. Shelter or housing, is a right, but unfortunately this is not one of the rights enshrined in the charter, thanks to the insistence of members of the New Democratic Party who, it appears, made its deletion a condition of support for the government's constitutional package. The government backed up and said it would not guarantee the right to own a home or property.

Mr. Cosgrove: It is the provinces which have jurisdiction.

Mr. Patterson: Although the government has declined, no doubt for political purposes, to guarantee the right to own property in the charter, the ownership of homes has been a dream of most Canadians throughout past generations and is today the objective to which a great many still aspire. This was one of the magnets which many years ago drew my parents from the old country to this land of promise. There was an opportunity to own better property, to make a living, to raise a family and to contribute to society. I suggest that hundreds of thousands of others from all over the world were drawn to Canada for the very same reason. Now people are in danger of being deprived of that.

According to another report, consideration is to be given to penalizing thrift, initiative, and sacrifice on the part of home owners by deeming the rental value of their homes as taxable income in order to increase government revenues. This would be a blatantly reprehensible act. It would erode the desires and dreams of would-be home owners. It would destroy the dreams they have had and undermine and destroy the fruits of their labours toward building and achieving stability in their home circumstances. These two factors the refusal to guarantee the right to own property and the possible imposition of taxation of imputed rent on owner-occupied homes could bring the present government's commitment to home ownership—I was going to say into question, but it goes far beyond that.

These ideas show how hypocritical the government is. Hon. members opposite talk about doing things for people and helping them to own homes but then say they will not guarantee that Canadians can own homes and that if they do own homes, the government is considering taxing their rental value. The government is considering making people pay tax on money they have saved, slaved and sacrificed to get in order to build up equity. People will be taxed because they own homes and do not have to rent.

The writer of an article which appeared in a newspaper a short time ago suggested that the principle of home ownership is becoming obsolete. I think I heard a reference to that tonight. Apparently someone else read that article. I believe home ownership is still a desirable and legitimate aspiration and, instead of being undermined, eroded and destroyed, it should be encouraged and nurtured. I believe the ownership of a home promotes a sense of achievement. It brings a measure of satisfaction and contentment. After all, what is life without a feeling of achievement, without satisfaction and without contentment? Instead of that, people are living in fear and agony because what they have achieved is about to be taken from them, and they will be set back years and years to the position from where they started.

While I have little confidence that the measures proposed in this bill will be as effective as the minister implies, I suppose any help is better than none. My lack of enthusiasm is based on the fact that the basic direction of government policy as laid out in the budget brought down by the Minister of Finance (Mr. MacEachen) is having an extremely detrimental effect upon the housing picture and will more than offset any possible benefit which might be brought about under the provisions of this measure.

Reference has been made in this debate to the fact that there are two basic considerations in the matter of housing policy and the provision of housing, and the first is the availability of housing. We are told that Canada needs 220,-

000 new housing units each year. In 1980 only 159,000 units were built, and in 1981 only 178,000 housing units were built. The latest Conference Board forecast of November, 1981, predicts that only 180,000 units will be built in 1982. This means that there will be a shortage of approximately 143,000 units over a three-year period.

When we look at the national vacancy rate, we see that it fell from 2.8 per cent in April, 1980, to 1.2 per cent in October, 1981. Centres with serious shortages include Oshawa, with a vacancy rate of zero; Edmonton, 1.1 per cent; Halifax, 0.5 per cent; Hamilton, 0.7 per cent; Kitchener, the same; Ottawa, 0.6 per cent; Regina, 0.3 per cent; Vancouver, 0.1 per cent; and the same for Victoria, British Columbia. There are projections that the vacancy rate will be down to just about zero universally in 1982. That does not paint a very bright picture for those who are seeking a place of shelter. There are those who have to rent, and even now it is almost impossible to rent. If there is an available house, the rent is so high that a great many families find it absolutely impossible to pay under present circumstances.

● (2150)

There is a very serious situation in Canada regarding the availability of housing, Mr. Speaker. Unless something is done in the very near future a great many people will reach the point of desperation. They see no way through the problem, no way around it, no way over it; they are up against the wall and do not know what to do.

The question of affordability of housing has been mentioned a number of times. The horrendous increase in interest rates is largely responsible for the unconscionable increases in housing costs today. While there has been a slight decrease from the high levels of a few months ago, the indications are that another surge will take place in the near future.

I should like to refer hon. members to an article by Paula McLaughlin which appeared in the Ottawa *Citizen* on February 6, 1982. She writes that the days of the 14 per cent mortgage are gone forever and that home owners should brace themselves for more increases in the cost of mortgage money later in the year. Her authority for this statement is a spokesman for the national realtor, A. E. Lepage Limited. Apparently the manager of mortgage services for that company said that rates this summer and fall may approach last year's record of 22 per cent.

The article states that this spokesman believes that home ownership remains within reach of many first-time buyers. I am not so sure about that, Mr. Speaker. It goes on to say that last year at this time the interest mortgage rate was 14.5 per cent. It shot up to 22 per cent in the late summer then dipped to the current level of 17 per cent to 18 per cent. This spokesman seems to feel that unless something happens in the United States which has a drastic effect on Canadian interest rates, a similar trend could be followed next year.

The situation has been deplorable, Mr. Speaker, and the future is bleak indeed. That is why I cannot understand the attitude of those who are in positions of responsibility in this country, and by that I mean the Government of Canada. I cannot understand the determination that has been indicated by the Minister of Finance when he says that no changes will be made and that the policy will be maintained. That is an incredible attitude for the government to take.

Statistics show that on a $50,000 mortgage at 10 per cent the monthly payment is $447; at 12 per cent it is $516; at 14 per cent $587; at 16 per cent $660; at 18 per cent $733 and at 20 per cent $807. This is the terrible situation in which people who have to renew mortages find themselves.

We are told that approximately 1,200,000 Canadian families will have to renew their mortgages within the next two years. If there are any 10 per cent mortgages left, their owners will face a monthly increase of 41 per cent in their payments. According to CMHC, 40,000 Canadians will lose their homes as a result of high interest rates. What a dismal picture that is, Mr. Speaker, but it is what a great many Canadians face. Is this affordable housing? I say it is not.

On the question of shortage of funds, an article in the *Financial Times* of January 11, 1982, states that mortgage funds are drying up and that this, coupled with the palliatives offered by the government, puts an almost insurmountable obstacle in the way of home owners and prospective home owners.

In light of what the recent budget is going to do to the insurance industry, I do not think there will be a line-up of officials from insurance companies wanting to provide mortgage money. As far as affordability is concerned, I just do not see that the situation has been improved at all.

The problem of the cost of housing has been discussed a number of times in this House and I will not take time to repeat the arguments tonight, but what happens when houses increase phenomenally in value? The home owner is then faced with another horrendous increase in taxes.

An article in the *Abbotsford, Sumas & Matsqui News*, which is published in my riding, on January 27, 1982, carried the heading "Assessment revolt taxes appeal court". One sentence in the article that followed reads as follows:

> A spokesman for the assessor's office said at last count some 2,400 appeals had been filed. The usual annual load is about 300 appeals.

Later the article goes on to say:

> Property owners in this area have been hit by assessments as high as 60 per cent over last year. The minimum hike is about 30 per cent.
>
> Area property owners have been caught by assessment values reflecting inflated real estate prices of a year ago.

On top of all those other obstacles that will inhibit the ownership and maintenance of homes, people are facing another substantial hike in taxes.

* * *

BUSINESS OF THE HOUSE

Mr. Deans: Mr. Speaker, I am most reluctant to interrupt the hon. member, and I hope he will forgive me, but about an

hour ago or less, the government whip rose and proposed a request for unanimous consent to permit the submission of amendments to Bill C-78 in order that they might be submitted after the hour that is normally agreed upon. I do not want to arrive at ten o'clock without a decision having been made. I raise the matter realizing that this party, and perhaps the official opposition, might have amendments which they would otherwise not be able to put in. I wonder if we could seek an opinion from the government and from the official opposition in order to determine whether unanimous consent is being sought and is forthcoming.

Mr. Turner: Mr. Speaker, the suggestion was that we give leave to extend the deadline for giving notice of proposed amendments to Bill C-78 until 10 p.m. tonight for tomorrow's consideration, and until 5 p.m. Friday for consideration or later if necessary. Does the hon. House leader of the opposition agree?

• (2200)

Mr. Nielsen: Mr. Speaker, as the deputy House leader of the official opposition stated, this was sprung upon us about 45 minutes ago. We cannot get in touch with our labour critic; we have tried. We do not know whether we have amendments. I asked the government whip in a brief conversation a few moments ago whether the government had amendments. He informed me that he did not know. It seems to me that it is not possible to give consent under those circumstances.

If I might comment upon the matter, it also seems to me, if the government considers Bill C-78 so all-fired important that it must be debated tomorrow in place of the allotted day, that it should have been ready with the bill. Obviously it is not, because it is requesting an extension of time. Under the circumstances I think that consent cannot be forthcoming, the matter having been sprung upon us, but I would suggest that tomorrow, after having allowed us time to get in touch with our labour critic, the matter might be raised again. If not, then some other order could be called tomorrow and we could proceed with the consideration of Bill C-78 on Monday.

Mr. Smith: Mr. Speaker, I do not want to mislead the House leader of the Official Opposition. I should advise him that we have given notice of amendments.

Mr. Nielsen: The hon. member does not follow me. I know that because I inquired at the Table. Those amendments were filed, as is required by the Standing Orders, prior to six o'clock today. But when I asked the government whip whether the government had any further amendments, he told me that he did not know. That was the possible amendment area about which I was speaking.

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

FINANCE—ADVANTAGES FOR QUEBEC RELATED TO NEW FISCAL TRANSFERS

Mr. Jean-Guy Dubois (Lotbinière): Mr. Speaker, on February 10, I asked a question of the Minister of State for Finance (Mr. Bussières) concerning fiscal transfers to Quebec and the gains or losses for this province in terms of the amounts that will accrue to Quebec. The minister confirmed certain figures very briefly. That is why I am asking this evening for further information concerning the impending war of figures, to all appearances, because since the federal-provincial conference, the PQ government, as usual, would have the people of Quebec believe that the federal government is to blame for all the economic ills and problems in Quebec. The PQ government had the media broadcast last weekend that the cabinet would meet in conclave to assess Quebec's financial position, because following the last federal-provincial conference, Quebec stands to lose, according to them, $675 million. I am shocked, Mr. Speaker, at this attitude of the separatist government, which is trying to make the people forget its own mismanagement by passing the buck to the federal government and by saying: You have 74 Liberal Members of Parliament in Ottawa who do not protect your interests, who do nothing. It is the same old story that is being trotted out, this time about the fiscal transfers, and that is why I put the question to the minister on February 10.

Mr. Speaker, when I see all this, I am reminded of all the measures implemented by the separatist PQ government in Quebec, such as its very generous announcement on November 17 of an increase in the gasoline tax, because of which we, Quebecers, can now say we have the highest gasoline prices in Canada. This government also gave us a 16 per cent increase in electricity rates in January. It also took away from the farmers the letter N on their licence plates. It also allowed cutbacks for the drainage of farmland and the use of heavy machinery. Finally, Mr. Speaker, I refer to an article in the newspaper *La Presse* last fall against the right of Quebecers to be overtaxed. And then, the Quebec government tells us that it does not take part in federal-provincial conferences because it was isolated following a certain well-remembered constitutional conference. Following that article against the right of Quebecers to be overtaxed, we are told by the Quebec government that the province will lose $675 million, even though that famous federal-provincial conference on the economy has not even been held yet, even though the figures quoted are those of last fall and even though the Quebec government taxes at a rate of 40.53 per cent a $12,061 income.

• (2205)

And a province with less revenue perhaps, and smaller in size such as Prince Edward Island, for instance, taxes its citizens as Canadians at a rate of 32.03 per cent. Mr. Speaker, in discussing that situation, I could go on describing this hoax about fiscal transfers. He even killed a program called OSE. Of course, many people will say he did not lose much, because the cut was on advertising. This hoax, Mr. Speaker, consists in consistently trying to delude Quebecers into believing they still are a good government. They boast about being a good government. They want to be, so they say, a government that will improve things by boycotting federal-provincial conferences. Mr. Speaker, we know about the Quebec government boycotts. We have seen, for instance, officials from the department of agriculture refusing to attend a symposium organized with the provinces here in Ottawa. They say they are a good government that will bring money to the province of Quebec for the benefit of Quebecers. But when the time comes to discuss such issues, they fail to attend.

We have seen a Quebec government boycott at the Vancouver conference on the Status of Women. Again we have seen how the province of Quebec boycotted the federal-provincial conference of the ministers of justice. They also boycotted the federal-provincial conference on tourism, again saying they were a good government, and wanted to represent Quebecers. They are told that there might be big money to be had in Ottawa, because someone says: "Bring them in." However, when the time comes to defend the rights of Quebecers they definitely refuse to come. They do not want to promote the rights of Quebecers. This is why I asked a question concerning that masquerade of erroneous data, the presentation of a five-year plan schedule of fiscal transfers which contained data for the year 1982-83 alone. But even for Mr. Lévesque and his associates, a five-year plan remains a five-year plan. Yet, they would like us to believe that this is only a one-year plan. Under these circumstances, Mr. Speaker, I had to speak up and ask the minister what was really the situation, as far as Quebec and the new fiscal transfers are concerned.

Mr. Pierre Deniger (Parliamentary Secretary to Minister of State (Multiculturalism)): Mr. Speaker, I should like first of all to thank the hon. member for Lotbinière (Mr. Dubois) for the sincere interest he is demonstrating in the wellbeing of all Quebecers by raising this issue which is so germane to the Canadian political reality of today. As all other hon. members of the House, I was quite surprised when I heard separatist Premier René Lévesque state during last week's first ministers' conference that Quebec stood to lose in the fiscal year 1982-83 under the new fiscal arrangements.

This is unbelievable, Mr. Speaker, when it is a well-known fact that Quebec will receive $5,326 million in 1982-83 under the new arrangements proposed by the Federal Government, while it only received $4,987 million in 1981-82. According to my computation, Quebec will clearly be getting $339 million more in 1982-83 than in 1981-82. As a matter of fact, the transfers from the federal treasury to the Quebec government under the new fiscal arrangements will increase by nearly 7 per cent in 1982-83. Over the next five years, that is 1982-83 to 1986-87, the transfers to Quebec will go up by an average of 12.2 per cent annually and reach $8.4 billion in 1986-87. Some $8.4 billion in 1986-87, Mr. Speaker, that is an awful lot of money which the Government of Canada will give to Quebecers directly from taxes paid by all Canadian taxpayers. To understand the figures quoted by Premier Lévesque we would have to know what was the basis for his computation to arrive at the conclusion that Quebec was a loser when in fact the figures prove the contrary. First, Mr. Speaker, Mr. Lévesque starts off by assuming that the equalization system scheduled to end on March 31, 1982, will continue beyond that date. It so happens that his own finance minister, Mr. Parizeau, had discarded that possibility. Here is a statement made by Mr. Parizeau at Laval University on September 17, 1981, and I quote:

> In fact, the rapidly increasing wealth of Alberta has been a factor in raising the national average, so much so that Ontario has fallen below that level and should therefore be considered as a poor province. According to the federal government this is a ridiculous situation and the formula has to be reviewed. We agree.

Mr. Parizeau agrees that the formula must be reviewed so that all Canadians will be treated more equitably. In addition, and this is very significant, Mr. Speaker, Mr. Lévesque and Mr. Parizeau fail to take into consideration the value of the tax points transferred to Quebec, whereas indeed a major portion of those federal transfers to the provinces are made that way. As the Right Hon. Prime Minister (Mr. Trudeau) said at the closing session of the conference, those fiscal transfers must be taken into consideration. I quote:

> The data used by Mr. Lévesque simply do not take into account the tax points which are transferred.

If I may, Mr. Speaker—

The Acting Speaker (Mr. Ethier): Order, please. The hon. member for Vancouver South (Mr. Fraser).

• (2210)

[*English*]

FISHERIES—(A) TASK FORCE DECISION NOT TO HOLD PUBLIC HEARINGS
(B) FISHERMEN'S REPRESENTATION

Hon. John A. Fraser (Vancouver South): Mr. Speaker, a few days ago I had the opportunity to ask the Minister of Fisheries and Oceans (Mr. LeBlanc) questions about the task force appointed to investigate the situation on the Atlantic coast with respect to the dire straits within which present circumstances have placed the fishing industry. As everyone knows, the government and the minister are absolutely lacking any kind of answers, having ignored the evidence which has been available for many months. They have also gone through the motions of indicating that there would be a cabinet document in January which would address the problems of the east

coast fishery, and, apparently as a result of no one being able to come up with any answers in that document, the government has appointed a task force headed by the second senior public servant, Mr. Michael Kirby.

What I asked the hon. minister, Mr. Speaker, was this. Why are there no representatives from the fishermen of the Atlantic coast on that particular task force? It was very interesting to hear the minister's reply. He said, this is not a Royal commission. He said he was satisfied that Mr. Kirby would hold discussions with many people. He even went on to say that he understood Mr. Kirby had approached some representatives of the fishermen and perhaps there was a possibility that some or one of them would serve on the task force.

However, Mr. Speaker, I want to advise the House that I and others have recently been on a visit to New Brunswick during which we spoke with many of the fishermen who are and will be involved in whatever deliberations Mr. Kirby undertakes. They made it very plain to us that they do not know what Mr. Kirby is doing. They do not know who is advising Mr. Kirby. They do not know who is on this task force which will decide what is to happen to them. They want representation, because without it, even with the best will in the world, Mr. Kirby will only get half of what he needs to know in order to present a report which could bail out the Minister of Fisheries and Oceans, who has obviously bailed out of his responsibility concerning this situation.

● (2215)

It was extremely interesting to note that, while the Minister of Fisheries and Oceans told me there was no need for fishermen on the task force, only a few minutes later the hon. member for South West Nova (Miss Campbell) rose in her seat—she is a Liberal member—and picked up on the very point I had been raising because she understands that the fishermen in her riding are involved in the Atlantic coast fishery. She said, in part: "I suggest that there has to be someone there from the inshore fishery," and she suggested an advisory group. I would go beyond that suggestion and say that there must be someone from the offshore fishery there as well.

However, it was extraordinarily interesting that, within the compass of a few minutes of the time the Minister of Fisheries and Oceans battered down my request to have fishermen represented on the task force, he paid attention when a Liberal member got up, and said: "Just a minute," and the implication was that the hon. member for Vancouver South (Mr. Fraser) had a point. She then reinforced that point I was making and the minister thought it was very interesting. He then had a very different answer. In answer to the suggestion of the hon. member for South West Nova that, if there could not be someone there as part of the task force, there should at least be an advisory group representing the actual people who did the fishing, the minister said; "I think the hon. member's idea of an advisory committee is a perfectly valid one."

I would like an answer from whoever will answer for the Minister of Fisheries and Oceans, unless, of course, someone has been sent down here to answer for Mr. Kirby, because we are now in great doubt as to whether the minister or Mr. Kirby is in charge. We do not know just who is in charge. In any event, I would like to know whether the suggestion which I initiated, and which the hon. member for South West Nova supported, will be accepted. The hon. member is a well-respected hon. member, and she is well known to me. Will there be an advisory committee representing the people who actually do the fishing on the Atlantic coast?

I might also say that I wonder about the whole tenor of the Kirby task force. Why are no public hearings being held? Why is it that Mr. Kirby started off with the incredible bungle of saying: "I can reject the notion that provincial governments are the best judges of what is good for their constituents?" He then went on to insult the very people he will have to deal with by saying: "I am not a believer in the town council theory of government." This is the man we have sent down to the Atlantic coast to solve the problems of the fishermen.

Then again, I must point out to the House that this government has made an egregious mistake by announcing in advance that Mr. Kirby will be the deputy minister of fisheries. I ask Your Honour, and all hon. members, how will Mr. Kirby get the truth from departmental people if they know that they are talking to someone who holds their very future in his hands?

I have raised a number of points. I would like to have some answers. I certainly did not get them from the Minister of Fisheries the other day.

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, when he announced the appointment of a special task force on the Atlantic fisheries just over a month ago, the Prime Minister (Mr. Trudeau) said that in carrying out its work, the task force would consult with all those who have a role to play in the fishing industry. The task force is to recommend how to achieve and maintain a viable Atlantic fishing industry, with due consideration for the over-all economic and social development of Canada's eastern provinces.

● (2220)

The hon. member has attempted to create an issue over the fact that the task force does not plan to operate in the mould of a royal commission, with formal public hearings. I want to tell him that this small group of highly experienced individuals will ensure that every sector of the industry is heard from, that every aspect of the industry's fundamental problems is examined, and that the views of anyone who wishes to make a meaningful contribution to the search for long-term solutions will be most welcome, and will be given full consideration. You do not need a series of town hall meetings for that.

The Atlantic fishery includes a large number of interest groups: part-time fishermen, full-time fishermen, inshore fishermen, offshore fishermen, labour organizations, large processing companies, small processing companies, financial institutions, to enumerate only the obvious ones. As well, there are

provincial governments which also have a role to play in the future of the fishing industry. The task force is aware of the many different voices that this encompasses, and its members will do their utmost to make certain that all are heard, and this will be done in a totally businesslike, but somewhat less formal structure than a royal commission.

Members of the task force are actively considering all possible mechanisms of consultation, so that the complete magnitude of the fishery's inherent problems are accurately understood, and that every viable option and alternative for long-term economic health is explored.

One of these mechanisms could take the form of some type of advisory committee with representation from each of the five eastern provinces, as was suggested in the House the other day by the hon. member for South West Nova (Miss Campbell).

I want to deal with another of the mistaken impressions of the hon. member for Vancouver South (Mr. Fraser). He has complained to the House with righteous indignation that there is no one on the task force serving as co-chairman to represent fishermen. He based that complaint on his incorrect assumption that Mr. Peter John Nicholson, an economist who recently resigned his position as an executive of a large processing company, is serving as a co-chairman representing the corporate sector. There is no co-chairman of the task force. Furthermore, no one on the task force has been engaged to act as a lobbyist or represent the vested interests of any single group.

The Acting Speaker (Mr. Ethier): Order, please. It being 10.23 p.m., the motion to adjourn the House is deemed to have been adopted. Accordingly, this House stands adjourned until eleven o'clock tomorrow morning.

At 10.23 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, February 12, 1982

The House met at 11 a.m.

• (1105)

ROUTINE PROCEEDINGS

[*English*]

THE ECONOMY

IMPLEMENTATION OF RECOMMENDATIONS IN LETTER SIGNED BY GOVERNMENT MINISTERS AND SUPPORTERS—MOTION UNDER S.O. 43

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I rise under the provisions of Standing Order 43 to seek the permission of the House to move a motion on a subject of urgent and pressing necessity. It relates to the necessity that the government immediately implement the recommendations contained in a letter to the Prime Minister (Mr. Trudeau), dated February 3, 1982, signed by the Minister of National Health and Welfare (Miss Bégin) and the Minister of State (Mr. Joyal) and certain Members of Parliament, which urged the government to proceed with the immediate creation of two new programs to create employment in key sectors of the economy, by stimulating domestic housing construction and by launching a program to enable private enterprise to hire young Canadians.

I therefore move, seconded by the hon. member for Yukon (Mr. Nielsen):

That the House strongly endorse the position of the authors of the Bégin-Joyal letter when they wrote: "Mr. Prime Minister, we urge you to adopt these measures as soon as possible because we are convinced that they are necessary right now."

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

POLITICAL PARTIES

POSITION TAKEN BY NEW DEMOCRATIC PARTY RELATIVE TO GOVERNMENT—MOTION UNDER S.O. 43

Mr. Blaine A. Thacker (Lethbridge-Foothills): Madam Speaker, I move, seconded by the hon. member for Bow River (Mr. Taylor):

That the New Democratic Party stand condemned for once again saving the Liberal government, including the ugly spectacle of the NDP leader consulting with the Liberals behind the curtain before saving them, and that all Canadians who are being hurt by the government know, beyond any shadow of a doubt, that the NDP saved the budget and the Liberals. Let Canadians beware!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

BUSINESS OF THE HOUSE

CHANGING OF ANNOUNCED OPPOSITION DAY—MOTION UNDER S.O. 43

Mr. Girve Fretz (Erie): Madam Speaker, yesterday, a day which shall live in infamy, the party to my left and the Liberal government connived in a reprehensible action which denied my party the right to our allotted day.

Mr. Waddell: It was our allotted day!

Mr. Fretz: Moreover, their despicable deed denied the right of the hon. member for Kitchener (Mr. Lang) and eight of his Liberal colleagues to speak to our proposed motion, which urged the immediate creation of job programs for young Canadians and the stimulation of the housing industry, an idea favoured by another group of Liberal members and ministers.

In light of this denial of rights, I move, seconded by the hon. member for Lethbridge-Foothills (Mr. Thacker):

That this House censure the President of the Privy Council for his deplorable lack of courage in not allowing the Progressive Conservative Party to have today as an opposition day, in clear contravention of the Standing Orders.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

HUMAN RIGHTS

SOUTH AFRICA—CALL FOR RELEASE OF PERSONS DETAINED WITHOUT LAYING OF CHARGES—MOTION UNDER S.O. 43

Mr. Bob Ogle (Saskatoon East): Madam Speaker, I rise on a matter of urgent and pressing necessity. Recently Dr. Neil Agget died while being held by South African police. His so-called offence was simply that of organizing workers to obtain humane wages and working conditions. He was the forty-sixth person to die in detention since 1963, the most prominent recent example being that of Steve Biko in 1978. There are hundreds now being held without charge by South African police.

I therefore move, seconded by the hon. member for Spadina (Mr. Heap):

That the government urge upon the South African government the immediate release of all those held without charge under various repressive laws in South Africa.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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BUSINESS OF THE HOUSE

CHANGING OF ANNOUNCED OPPOSITION DAY—MOTION UNDER S.O. 43

Mr. Jim Hawkes (Calgary West): Madam Speaker, whereas yesterday hon. members of all parties in this House were the victims of a new form of cabinet-invented closure, I move, seconded by the hon. member for Ontario (Mr. Fennell):

That this House condemn the government House leader who denied the people of Canada, through their elected Members of Parliament, the opportunity to express their confidence, or lack of it, in the Minister of Finance and his budget.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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THE ECONOMY

SUGGESTION MINISTERS URGE CHANGES IN BUDGET PROVISIONS AFFECTING REAL ESTATE—MOTION UNDER S.O. 43

Mr. Bill Wright (Calgary North): Madam Speaker, the Canadian Real Estate Association has stated that the budget discourages take-back mortgages thereby discriminating against the small Canadian investor. The shift in Canadian real estate ownership will be toward large corporations which have pools of capital, or toward foreign investors who may apply interest expense against income in their own countries. Therefore I move, seconded by the hon. member for Huron-Bruce (Mr. Cardiff):

That the Minister of National Health and Welfare and the Minister of State urge the Minister of Finance to introduce further amendments to the budget as it affects real estate, and thereby make it more attractive to the small Canadian investor, both as an investment and as a provision for retirement years.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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MINES AND MINING

TRAINING COURSES FOR YOUNG MINERS—MOTION UNDER S.O. 43

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, the Mining Association of Canada and many other experts have predicted that by 1985 there will be a severe shortage of several thousand skilled mine workers which will largely arise because of the major coal and oil sands projects slated for western Canada. However, Canadian mining companies are presently laying off hundreds of their youngest employees who are low on the seniority scale because of the current economic depression. I therefore move, seconded by the hon. member for Western Arctic (Mr. Nickerson):

That the Minister of State for Mines, in collaboration with her colleague, the Minister of Employment and Immigration, be requested to implement immediately an emergency training program so that, instead of sitting around with nothing to do, young mine workers might be placed in accelerated skills-training courses under the supervision of experienced mine workers at their present places of employment, and that UIC benefits normally payable to those young persons be used to finance the cost of such training.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1110)

THE SENATE

APPOINTMENT OF WOMEN AS SENATORS—MOTION UNDER S.O. 43

Mr. Bill Yurko (Edmonton East): Madam Speaker, I rise on a matter of importance under the provisions of Standing Order 43. In view of the fact that February 14 is the fifty-second anniversary of the appointment of the first woman to the Senate, Mrs. Cairine Wilson, appointed February 14, 1930, and in view of the fact that only 18 other women have been appointed since then, or 2.7 per cent of the 702 Senators who

have been summoned to the Red Chamber since confederation, I move, I am sure seconded by all female members of this House:

That this House urge the Prime Minister to fill as many of the 14 vacancies in the other place as possible with women appointees.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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THE PRIME MINISTER

MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, democracy has fled the Liberal government along with the right to speak out on behalf of constituents. It is now a Trudeau state. Trudeau has placed a zipper on the mouth of every Liberal Member of Parliament. Each is now forbidden to say anything that displeases Trudeau or he will not give them a reward which he pays for with taxpayers' money. Therefore I move, seconded by the hon. member for Peace River (Mr. Cooper):

That Canadians rise up and take action before this country is forever lost to this would-be emperor dictator.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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PUBLISHING

CONDEMNATION OF PROJECT TO PUBLISH MEMOIRS OF CONVICTED MURDERER, CLIFFORD OLSON—MOTION UNDER S.O. 43

Mr. Lyle S. Kristiansen (Kootenay West): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and public importance, and hope that in view of the comments of the Solicitor General we might have unanimous consent. All Canada views with disgust and dismay the announcement by mass murderer Clifford Olson that the sensibilities of Canadians may soon again be abused by his demented memoirs in book and serial form, the object of which would be to further enrich this mass murderer and rapist for his crimes at the expense of the people of Canada. I therefore move, seconded by the hon. member for Mission-Port Moody (Mr. Rose):

That while this House will and must always uphold the principle of freedom of the press, we unanimously urge all Canadian book, magazine and newspaper publishers to act in accordance with their commensurate responsibility to the people of Canada and not engage in any publication or distribution of commercial material which would serve to further enrich Olson or his estate and indirectly encourage similar crimes.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HUMAN RIGHTS

CALL FOR RELEASE OF ANATOLY SHCHARANSKY BY SOVIET AUTHORITIES—MOTION UNDER S.O. 43

Mr. John Thomson (Calgary South): Madam Speaker, I rise on a matter of urgent and pressing necessity. Soviet Jewish dissident Anatoly Shcharansky has been unjustly held for over six months in solitary confinement and on low rations by the Soviet authorities in direct contravention of basic human rights and of Soviet obligations under the Helsinki Accord to respect the fundamental freedoms of conscience and religion. In view of this injustice and the plea of Mr. Shcharansky's wife that politicians in the west take up her husband's cause, I move, seconded by the hon. member for Lethbridge-Foothills (Mr. Thacker):

That this House call on the Soviet Union to live up to its obligation under the Helsinki Accord and immediately release Anatoly Shcharansky from detention.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

ROYAL CANADIAN MOUNTED POLICE

RELEASE OF DOCUMENTS REQUESTED FOR DEFENCE OF MEMBERS

Mr. Peter Elzinga (Pembina): Madam Speaker, my question is for the Prime Minister. In putting the question to the Prime Minister, I refer to an article which appeared in the *Edmonton Journal*. Will the Prime Minister give consideration to instructing his Solicitor General to release immediately the 33 documents which the RCMP defence counsel have requested and which are essential for a fair and full trial for the 17 officers who are charged in the Quebec courts?

● (1115)

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I am not aware of the documents to which the hon. member is referring. I will take notice of the question.

Oral Questions

INCOME TAX

FILING OF RETURNS BY QUEBEC RESIDENTS

Mr. Blaine A. Thacker (Lethbridge-Foothills): Madam Speaker, my question is for the Minister of National Revenue and, failing him, the Prime Minister.

I have been informed that there are a large number of people from the province of Quebec who are failing to file their federal income tax returns. It would appear that it is part of a strategy to avoid paying taxes, or a Parti Québécois strategy to embarrass the central government. Can the Minister of National Revenue advise the House what the extent of this problem is and what he proposes to do about it?

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, I am not aware of the problem. The tax system in this country is a voluntary tax system. People are expected to pay their taxes. Nobody particularly likes to do it, but everybody must. I am not aware of any specific problems along the lines that the hon. member has indicated.

REQUEST THAT MINISTER CONDUCT INVESTIGATION

Mr. Blaine A. Thacker (Lethbridge-Foothills): Madam Speaker, this is broadly known information. In view of the fact that the province of Quebec collects its own income tax separate from the rest of the provinces and the federal government, would the minister undertake to investigate this problem and report back to the House with a statement?

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, I will certainly take notice of the hon. member's question.

* * *

NATIONAL DEFENCE

MOBILIZATION PLANNING TASK FORCE REPORT

Hon. Allan B. McKinnon (Victoria): Madam Speaker, my question is for the Minister of National Defence. In March, 1981, the minister said, "The mobilization planning task force is expected to report later this year"—that is, later in 1981. In November, 1981, the minister said, "The work of the mobilization plan task force is not yet finalized."

At the January, 1982, Conference of the Defence Associations the minister referred to the mobilization plan and said, "... a number of options and possibilities have been examined, and they are being examined even now, as I speak."

Would the minister tell the House exactly when Canadians can expect to see some results from this drawn-out, procrastinating process?

[*Translation*]

Hon. J. Gilles Lamontagne (Minister of National Defence): As the hon. member for Victoria has just pointed out, Madam Speaker, the whole question of mobilization in Canada has been under review for about a year and a half now. A task force is still carrying out this study in an attempt to reach a conclusion. There are several options, of course, as the hon. member said. Whatever they may be there is a price tag on all those options and for the time being we are trying to refine upon—if I may use the word—the conclusions with respect to a mobilization plan which should be ready within a few weeks.

[*English*]

SENATE SUBCOMMITTEE REPORT RECOMMENDATIONS—GOVERNMENT POSITION

Hon. Allan B. McKinnon (Victoria): Madam Speaker, the problem is that the minister is using the lack of a mobilization plan as the reason for turning down every other initiative which is put to him.

The report of the Senate Sub-committee on National Defence which was tabled yesterday contained among its recommendations that the government begin production immediately of a new white paper on defence, that the number of regular force personnel be increased to 92,000 by 1987, and that the Canadian forces CAST commitment be reviewed. When will the government do anything about any of these recommendations?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, we are taking into consideration all proposals from the various well-known and respected groups, such as, of course, the Senate. We have taken some action on some of the resolutions which were made during the last Canadian Defence Association convention. Last year, the Standing Committee of the House of Commons on External Affairs and National Defence made several proposals on mobilization, unification, and the reserves. We have taken action on all these proposals. I can give the hon. member information on what has been done as a result of these recommendations, what has been implemented to date, and what will be implemented in the future.

* * *

THE ECONOMY

MINISTER'S STATEMENT ON PROJECTS TO INCREASE GROWTH

Mr. Edward Broadbent (Oshawa): Madam Speaker, my question is for the Minister of Finance. Today is the third anniversary of the November 12 budget. In the past 90 days more than 168,000 Canadians have been laid off. During that same period of time Canadians representing every region of the country and virtually every occupation, and indeed finally Canadians in the back benches of the Liberal Party, have called for changes in the government's financial direction.

On Wednesday the minister indicated that he was prepared to consider "innovative projects intended to produce growth." Will the minister now tell us what those projects are?

• (1120)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I appreciate the hon. member's interest in this subject. Obviously members of the House are concerned about unemployment levels and lay-offs. I have stated in the House that within the current fiscal framework the government will undertake specific projects, and I have replied to the Leader of the Opposition that when any decisions are taken on this matter I will ensure that the decisions are announced, but decisions have not yet been taken.

TIMING OF INTRODUCTION OF PROGRAMS

Mr. Edward Broadbent (Oshawa): Madam Speaker, 33 per cent of the forestry workers in British Columbia are out of work. Fifty thousand auto workers are out of work. More than 480,000 young Canadians are out of work. How much longer do the people of this country—cumulatively almost a million and a half unemployed Canadians—have to wait before this government demonstrates some concern by bringing in new programs?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member believes a number of specific new programs would solve the problems of these particular groups. I believe he is misleading them into that belief because it is my view that unless we succeed in bringing down the level of prices in this country we will not be able to solve the problem of unemployment. That is why I believe we must assume a firm anti-inflationary posture in order to create the conditions for renewed growth and for employment creation in the country. That is the basic thrust of the budget, and that is the basic policy of the government.

REASONS FOR POSITION TAKEN BY GOVERNMENT

Mr. Edward Broadbent (Oshawa): Madam Speaker, in the past the minister has been fond of drawing our attention to the international situation. I point out to him that even a conservative administration like that of Ronald Reagan in the United States indicated last week that it is no longer preoccupied with the level of budget deficits. In Europe some time ago the government of France, and just some ten days ago the government of West Germany, announced major new initiatives to stimulate their economies because they are concerned about the people in their countries. They will not stand back and watch millions more become unemployed.

Does the failure of the Government of Canada to act at this point really demonstrate that, in terms of its ideas, it is either intellectually bankrupt or, in terms of its concerns about the people of Canada, morally indifferent? Or, frankly, is it both?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, just to comment on the hon. member's reference to the policy of the United States government, what is causing great concern in the United States and elsewhere is the projected level of the deficit in that country. Everybody seems to understand that if that deficit is maintained and grows larger, it will limit or remove any possibility of bringing down interest rates in the United States. Why have short-term interest rates gone up in the United States in the last week? It is partly because of the concerns which have been expressed about the projected level of the budget deficit in the United States.

If the hon. member is serious about creating jobs in Canada he will be as dedicated as I am to doing everything possible to bring down interest rates. He ignores that problem in all his questions because he seems to believe we can reach solutions in Canada and forget about rising prices and rising inflation.

The hon. member talked about West Germany. I remind him that even with the recent changes made by the West German government it is still maintaining a firm anti-inflation policy—

Mr. Broadbent: And stimulating the economy.

Mr. MacEachen: —and a restrictive fiscal policy. I would remind the hon. member that unemployment in West Germany, now at 8.2 per cent, is much higher than it has ever been in comparison with historical levels in that country. Their unemployment problem is very deep, greater than it ever has been, and greater than Canada's current unemployment based on historical levels.

• (1125)

The hon. member has talked about action taken by the West German government. I have looked at that very carefully and I do not believe it represents any basic change in their current fiscal policy. The things we are doing in Canada, I think, if added together, would create as much of an impression, fiscally, as what is being done by the West German government.

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THE ADMINISTRATION

MINISTER'S MEETINGS WITH LIBERAL MEMBERS OF PARLIAMENT

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, my question is also addressed to the Minister of Finance. Yesterday a second significant fissure in the Liberal caucus was disclosed by the hon. member for Kitchener, who gave an interview to the *Kitchener-Waterloo Record* in which he disclosed that he had received some 1,000 letters from his constituents complaining about the government's budget and economic policies. In the interview he stated that he was a member of a group of seven or eight Liberal MPs who had been meeting with the Minister of Finance to urge him to change his policies.

Can the Minister of Finance confirm the statement of the hon. member for Kitchener that he has been meeting with a group of seven or eight Liberal MPs of whom the hon. member for Kitchener is one, and that they have counselled the minis-

ter to change his policies along the lines of a short-term drop in the dollar, a short-term loosening of the money supply, greater long-term foreign investment, and a slowdown in the Canadianization program?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I meet frequently with members of the Liberal caucus and I intend to continue to meet with members of the Liberal caucus. I do not believe the affairs of the Liberal caucus are a matter for questioning at this particular time, however. That is a matter for the Liberal caucus. It is not a matter of government administration which is the normal subject of questioning on the orders of the day.

PROPOSALS PUT FORWARD BY MEMBERS OF LIBERAL CAUCUS

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, perhaps the Prime Minister will be giving the same instructions to the hon. member for Kitchener as he gave to the rest of his colleagues earlier in the week.

I want to indicate to the minister that this was a public interview given by the member for Kitchener to the *Kitchener-Waterloo Record*. May I ask the minister whether, as a matter of government policy, he is prepared to consider representations from members of caucus calling for a short-term drop in the dollar, the loosening of the money supply, a slowdown on the Canadianization policy, and greater long-term foreign investment, as was indicated by the hon. member for Kitchener?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): If the hon. member really wants to know what is happening in our caucus, I invite him to join. It is a very happy place to be.

QUERY RESPECTING PROPOSALS MADE BY CABINET MINISTERS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I have a supplementary question. It is not necessary to join that caucus. We need only read the newspapers and the letters that the Minister of National Health and Welfare sends.

The matter raised by my colleague indicates a second group of Liberal MPs have made public their disagreement with the government's economic policy. That explains why the Liberals and New Democratic Party yesterday ran away from the opportunity for Members of Parliament to vote on the budget in this House of Commons.

The minister has said he will not discuss representations he is receiving from backbenchers because his Prime Minister regards them as mere nobodies. Perhaps he would accept the distinction relating to representations from cabinet ministers. Is the Minister of Finance now considering any specific proposals from any colleagues in cabinet for change in the budget?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the answer to that specific question is no.

● (1130)

SPECIFIC PROPOSAL INQUIRY

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, since the Minister of Finance is unsure whether he is the Minister of Finance, perhaps I should have directed the question to the Minister of National Health and Welfare. Let me put my question in a different way. Has the Minister of Finance received any specific proposals for change in the budget from any of his colleagues in cabinet?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): No, Madam Speaker.

LETTER SENT BY MINISTER OF NATIONAL HEALTH AND WELFARE

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is directed to the Minister of National Health and Welfare. Did she suffer severe indigestion when she swallowed her letter of recommendation to the Minister of Finance?

Mr. Cousineau: Be serious.

Mr. Clark: To put it in a more serious vein, the Minister of Finance has now denied receiving a letter which the Minister of National Health and Welfare had said publicly that she sent. How does the Minister of National Health and Welfare explain the difference between her word, given and published, and the word just given by the Minister of Finance?

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, as far as I understood the question, and in reply to the first part of it concerning indigestion, the answer is no, I never suffered from anything like that. The second part of the question had to do with the problem with the postal situation. I did not quite understand what letter to what minister he was talking about.

EXPLANATION SOUGHT OF LETTER'S FATE

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, we are all aware of the problems with the postal system. The Minister of National Health and Welfare showed temporary courage and acquired temporary notoriety when she deliberately published a letter to the Prime Minister containing recommendations to be considered by the Minister of Finance for changes in the budget. Since the Minister of Finance has now said that he has not received the recommendation, or indeed any recommendation for any change from any minister, will the Minister of National Health and Welfare explain to the House of Commons just what happened to her letter?

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, I would be pleased to explain for the umpteenth time to the hon. Leader of the Opposition the work method we used, namely a letter which is, shall we say, public, easy to read, short and written by the ten members of east central Montreal who meet once a week to express the concerns of their respective ridings. The subject of this letter or of the topic selected is normally piloted by two members or one, depending on who is in charge. This one was indeed sponsored by two members. We all sign. In the future, of course, the two ministers will not sign! The group will continue its work and will select the mechanism of representation it deems the most appropriate.

Next Monday we will be in the port of Montreal but instead of writing a letter we will call a press conference after a public meeting. If the hon. member wants to see what east central Montreal is all about he is invited for a visit. In our caucus we do not muzzle people. I think that what matters is that the members expressed some concerns over an issue which perhaps happened to have national implications.

* * *

[*English*]

ENERGY

OWNERSHIP OF NEWFOUNDLAND OFFSHORE RESOURCES

Hon. James A. McGrath (St. John's East): Madam Speaker, I should like to direct a question to the Right Hon. Prime Minister. Could the Prime Minister tell the House why the government was not prepared to set aside its claim to the offshore and so instruct its representatives before the Federal Court, in order not to jeopardize the negotiations presently under way with the government of Newfoundland, and to create the proper climate for these negotiations?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I believe the hon. member is showing a misunderstanding of our position. For some 14 years now we have been setting aside the question of ownership and not referring the matter to the Supreme Court because we hoped to reach a political, negotiated solution which would be to the advantage of the people of Newfoundland and of the people of Canada. This has been our position since I have been in office, but years go by and the offshore is in a state of uncertainty as to the regulations which prevail. There was a case brought before the courts by the Seafarers' International Union. Apparently Newfoundland is still unable to reach a decision to negotiate with us in good faith while the ownership question is held in abeyance. This has been the situation for 12 or 14 years. The hon. member should not ask why we are not prepared to set ownership aside. We have done nothing but that in order to try to reach a negotiated agreement.

Sometime last July I wrote to the Premier of Newfoundland saying, "We cannot wait any longer, beyond the next six months, but let us try to reach a negotiated agreement by the end of February. I am just telling you that if we cannot, we will certainly take a reference on our own. We have been trying for years to obtain a negotiated agreement with you or, alternatively, to obtain a joint reference. You have been unable to do either. Newfoundland did not want to join the other maritime provinces when we signed an agreement in 1977. Please let us try to do it before the end of February."

Now, three weeks before the deadline, Premier Peckford is apparently waking up to I do not know what new reality, but he sent a telegram which indicated what I have been saying for 14 years—let us reach an agreement without going to the courts. I am not saying that it is a matter that the courts will never determine. It may be determined, for all we know, in the SIU case. What we are saying is that if we negotiate in good faith we can reach an agreement without knowing who really is owner under the Constitution, because the courts will not have decided by the end of February.

REQUEST THAT COURT ACTION BE DELAYED

Hon. James A. McGrath (St. John's East): Madam Speaker, the Prime Minister knows that a political settlement is a much better settlement in the spirit of confederation than a judicial one. Accordingly, I ask him why his government did not agree to delay these proceedings while the negotiations were under way, even if it meant laying aside for the time being the federal government's claim to the offshore? He knows full well that as long as the decision is hanging over these negotiations obviously they cannot be conducted in a spirit of good will.

Mr. Lalonde: It is not our choice.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, if the hon. member is referring to the special SIU case, it was not taken by the federal government. It was a case taken as a result of a decision by a board of the Newfoundland government, which the SIU is contesting. We have no influence on whether or not that case should be pursued. I understand that even the Minister of Energy, Mines and Resources gave instructions to his lawyers not to make any point when the delay was requested by Newfoundland.

But returning to the main substance of the matter, we have been saying for 14 years what the hon. member said we should be saying—a political settlement is better. I have tried dozens of times in meetings with the premiers and through negotiations by ministers to reach a negotiated settlement, but obviously Newfoundland does not want to play that game. Newfoundland wants to drag out this thing forever, not realizing that it is against the interests of the people of Newfoundland since the offshore will not be developed as long as there is uncertainty as to the administrative problems there.

[*Translation*]

HEALTH

POSSIBILITY OF ELIMINATING QUEBEC DENTAL CARE PROGRAM FOR CHILDREN IN SPITE OF FEDERAL FIFTY PER CENT CONTRIBUTION

Mr. Alexandre Cyr (Gaspé): Madam Speaker, my question is directed to the Minister of National Health and Welfare. Can the minister tell the House whether her Quebec counterpart sought her advice about the possibility of doing away with the dental care plan for young Quebecers and can she also tell us what the Canadian government contribution is to that Quebec health plan?

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, no unfortunately, of course I was neither consulted nor informed by my counterpart, Minister Pierre-Marc Johnson, about the possible suppression of the dental care plan. As a Quebecer, I find it most unfortunate because all children in Quebec under age 15 are now provided with dental care under the medicare program. Now, the monthly medicare payments transferred by the Canadian government to the province of Quebec—I apologize, I will later give the hon. member the exact figure—are, for the current year a little over $2 billion and this amount is slightly less than 50 per cent of all health costs in Quebec including, by the way, dental care for children. Unfortunately, we cannot tell the provinces, because this is their entire responsibility, how to spend those funds and I feel that the public should of course be involved in this debate.

* * *

[*English*]

EXTERNAL AFFAIRS

POLAND—SANCTIONS CONTEMPLATED TO PROTEST IMPOSITION OF MARTIAL LAW

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, my question is directed to the Secretary of State for External Affairs. From the news this morning I take it the minister is contemplating recommending to cabinet that there be sanctions imposed against Poland. Could the minister say what form these sanctions will take and, particularly, whether they will be accompanied by any positive action to help the people of Poland? I am thinking particularly about the matter of overcoming food shortages. For example, will the minister contemplate having Canada make up some of the corn feed which was formerly supplied by the United States and is absolutely essential to prevent the loss of the poultry industry in Poland?

● (1140)

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, I do not believe that I made any statement about what my recommendation to cabinet would be. I merely said that we would be considering the matter in the near future.

Canada has been doing a great deal to help the people of Poland. We are the principal suppliers of grains to Poland on a per capita basis, and shall continue doing that. We are not considering sanctions of that kind under foreseeable circumstances which would make it difficult for the people of Poland to maintain the minimum standards of life.

CORN FEED SANCTION IMPOSED BY UNITED STATES

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, I would like the minister to answer specifically the question whether or not we contemplate making up the very serious shortfall caused by American action. I would be glad if the minister would do that. As the sanctions that are going to be imposed will most likely be diplomatic sanctions rather than economic sanctions, can the minister tell the House whether the government is also contemplating diplomatic sanctions or comparable sanctions against other countries which have repressive regimes that deny trade union rights and which often have a form of martial law? Are we contemplating sanctions against Chile, Turkey, the Philippines, South Africa?

An hon. Member: Be consistent over there.

Hon. Mark MacGuigan (Secretary of State for External Affairs): We have not hidden our opinion of repression wherever it occurs in the world.

With respect to the question of making up shortfalls of grains to Poland, I would remind the hon. member that we have a long-term arrangement with Poland to supply grains during this year, and I am sure that the Canadian Wheat Board will supply that grain as rapidly as it is requested and as rapidly as we are able to make the supplies available.

Mr. Jarvis: What about corn feed?

Mr. MacGuigan: I do not know whether that is a feed, Madam Speaker. That is not under my responsibility. It comes under the aegis of the Canadian Wheat Board. I assume that most grains do. I am sure that the Canadian Wheat Board will do its best to make available all the grains we have and which the Polish government wants.

* * *

FINANCE

TRANSFER OF SALES TAX FROM MANUFACTURING TO WHOLESALE LEVEL

Mr. Gordon Gilchrist (Scarborough East): Madam Speaker, my question is for the Minister of Finance. In his reply today to questions posed by the leader of the New Democratic Party, he mentioned that measures in the budget would bring down unemployment and interest rates. What about bringing down taxes? I call to the minister's attention a report that the

raising of manufacturers' sales tax to the level imposed on wholesalers will add from 2 per cent to 6 per cent to the cost of living over and above the 12 per cent we are already experiencing. Will the minister now agree to hold back any actions in this regard until a white paper can be delivered on the subject and fully explored, so that the people of Canada will realize the tremendous implications of this tax grab?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, there is absolutely no tax grab suggested by the change in the sales tax. There is absolutely no increased revenue from that particular change. There is absolutely no additional revenue coming to the treasury. I can assure the hon. member of that.

Mr. Jarvis: You should read your own budget then.

Mr. MacEachen: With respect to the draft legislation, it will be made public, along with explanatory material, to give the public and interested parties ample opportunity to comment on the details of the proposed changes.

COST TO WHOLESALERS OF COLLECTING TAX

Mr. Gordon Gilchrist (Scarborough East): Madam Speaker, that is a remarkable answer. The increased level of sales tax will mean an automatic increase of 6 per cent in the first year alone. We have facts and figures from a number of reputable wholesalers to prove that. Inasmuch as there are 20,000 wholesalers that will now have to set up staffs and systems at great cost just to monitor the tax as well as having to remit it, how can the minister explain the fact that the cost to Canadians will not be dramatically increased? There will be a tax revenue generation of at least another 25 per cent plus the cost of collection, which will be passed on to the consumers and all subject to normal dealer-type mark-ups. This will raise the actual 77-cent tax increase on a $10 item to $1.02. In other words, 25 per cent more than the tax increase itself will be the added cost burden of administration and mark-up.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I do not agree with the hon. member's conclusions at all. The sales tax changes are intended to have an entirely neutral effect on revenues. Obviously as business grows in the country there will be increases in the tax collections but these will not result from any change in the tax. In fact it is intended to decrease the level of tax from 9 per cent to 8 per cent.

Mr. Jarvis: You are going to grab millions.

Mr. MacEachen: The over-all effect in my view will neither be inflationary nor will it add to the cost of living.

As the hon. member may have noticed, I have replied to some comments in *The Globe and Mail* wherein I argued that case in some detail.

Mr. Clark: Monique understands it better.

Oral Questions

FREEDOM OF INFORMATION

PROPOSAL TO DELAY PASSAGE OF LEGISLATION

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, I have a question for the Minister of Communications. There is a report today of a letter sent to the provincial deputy attorneys general requesting the federal government to drop Bill C-43 on freedom of information and to negotiate with the provinces a uniform freedom of information statute covering all governments. Is there any proposal that comes to the minister's mind that he can think of that could slow the process of freedom of information more than the one put forward by the Attorney General of Ontario, aided and abetted by the Attorney General of Saskatchewan? Will the minister tell the House now what his attitude is toward that ridiculous dinosaur-like proposal from the provincial attorneys general?

Hon. Francis Fox (Minister of Communications): Madam Speaker, this is a proposal that was embodied in a letter sent to me by the Attorney General of Ontario, Mr. Roy McMurtry. It is also a proposal that was discussed at the official level at a recent meeting of deputy attorneys general. Obviously, if there were a uniform approach and this approach could be dealt with quickly and the provinces and the federal governments could come to terms with a uniform approach then all people in this country who are interested in greater access to information from governments at all levels will benefit and the whole process of access to information will be the winner.

I am waiting now for replies from the other provinces to see whether or not this is a proposal they would endorse. As I indicated to the hon. gentleman earlier, it would then be my intention to go back to my cabinet colleagues with the various comments and recommendations made to me by the attorneys general of just about all the provinces.

CROWN PRIVILEGE AND JUDICIAL REVIEW

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, it is clear from the answer that my hon. friend has abandoned the determination with respect to freedom of information on the federal level.

An hon. Member: Cut and run.

Mr. Baker (Nepean-Carleton): I think we ought to inquire what else the minister has abandoned. The bill contains a provision with respect to doing away with Crown privilege. It contains a privilege with respect to independent judicial review which the minister said he was adopting, endorsing and clutching to his bosom. Is he going to throw that away too?

Hon. Francis Fox (Minister of Communications): Madam Speaker, I think it is indicated quite clearly that that was the position adopted by the government in Bill C-43. However, we did have a request addressed to us by the attorneys general of the provinces. The request came, as the hon. member knows, from the Attorney General of Saskatchewan who endorsed

completely the position of the Attorney General of Ontario. Subsequently, that position received general support from all of the attorneys general with the possible exception of the Attorney General of Manitoba. They have asked us to sit down with them to try to iron out some of the difficulties which they foresaw with our legislation. I think the hon. member will agree with me that when you have a group of responsible people, such as the attorneys general of the various provinces, we should do our utmost to try to come to terms with the very real concerns in their minds which they have raised with us.

Mr. Baker (Nepean-Carleton): Don't get sucked in; that is all.

Mr. Fox: It seems to me that if we were simply to turn down a unanimous request from all of the attorneys general of the various provinces, the hon. member would be on his feet telling me that I was not acting in a way compatible with the true spirit of working federalism.

Mr. Baker (Nepean-Carleton): No, he would not.

An hon. Member: McMurtry doesn't scare us.

* * *

AUTOMOTIVE INDUSTRY

DEFICIT IN AUTO PARTS TRADE WITH JAPAN

Mr. Derek Blackburn (Brant): Madam Speaker, my question is to the Secretary of State for External Affairs. In his answer I sincerely hope he will not put pious diplomatic platitudes above Canadian jobs. My question has to do with the $4.35 billion trade deficit in auto parts, a great deal of which is attributed to our imbalance in trade in auto parts with Japan.

● (1150)

In view of the fact that the Minister of Industry, Trade and Commerce just broke off talks with the Japanese because they were not bargaining in good faith, and in view of the fact that the Japanese will flood the Canadian market between now and March 1, when the present agreement expires, what will the Secretary of State do to ensure that these talks get back on track quickly before this calamitous situation develops any further?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, the hon. member has a version of the facts which I do not possess.

Mr. Deans: He is probably right.

Mr. MacGuigan: Conversations with the Japanese on the question of restraints for the new automotive year have been progressing. They have not yet come to completion, but we are satisfied with the talks at this stage, and we plan to continue them with the Japanese.

I would remind the hon. member that these talks take place in the context of trade with Japan, in which Canada has a heavy surplus with Japan.

CANADIAN CONTENT IN JAPANESE MANUFACTURED AUTOMOBILES

Mr. Derek Blackburn (Brant): Madam Speaker, I am sure the Secretary of State for External Affairs is aware of the fact that this deficit in auto parts with Japan has cost Canada 10,000 jobs in the auto industry. In view of that, I would like to ask the Secretary of State if he will bring all possible pressures to bear on these negotiations to guarantee that Japan will allow 85 per cent Canadian content in Japanese automobiles sold in Canada, which is similar to the agreement between Canada and Germany with respect to Volkswagen Canada Limited.

Hon. Mark MacGuigan (Secretary of State for External Affairs): We have a policy of allowing automotive companies from other countries to take advantage of certain tariff reductions in order to obtain the kind of arrangement about which the hon. gentleman speaks concerning Volkswagen. That arrangement is also open to the Japanese, and we are certainly in the process of encouraging them to take advantage of it. We will certainly be continuing talks with them to try to ensure the best possible arrangement for Canadians.

Mr. Deans: What is stopping them from taking advantage?

* * *

HEALTH

EFFECT OF BUDGET ON DENTAL CARE PROGRAMS

Mr. Jim Hawkes (Calgary West): Madam Speaker, one of the sad things about the budget is that the Minister of Finance does not seem to understand the implications of his tax measures as they affect real people. I would like to ask the Minister of National Health and Welfare whether she is persuaded that the tax provisions relating to dental care and extended health care benefits are bad news for Canadians who want to protect their health. If she is persuaded that children will not get the same kind of dental care because of the added expense; is she taking steps to inform the Minister of Finance about this negative effect and, if so, could she tell us what steps she is taking?

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, the question of taxing contributions to dental and health care plans must be viewed in the context of equity. Most Canadians, whose employers do not offer to contribute to a dental care group plan or to an additional health plan, such as those providing for private or semi-private rooms, are not allowed to deduct their contributions to their private insurance plan for income tax purposes.

In his November budget, the Minister of Finance applied this general rule to those whose employers offered group insurance and who had enjoyed special taxation privileges for a very long time. As far as I am concerned, this is only fair.

[*English*]

QUERY RESPECTING MINISTER'S POSITION

Mr. Jim Hawkes (Calgary West): Madam Speaker, could the Minister of National Health and Welfare explain to the House why she is concerned about the withdrawal of funds for dental care provided for children under the age of 15 in the province of Quebec, as she mentioned earlier, but she is not concerned that many millions of Canadians from all provinces will lose their dental care insurance provisions for children? Why is she concerned about the one situation and yet not concerned about the other?

Mr. Siddon: How about the whole country?

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, I believe that the hon. member, who is my official critic and who has not until now asked me very many questions, would have found it useful to be briefed by my department. I would be happy to organize such a briefing to explain to him how health care operates in Canada.

The Quebec health minister is now trying to do away with the public dental care program for all Quebec children under 15. This is what he is trying to do. This plan is paid for by all the taxpayers. The Canadian taxpayers pay about 50 per cent of the costs. This is unacceptable in view of the importance of dental health in one province, while on the other hand, in the proposals contained in the November budget, the Minister of Finance is correcting an injustice which allowed a few Canadians to deduct from their income tax the contributions paid by their employers to a group dental insurance plan. The two matters are not at all related. The other Canadians who could not join such a plan have had to pay the full cost. They will still have to pay the full cost. Nothing much will change in the health care system of Canada. This is a matter of equity.

* * *

[*English*]

THE ECONOMY

PRESS REPORT ON JOB-CREATION PROGRAMS

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my question is directed to the Minister of Finance, who has undoubtedly noticed in his briefing book that the Canadian Press has been informed by one of his cabinet colleagues that the government is considering certain job-creation programs which could cost as much as $1 billion and may involve 100,000 jobs, and that his colleague, the Minister of Industry, Trade and Commerce, has confirmed that a wide range of possibilities are being considered, which the Minister of State for Mines has also confirmed. Would the Minister of Finance inform the House if this is correct? Is it true that such job-creation programs of a new nature are being considered by the government and, in particular, by his department; if so, when may we hear some details?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, earlier yesterday, I indicated to the Leader of the Opposition that when any decisions were made, they would be announced. I have also indicated that I am not prepared to disclose what is going on—

Mr. Clark: That is not what you said.

Mr. MacEachen: —in the government. It is not customary to disclose the proceedings of the cabinet anywhere.

Mr. Clark: That is not what you said.

CONSIDERATION OF NEW PROGRAMS

Hon. Sinclair Stevens (York-Peel): Madam Speaker, I am sure that upon reflection the Minister of Finance will realize that that is not exactly what he said earlier. Would he answer the simple question: is he considering new programs as a result of requests made by one or more of his cabinet colleagues?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): The answer to that question is absolutely no. I have been listening to hon. members of the House of Commons, both here and in my own caucus, concerning various proposals. Obviously all of these ideas and possibilities are examined as a matter of course. Inasmuch as the hon. member has referred to the letter signed by a number of colleagues, I must say that so far as I am concerned, the letter is quite supportive—

• (1200)

Some hon. Members: Oh, oh!

Mr. Stevens: You better read it again.

Mr. MacEachen: Madam Speaker, when the letter was first drawn to my attention I noticed that the members stated they were totally supportive of the necessity of overcoming price increases or the high level of prices in order to restore jobs and growth in the economy. That was the central thrust of the budget.

They also went on to say that they were not asking for excessive stimulus to the economy at the present time—

Mr. Nielsen: They said now.

Mr. MacEachen: —and to suggest a number of specific programs which might be considered. I thought it was fully in accordance with the statement I made in Toronto at the Canadian Club, and I must say I have never been able to get myself excited as others have about this letter and its alleged difference with government policy.

Mr. Clark: Why did you run away from the vote?

Mr. MacEachen: That is my answer to the letter and the hon. member's question. In my statements I have always held out—

Mr. Epp: Is that what Pierre said in caucus?

Mr. MacEachen: —the situation that specific targeted programs had been and would continue to be launched by the Government of Canada. That is the policy before the letter, since the letter, and the policy that I will follow.

CHANGING OF ANNOUNCED OPPOSITION DAY

Hon. Erik Nielsen (Yukon): Madam Speaker, if that explanation is to be accepted seriously by members of this House, can the Minister of Finance on behalf of the government inform members why the government did not allow today's opposition day to proceed, which day was centred on the subject matter of that letter and which would have tested confidence in the government?

An hon. Member: Because the NDP did not want it.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, it is nice to be slipping back for even a moment into my former job as House leader. I must say that if the hon. member believes that opposition day was postponed because we on this side thought we would lose support, that is absolutely wrong.

Some hon. Members: Oh, oh!

Mr. Clark: Prove it, Allan.

Mr. MacEachen: Any time you want to bring on a non-confidence motion it will be defeated, as the two non-confidence motions against the budget were defeated in the House of Commons.

Some hon. Members: Hear, hear!

Mr. MacEachen: If the hon. members opposite had learned to run the House as we have learned, they would not be in the opposition today.

Some hon. Members: Hear, hear!

* * *

[*Translation*]

PETITIONS

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid on the Table the 180th report of the Clerk of Petitions stating that he has examined the petition presented by the hon. member for Elgin (Mr. Wise) on Thursday, February 11, 1982, and finds that it meets the requirements of the Standing Orders as to form.

POINTS OF ORDER

MR. GIMAÏEL—REFERENCE IN HOUSE TO MEMBERS BY NAME

Mr. Pierre Gimaïel (Lac-Saint-Jean): Madam Speaker, it is with all due humility that I appeal to you on a point of order. During the presentation of motions under the provisions of Standing Order 43 at noon, the hon. member for Bow River (Mr. Taylor) used the name Trudeau when referring to the Prime Minister of Canada. Citation 319(1) on page 104 of Beauchesne clearly states the following:

319. (1) It is the custom in the House that no member should refer to another by name.

I shall go even further, Madam Speaker. I find it increasingly disturbing to hear this designation or words such as "dictator" in motions introduced in the House by the opposition. This is simply part of a plot by people such as Mr. McDermott, from western unions and by opposition parties to try to put the blame for all the problems in Canada on the shoulders of one person.

I believe, Madam Speaker, that it is only fitting that I should point out to you that the Canadian people elected Pierre Elliott Trudeau Prime Minister of Canada, and that, as members of this House, we should therefore refer to the Right Hon. Prime Minister of Canada by stating the title the Canadian people have chosen to give him. He is the Prime Minister of our country. He is working for the welfare of Canadians, and I find it unacceptable for people whether they were elected or not, to break the rules of this assembly in an effort to criticize, discredit and misrepresent the Prime Minister. Madam Speaker, if such people want to break the rules of the House by calling the Prime Minister a "dictator", as Mr. McDermott and others in Canada are doing, they should do so outside this honourable assembly, which is governed by well-established rules.

[*English*]

Hon. Erik Nielsen (Yukon): On the same point of order, Madam Speaker, I agree with the hon. member that it is not just the Prime Minister (Mr. Trudeau) who is responsible for bringing wrack and ruin on this country; it is all those members who are supporting that government.

Some hon. Members: Hear, hear!

Mr. Nielsen: All of them! Particularly the ones who will not speak out on behalf of their own constituents.

Some hon. Members: Hear, hear!

Mr. Nielsen: They are afraid of their constituents, they are afraid of the electorate—

Mr. Cousineau: Order!

Mr. Nielsen: —and now they are afraid to test the confidence in their own Prime Minister and government in the House.

Mr. Cousineau: Order!

Some hon. Members: Go get them, Erik.

Mr. Nielsen: Don't let those sinners cast the first stone—

Some hon. Members: Oh, oh!

Mr. Nielsen: —because I have heard those members over there launch organized attacks on the leadership of this party ever since the Right Hon. John Diefenbaker was that leader, and I have been here and listened to it since that time. Indeed, on one occasion the members across the way were audibly hissing and the right hon. gentleman stood up at the time and said, "There are only three species of the animal kingdom that I know can hiss,"—

Some hon. Members: Order, order!

Mr. Nielsen: —"geese, snakes and lizards. Will the hon. gentlemen please stand up and identify themselves?"

The point of order, Madam Speaker, has no merit whatsoever. We endeavour to stay within the rules in referring to the right hon. gentleman. I only wish that hon. members across the way would do the same thing when the Right Hon. Leader of Her Majesty's Loyal Opposition (Mr. Clark) stands to be heard in the House.

Some hon. Members: Hear, hear!

[*Translation*]

Madam Speaker: The hon. member is quite right when he says that members of this House should be referred to in a certain way and not by their name. Things go so fast when a motion under Standing Order 43 is introduced that I was clearly under the impression that the hon. member used the word "Trudeau" as an adjective, such as in "the Trudeau administration" or "the Trudeau period." This is why I let it pass, but the comment of the hon. member has been acknowledged.

[*English*]

MR. HAWKES—DELAY IN DISTRIBUTION OF HANSARD COPIES TO CONSERVATIVE MEMBERS

Mr. Jim Hawkes (Calgary West): Madam Speaker, earlier today when motions under Standing Order 43 were being made, I rose and expressed my feeling that the procedure employed by the government House leader yesterday had in fact been a new form of closure which denied all members of the House the opportunity to express their views of the cabinet, that small group of members of the House who are in fact the executive branch. I intended today, either on a point of order or question of privilege, after I had the opportunity to read *Hansard*, to see whether or not that argument could be advanced based on the record as we were to find it in *Hansard*.

I am wondering, in view of the fact we do not have *Hansard* today, if you might commit yourself to investigating and perhaps reporting later today to the House why, after a normal Thursday sitting, we do not have *Hansard* available to enable us to pursue this argument with the necessary vigour, in light of the importance it has for democracy, so that all members, may express themselves as to their confidence in cabinet and its management of the financial affairs of the country.

Madam Speaker: Well, the hon. member poses a few problems for me. I do not know whether he rises on a point of order or question of privilege. At any rate, I want to tell him that *Hansard* has been printed on time this morning, it seems.

Mr. Clark: No, no.

An hon. Member: Here it is.

Madam Speaker: I will have to find out why some hon. members have not received it, but it seems that it was ready because I was able to consult it myself. However, if the hon. member wishes to bring up a question of privilege, I will hear him if he gives me notice. If, after he has consulted *Hansard*, he feels he has a question of privilege, he can present it.

• (1210)

Mr. Hawkes: Madam Speaker, I saw that members on the other side had *Hansard*. The page just brought me one. I will proceed to look and see if I can find it. My original request was to examine why we did not receive it on time. If it was on the other side and not on this side, I wonder if you might look into that as well.

Madam Speaker: I will certainly inquire into that. We usually distribute *Hansard* to everyone at the same time. I will see why the hon. member did not receive it.

MR. NIELSEN—PRINTING IN ORDER PAPER OF FILED OPPOSITION MOTION—CHANGES TO ORDER PAPER MADE BY GOVERNMENT

Hon. Erik Nielsen (Yukon): Madam Speaker, I rise on a very serious point of order. Before laying it before the Chair, let me say that I was seriously impeded in my preparation for this point of order by not having received *Hansard* for yesterday's proceedings. Obviously members on the government side have received it but it is not in my—the parliamentary secretary held up his copy. Mine is not here. Obviously there is a delay.

As the Chair knows, there has been an effort made by the government House leader, the hon. member for Hamilton Mountain (Mr. Deans) on behalf of his party and by me to seek a meeting with the Chair to discuss this very subject because it is the observation of many of us that new stresses and strains and tensions are being imposed on *Hansard* and it has reached a very serious point in a deterioration of the morale. These tensions may have something to do with *Hansard* appearing late, so I would urge that that meeting be brought about as early as possible.

The point of order that I wish to raise concerns the official publications of the House and the treatment of the items that are placed in those publications for consideration as the busi-

ness of the House. In order to present it in a logical fashion, I believe it would be of assistance if we were to backtrack for one week.

First, the business for the consideration of the House was announced a week ago last Thursday, February 4, by the government House leader. At that time he announced that Friday, February 12 would be set aside—designated, as the Standing Orders say—for the consideration of an allotted day.

Let me say at this stage that it may well be that during the presentation of the argument on this point, I may inadvertently reflect on part or parts of the ruling which you made yesterday, which I have not had the opportunity of reading in *Hansard* because I do not have *Hansard*. Let me assure you that it is not my intention in any manner whatsoever to reflect on the ruling of the Chair of yesterday, should I unintentionally transgress on that ground.

Let me read now the Order Paper following upon the announcement Thursday by the government House leader, the Order Paper and Notices for Friday, February 5, 1982. At page 2 the Chair will note that Friday, February 12, has been designated as (*Allotted Day—Supply*). That is in italics and in brackets. It follows the item Government Orders which in turn follows the item Questions on the Order Paper. In the same Order Paper and Notices for that date there appears at page VII the following entry:

NOTICES OF SUPPLY PROCEEDINGS
PURSUANT TO STANDING ORDER
58(4)(a)

Note: Friday, February 12, 1982—Third allotted day for the supply period ending March 26, 1982.

I submit that from that moment on an opposition member could have filed a notice of motion under Standing Order 58.

The Order Paper for Monday, February 8, 1982 is exactly the same, save for the exception that the item "Friday, February 12, Questions on the Order Paper, Government Orders (*Allotted Day—Supply*)" has moved up one notch because, of course, Friday has disappeared, the business of that day having been disposed of. Again in that Order Paper of Monday, February 8, we find at page III at the back of the Order Paper the same notice given under 58(4)(a) under supply.

Again the next day of that week, Tuesday, February 9, 1982, the Order Paper carries the item on page 2, again having moved up one slot, the business of Monday having been disposed of. Again the designation (*Allotted Day—Supply*) appears there. Again on that Order Paper for Tuesday, February 9, at page V, we find the same notice of supply proceedings designating the allotted day for the following Friday.

On Wednesday, February 10, the Order Paper and Notices again carries the item on page 2. Again it has moved up one slot, but still it is there, designated as an allotted day. At page IX of the Order Paper for February 10, the same notice as has appeared on the preceding Order Papers appears again.

On Thursday, February 11, yesterday, on page 2 of the Order Paper we see that the top item, because the item has moved up day by day until it is at the top of the Order Paper for Thursday, reads, "Friday, February 12, Questions on the Order Paper, Government Orders", and the next item in brackets and italics, is (*Allotted Day—Supply*).

Again at page XI there appears, and I will read it again because at this stage it becomes critical to my point of order:

NOTICES OF SUPPLY PROCEEDINGS
PURSUANT TO STANDING ORDER
58(4)(a)

Note: Friday, February 12, 1982—Third allotted day for the supply period ending March 26, 1982.

I want to emphasize and underline the fact that that notice, which has been carried throughout the week and the preceding Friday, stipulated, following the word "Note", the date Friday, February 12, 1982. I underscore that.

As the Chair appreciates, under our Standing Orders there must be 24 hours' notice filed in order to set the allotted day down for debate. It is past history that notice of that motion was set down at 1.12 in the afternoon of Thursday, February 11. The motion that was set down first, I point out, bore no date. It was as follows:

NOTICE OF MOTION PURSUANT
TO STANDING ORDER
58(9)

That in the opinion of this House the government should immediately implement the recommendations contained in a letter to the Prime Minister, dated February 3, 1982, signed by the Minister of National Health and Welfare and the Minister of State (Mr. Joyal) and certain Members of Parliament, which urged the government to proceed with the "immediate creation" of two new programs to create employment in key sectors of the economy by stimulating domestic housing construction and by launching a program to enable private enterprise to hire young Canadians, and the House strongly endorses the position of the authors of the said letter when they wrote:

"Mr. Prime Minister, we urge you to adopt these measures as soon as possible, because we are convinced that they are necessary right now . . ."

● (1220)

I underscore that that motion was set down by notice at 1.12 p.m. on Thursday, February 11, well within the time required by the Standing Orders to set it down. I should also add that I did place on the motion a restriction as to its release. I placed a restriction that it was to be released at 6 p.m. yesterday. However, that release does not stop the mechanics of the House of Commons from operating.

As I am sure the Chair appreciates, the motion is then normally passed to *Journals* where copies are no doubt made for the translators, the typists and whatever other procedures there are which require copies. My point is that the machinery is immediately set in motion so that the motion can appear on the next day's Order Paper, as indeed is the long-established practice and custom of the House of Commons.

I would now point out that on today's Order Paper—incidentally, I did receive today's Order Paper early this morning as well as the *Votes and Proceedings*, but not *Hansard*—we see a change on page 2, the last item, "Friday, February 19". It is no longer Friday, February 12. Then there is Questions on Order Paper. Government Orders is the next item, and the next item in italics is (*Allotted Day—Supply*).

At the back of the Order Paper on page XXXV we see this notice, "Notices of Supply Proceedings Pursuant to Standing Order 58(4)(a). Note: Friday, February 19, 1982—Third allotted day for the supply period ending March 26, 1982." Again, a change from February 12 to February 19.

At this point may I depart in support of my submission to you, Madam Speaker, that that change is not in accordance with proper practice and indeed with past practice. The example of this Order Paper which I will deal with has been repeated all the way back in the treatment of allotted days since they first came into practice in the House, which I believe was in 1969 or 1970. For example, in the Order Paper for Monday, January 25, 1982, there appears on page 2 at the top of the order for Tuesday, January 26, the following day, Questions on Order Paper, Government Orders and then the next order, (*Allotted Day—Supply*). At the back of the Order Paper for January 25, 1982, there appears the standard form of notice, "Notices of Supply Proceedings Pursuant to Standing Order 58(4)(a). Note: Tuesday, January 26, 1982—First allotted day for the supply period ending March 26, 1982."

Now, the next day's Order Paper for Tuesday, January 26, 1982, sets out at page 2 the next week's business. But the important part to be observed in the Order Paper for January 26 is that at the back of it where notices normally appear we see at page XXV:

NOTICES OF SUPPLY PROCEEDINGS
PURSUANT TO STANDING ORDER
58(4)(*a*)

Business of Supply—First no-confidence motion for the supply period ending March 26, 1982.

January 25, 1982—That in the opinion of this House the opposition of Canadians from all walks of life, as expressed to the Members of Parliament of all three parties, proves conclusively that the budget of November 12, as amended by the statement in this House by the Minister of Finance on December 18, should be withdrawn and immediately replaced by a new budget.—*The Leader of the Opposition.*

Note: Not later than 9.45 o'clock p.m, every question necessary to dispose of proceedings shall be put forthwith in accordance with Standing Order 58(9).

January 25 is the date that has been placed on it by the Table. My point here is that the Order Paper contained a verbatim text of the motion that was filed. Here is where there has been a departure. I looked at today's Order Paper when I received it in my office and found that the text of the motion which I filed yesterday did not appear.

Now, I did not withdraw it. I did not give any indication that I was going to withdraw the motion that was standing in the name of the Right Hon. Leader of the Opposition. I fully expected to see that motion on the Order Paper, but it is absent. I submit that the proper practice would have been to print, verbatim, the text of that motion. To be fair to the Table officers, it may well have been assumed that, as a result of yesterday's proceedings, I wanted to leave the door open for changing or substituting a different motion. However, with great respect to the professionalism of the Table officers, they were not entitled to make that assumption. I submit that our Standing Orders and practices require that the text of that motion should have been printed today and that it was indeed an innocent oversight in not having it so printed. Indeed, it might be my selection on the advice of my colleagues that I want the motion to remain there, now that it is public, for consideration on the allotted day that the government has altered to next Friday. There is nothing to prevent me, or any other opposition member, as soon as the notice appears in the back of the Order Paper, from filing with the Table a notice of motion immediately following the first appearance of that notice on the Order Paper.

For instance, in the case of this allotted day, it started appearing on the Order Paper a week ago today. On that Friday, any opposition member could have filed a notice of motion with the Table, and it seems to me our past practices would have compelled the printing of that motion on the following Monday, and on Tuesday, Wednesday, Thursday and Friday. Naturally, it is not printed the day before. Normal circumstances are that notice of the text of the motion on an allotted day is filed some time the day before, sometimes at noon or two o'clock or three o'clock, but as soon as it is filed, it is sent down and it appears on the next day's Order Paper.

I believe that the verbatim text of that motion was omitted, and it should be the ruling of the Chair, together with an order of the Chair, that it be printed until I choose to withdraw it, if I so choose between now and next Friday.

There is a further associated point to this whole matter. It relates to the Order Paper. That is, the right of the government, merely by verbal announcement, to alter an item appearing on the Order Paper.

● (1230)

In this case the government House leader made an announcement yesterday that today would not be an allotted day because there was more important legislation to be considered and that Bill C-78 was so important and urgent it had to replace our allotted day. By that announcement, today's Order Paper reflects two changes. It reflects a change on page 2 where the item of business is given a different date, and it is changed at the back of the Order Paper where notices normally appear, again changing the date.

I submit that the government has no right to take that unilateral action, and I submit again—with my own personal respect for the professional capabilities of the Table—that the Table has no right unilaterally to substitute one date for another. I say that with respect, but indeed that is what has happened.

In order to found my argument that neither the government House leader nor the Table has that right I will have to refer to the standing orders. The Chair referred to one of the Standing Orders yesterday, namely Standing Order 18. It reads:

All items standing on the orders of the day, except government orders, shall be taken up according to the precedence assigned to each on the Order Paper.

That is the purpose, of course, of having page 2 of the Order Paper set the business out day by day and under each day setting it out item by item. Standing Order 18(2) provides:

Point of Order—Mr. Nielsen

Government orders shall be called and considered in such sequence as the government determines.

I underscore the words "government orders". The government is only entitled to call in such sequence as the government determines government orders. The government is not entitled to apply that Standing Order to any other order of business.

I refer now to Beauchesne's fifth edition as it deals with the business of supply at page 167 Under "The Business of Supply" Citation 475 states:

The business of supply consists of the consideration of main, or supplementary estimates, including motions to restore or reinstate any item in the estimates, interim supply, the passage at all stages of any bill based thereon, and opposition motions considered on allotted days.

Citation 476 reads:

The action taken by the House of Commons, upon the request for aids and supply for the public service made in the Speech from the Throne, is for the appointment, pursuant to S.O. 58(1), of a continuing order of the day for the consideration of the business of supply.

Citation 477:

The estimates of a department or agency of the government are referred to and considered in the various standing committees, where the members have an opportunity to agree to, negative, withdraw, reduce or supersede each vote of the estimates.

Let me submit at this point of my argument that if the House has received the report of estimates from committee, notice of concurrence normally appears at the back of the Order Paper in the same place that allotted days appear. Once received, they stand there day after day after day until concurrence is moved by a member. Then they drop off the Order Paper. That again is in support of my contention that notice is there. An allotted day should be treated in a similar fashion. More important, Citation 478(1) at page 167 of Beauchesne states:

Under the terms of SO 58(5), twenty-five days are allotted to the business of supply in each year. Although technically the business under discussion is government business, motions given precedence on these allotted days may be moved only by members in opposition to the government.

Here appears the important sentence:

To this extent, there is a distinction between the business of supply and other government business with respect to SO 18.

There is a clear distinction. This perhaps comes close to touching on the ruling of the Chair yesterday, but I am focusing my argument on my right as an opposition member in the name of the Right Hon. Leader of the Opposition to have that motion on the Order Paper.

Citation 478 goes on to spell out, in subparagraph (2), the supply periods and the limitation of the number of votes on the allotted days during each supply period. Subparagraph (3) is irrelevant for the purposes of my argument. Citation 479(1) is relevant. It reads:

The choice of subjects to be raised on allotted days rests with the opposition; hence, the interchangeable terminology "allotted" or "opposition" day.

Citation 479(2) reads:

The opposition prerogative is very broad in the use of the allotted day and ought not to be interfered with except on the clearest and most certain procedural grounds.

The authority for that is cited as *Journals*, November 14, 1975 at pages 861 to 862. I advance that citation in support of my argument that no one has the right to refuse to publish in the orders of the day the text of the motion filed yesterday, and certainly not on the mere oral fiat of the government House leader. It must not be interfered with "except on the clearest and most certain procedural grounds." If there were clear and certain procedural grounds as to why the text of that motion did not appear on the Order Paper, I would have thought that not only would I have been extended the courtesy of an explanation why it was not there, by telephone or otherwise, but also that some kind of explanation would have been forthcoming as to what kind of clear and certain procedural grounds justified the elimination of the printing of the text of that motion.

Citation 480 reads:

On an opposition day, when a non-confidence motion may be proposed on a subject to be chosen by the mover, the Speaker should not intervene to prevent debate unless the motion is clearly and undoubtedly irregular. When the procedural aspect is open to reasonable argument, it is the duty of the Speaker to accept the motion and to allow the House to make a decision on the question of confidence.

A *Journals* citation appears as authority.

There follows Citation 481, which is not relevant.

Citation 482 reads:

On an allotted day, during consideration of the business of Supply, an amendment must not provide the basis for an entirely different debate than that proposed in the original motion.

That does not apply either.

The substance of the argument I am advancing for the retention on the Order Paper of the text of the motion filed yesterday in the name of the Right Hon. Leader of the Opposition applies equally, in my submission, to the text of the motion filed during question period yesterday by a member of the New Democratic Party. I am not aware of the name of the hon. member in whose name that motion stands, but, in my submission, that too should appear subsequent to—since it was filed subsequently—the text of the motion of the Right Hon. Leader of the Opposition on the back of the Order Paper. The importance of that rests in Standing Order 58(4)(b) where an onus arises that must be discharged by the Chair. I will just read that for the record:

● (1240)

(b) When notice has been given of two or more motions by members in opposition to the government for consideration on an allotted day, Mr. Speaker shall have power to select which of the proposed motions shall have precedence in that sitting.

If my contention is correct, I strongly urge it upon the Chair that the text of those motions should have appeared on today's Order Paper, and then it would be at the election of the hon. member for Hamilton Mountain (Mr. Deans), or myself, on the advice of our respective leaders or of caucus members, to see that it remains there and is dealt with next Friday. That is our decision; it is not the decision of the government House leader or of the Table. Then that onus rests on your Honour which must be discharged by you in selecting which of the

motions will be debated next Friday, assuming, of course, that the government House leader does not change his mind again and put the allotted day somewhere else.

That brings me to the last point that I want to make. Because the Standing Orders are silent on this point and because of the uniqueness of yesterday's occurrence—I cannot recall an instance in my time here when the government has, at the eleventh hour, as it were, changed the allotted day. That course was followed and then the question arises of what is the proper method of doing that. It is my submission that logically our practices and procedures here would dictate that before a notice standing on the Order Paper can be altered in any respect—and this is a very important respect, namely the change in the date—and before any addition or omission to the Order Paper in the order of business can be made, if for no other reason because of the citation in Beauchesne's in support of the opposition having this right, a motion has to be made by the government if it intends to change the Order Paper.

Once that allotted day is designated, past practices indicate that the date does not change. The question has never arisen before. I suggest to the Chair, however, that on the proper action of the government under Standing Order 32(1)(p) relating to the conduct of the business of the House, the motion could have been made to change the date in the item that normally appears on page 2 of the Order Paper and to change the date at the back of the Order Paper where it logically and traditionally appears.

There is one further submission in support of which is Citation 478(1) of Beauchesne's fifth edition which appears at page 167 and reads as follows:

> To this extent, there is a distinction between the business of supply and other government business with respect to SO 18.

That is the Standing Order which permits the government, in its discretion, to alter the sequence of the consideration of government business. If that distinction did not exist and if it had not been recognized all this time, then we would not see on page 2 of the Order Paper in every single instance, in my submission, although I have not checked them all, the order of business set out as it regularly has been. For instance, on January 25, 1982, the first item set out was "Questions on the Order Paper"; the second item was "Government Orders", and indeed the next item appears in italics. Simply because the item appears in italics does not afford it the kind of distinction that Beauchesne is talking about and that our Standing Orders are talking about. My submission is that there appears (*Allotted Day—Supply*) on a separate line. That is because it is a separate item and not because it is part of government orders, which I submit it is not. That is in support of my argument that the text must appear on the Order Paper, not wishing to reflect upon your ruling of yesterday.

I have already pointed out that there is no date on the motion that was filed. I want to cite one more Standing Order for your consideration before taking my seat. This may well give rise to another point that I may wish to make later today or perhaps on Monday. Standing Order 58(12) reads as follows:

> On any day or days appointed for the consideration of any business under the provisions of this Standing Order,—

The words "any day or days appointed for the consideration of any business under the provisions of this Standing Order" deal with the whole spectrum of supply, Madam Speaker. It goes on:

> —that order of business shall have precedence over all other government business in such sitting or sittings.

Nothing could be more explicit; nothing could be clearer than Standing Order 58(12).

I say that, Madam Speaker, because it bears on a point of order or a question of privilege which I intend to raise if not today, then certainly on Monday. Thank you for your patience in hearing me out, Madam Speaker. The argument has necessarily been long because of its complexity and because yesterday was the first time this has happened. It is of crucial importance to the House that this kind of procedure be cleared up in a way that is fair to all members of the House, but particularly to all members of the opposition.

Some hon. Members: Hear, hear!

Madam Speaker: Just before I hear other members who want to speak on the point raised by the hon. member for Yukon (Mr. Nielsen) could I ask him to help me with a question which came to my mind as he was giving his references and developing his argument. I refer to page 167 of Beauchesne, Citation 478(1) where the following appears:

> Although technically the business under discussion is government business, motions given precedence on these allotted days may be moved only by members in opposition—

That explains that usually government business is brought in by the government, and technically this is government business, but members of the opposition may move the motion. It goes on to say, and this is the quotation which the hon. member emphasized to me, as follows: "To this extent, there is a distinction between the business of supply and other government business—." Does the hon. member take the words "To this extent" to apply to more than the fact that "motions given precedence on these allotted days may be moved only by members in opposition."? "To this extent" to me explains "motions given precedence on these allotted days may be moved only by members in opposition to the government." Could the hon. member answer that question for me?

Mr. Nielsen: Yes, I see the point that you raise, Madam Speaker. I do not believe the interpretation of that sentence should be limited to its application only to the right of opposition members to move under supply. There is a distinction between the business of supply and other government business in Standing Order 18. Citation 478(1) reads as follows:

● (1250)

> Under the terms of Standing Order 58(5) twenty-five days are allotted to the business of supply in each year. Although technically the business under discussion is government business—

Why "technically?" It is because supply is government business. Why "technically?" Because technically the government can deal with the item under supply. It is my submission that this is the very reason for the existence of Standing Order 58(2), which reads:

For the purposes of this order, the business of supply shall consist of motions to concur in interim supply, main estimates and supplementary or final estimates; motions to restore or reinstate any item in the estimates; motions to introduce or pass at all stages any bill or bills based thereon; and opposition motions that under this order may be considered on allotted days.

The only reason that sentence is there is to permit the opposition to test the government on its supply, to the extent there is a distinction between the business of supply, which is government business, and Standing Order 18. That is the distinction, as I see it. It is not limited, it is not there for the purposes of saying that government members cannot move motions on allotted days; that is not its purpose. The purpose is to distinguish it from the government business of supply, in my submission.

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, I should like to make a couple of brief observations to the point raised by the hon. member for Yukon (Mr. Nielsen). First, I point out that in opening his argument he made repeated references to the fact that on the notice paper for the last few days reference had been made to today as being an allotted day. It is important to remember that while the notice paper is appended to the Order Paper for the sake of convenience, we are still talking about notice. Something which is notice is not an order, it is not a motion, and because of this it can be removed without a motion or does not require consent since the House is not yet seized of it. There is no obligation to proceed with a notice.

I thank the hon. member for his frequent references to Citation 478 of Beauchesne's on page 167, which reads:

Although technically the business under discussion is government business—

It is government business. Once it is government business, it falls under the purview of Standing Order 18(2), which reads:

Government orders shall be called and considered in such sequence as the government determines.

As to the sequence of events which led up to the events of yesterday, it is interesting to read *Hansard* and the version given by the hon. member for Yukon. Also it is interesting to read the version of the hon. member for Oshawa (Mr. Broadbent). Members are free to make their choice as to whichever version they prefer. But I do not think anything that has been said about the sequence of events gets away from the fact that we are still talking about a day of government business and that it is up to the government to call it, when it sees fit, pursuant to Standing Order 18(2).

There were also some references to the professionalism of the Table with regard to that. I am sure the hon. member for Yukon was not implying that there was a leak of the subject matter prior to the hour. If there was, certainly I am not aware of it. I do not think he was implying that, but if he was not I am not quite sure why there were so many frequent references to it.

The only other point I should like to make is in regard to whether or not the wording of the motion should have been placed on the notice paper. On that point I have some sympathy with the hon. member for Yukon. I would not agree with him if the notice had been dated, but he advised the House, if I understood him correctly, that it was not dated. I do not know whether or not the notice filed by the New Democratic Party was dated. If it was not dated then I, for one, think he has a valid point and I do not dispute anything he said with regard to that item.

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I will be very brief because I think much of the ground which can be covered has been covered. I begin by saying that I see the issue as two distinctly different matters. In the first instance we are dealing with whether or not the motions as filed should have appeared on the notice paper. If it were to be Madam Speaker's decision that the key question was the matter of dating or not dating, then it is my recollection with regard to the motion we put down for debate today that in fact we dated it. If that were to be key to Your Honour's decision, then of course we dated it for today's discussion and I would submit that by dating it we, therefore, priorized it. In so doing, had the question of the opposition allotted day not arisen yesterday, by virtue of the fact that we dated our motion for today, and by virtue of the fact that the official opposition motion was undated, our motion would have, could have and should have taken precedence.

However, given that that may not be a factor, I want to say—and I think the hon. member for Yukon (Mr. Nielsen) put it well—that it is entirely appropriate to have on the notice paper more than one motion for debate on a particular allotted day, and that it is entirely appropriate to have the motion filed immediately after the allotted day has been designated. Thus we could have quite easily filed our motion, as could the official opposition have filed its motion, some four or five days prior to yesterday. Therefore, that would have necessitated those motions appearing on the notice paper. If one were to look at it from a purely technical point of view, which I think is important and imperative in making a decision such as this, I think it is true that the motions filed should have appeared on today's notice paper, albeit today, as it turned out, is not to be an allotted day. That is really not a factor to be taken into consideration.

Now I want to turn to my second point concerning the argument that once the opposition has been given notice of the decision to allot a day for consideration of an opposition motion, the allotted day cannot be altered without a motion. While I would like to support the argument, I find great difficulty in doing so since the practice, as I understand it, and having had an opportunity to review it during the discourse of the hon. member for Yukon, has always been that allotted days are not put down by motion but simply announced. Therefore, the announcement of the government House leader that there would be an allotted day was acceptable, and the announcement of the government House leader that there would not be an allotted day must also be acceptable.

If we are to change the Standing Orders and make it necessary to have a motion put, then we should have that discussion at another time. It may well be that we in this party would want to have a motion in future which ties down the allotted day and which sets out quite clearly by motion of the House that a particular day has been agreed upon as an allotted day and therefore is to stand subject only to any amendment which may subsequently be offered and accepted by the House. But this would be a departure from the practice we have used up to this point.

May I call it one o'clock?

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

At one o'clock the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

Mr. Deans: Madam Speaker, I will not be too long, I just want to finalize the remarks I began to make just before we broke for lunch.

As I see it what you have before you, Madam Speaker, are two questions. One is whether or not the text of a proposed motion to be dealt with on an allotted day should appear on the Order Paper and Notices. I think there is sufficient argument before you now to enable you to make a decision on that without too much difficulty.

The second question is probably more important, both in terms of the immediate problem which has confronted us over the past two days, but also in terms of how we might deal with matters such as this in the future. I think it requires a considerable amount of thought. I know you will do that, and I hope other members will do likewise because this question is of vital importance.

As I see it, having thought about the matter over lunch, the question is whether an allotted day is in fact government business and therefore subject to the normal ordering of government business within the latitude given to the House leader for the government or whether the House leader has to deal technically in a different way with the calling of House business for an allotted day than he would for any other day.

I would submit there is no question that an allotted day is different from a normal government business day. The primary difference is the difference which my colleague, the hon. member for Yukon indicated, about which he was questioned by you. In other words, the difference is simply that an opposition member on that particular day is given the primary responsibility for moving a motion, but on all other counts the day remains a government day.

I want to say to you that what my wishes might be are of little consequence. How I might like it to be does not matter very much. It is how it is that makes the difference in a situation such as this, and whether we want to change it.

It is quite clear, if one looks at issues of Order Paper and Notices going back as far as one might want to look, that even an allotted day appears under government orders. I would suggest, by virtue of that and given the references in Beauchesne to allotted days—albeit allotted days are referred to in the technical sense as a government order—it would appear historically that they have been treated as a government order for the purpose of ordering business of the House. Therefore, it must be decided whether the government has to do anything specific in order to change the government orders.

I looked very carefully at that over lunch and I came to the conclusion that, although I would prefer the government being required to move motions to alter the orders of the day as it would want to alter them from time to time—and I want to differentiate between orders of the day as they are set out in the Standing Orders and the orders to be called within any specific order—by virtue of that fact, orders to be called within any specific order are at the discretion of the government House leader and that the government House leader may, if he wishes, or may not if he so desires, call any order that appears legitimately on the Order Paper and Notices.

Therefore, I come to the conclusion somewhat reluctantly that the method of determining whether an allotted day would be called or set off to another time remains within the purview of the government House leader.

• (1410)

What does not remain within the purview of the government House leader is whether there will be allotted days. That is quite clear. It is set out in the Standing Orders that there will be a certain number of allotted days to be called during a specific period of the sittings of the House, and that can be altered only with unanimous consent.

So I suggest that on the one hand we have it quite clearly before us that allotted days in the specified number must be made available to the opposition, but the determination of which days will be allotted remains the purview of the government. If it is to be considered that the allocation of that allotted day is government business, then the government House leader can either call that on the day he designates or he can change the day. In this instance I think he chose the latter, for whatever reason, and however much I would like to argue he cannot, I think he can and I know he did.

Therefore, I submit that on the first question, yes, I agree wholeheartedly with the House leader for the official opposition, the motion should have appeared with the one caveat mentioned earlier, that is, whether or not the dating of the motion is to be given consideration. I would urge that it not be found to be of importance in terms of whether the motion should appear on the Order Paper, but by the same token I would argue that for the balance, undesirable though the procedure might be, it would appear to me to be consistent with practice and with the laws as they pertain to the running of Parliament.

Point of Order—Mr. Nielsen

Mr. Jim Hawkes (Calgary West): Madam Speaker, I listened with interest to the NDP House leader in what I take to be some support for the position taken by the government House leader yesterday. I think it exemplifies some things which have bothered me, as a new Member of Parliament, about the functioning of Parliament and a certain lack of precision, and the possibilities arising out of that for the philosophy we hold to sort of take over and take us to a particular perspective.

I think the counterargument to the NDP House leader is really found in pages 3 to 7 of Beauchesne where it clearly tells us that the rules of the House are to protect us from the tyranny of a majority. We have used that phrase on many occasions in debate related to orders, but yesterday we faced a government decision to change the orders of the day, and there has been some argument presented in relation to that. However, the perspective presented by the NDP House leader, and I think by the Parliamentary Secretary to the President of the Privy Council (Mr. Pinard) relates to the use of Standing Order 18(2), which says that:

> Government orders shall be called and considered in such sequence as the government determines.

I suggest to you, Madam Speaker, on first reading that looks like a fairly precise paragraph, but its interpretation hinges on the word "determines." If we consider that the cabinet has an untrammelled right, then it is conceivable the government House leader can rise on a point of order in the middle of a debate and change the orders of the day, and move abruptly from debate for which members have prepared themselves to one for which they have not. That is the principle upon which the government and NDP House leaders have essentially based their argument, that a small group of people in cabinet have an untrammelled right to step on the remaining 250 members' rights to advance their arguments.

Yesterday, Madam Speaker, the government acted on that principle, that they had the right to take away an allotted day, not a day given to an opposition party, but in principle a day which had been determined in advance by the government as being available to any and all members who were or might be opposed to government policies, or who might like the opportunity to indicate whether or not they were so opposed.

Members of this House who had arranged their schedules, put their notes together and had their arguments ready were denied by that move the opportunity to express their collective will. As a member of the Conservative Party of Canada standing here today, Madam Speaker, I would have liked that allotted day to have occurred, I would have liked to have had at five o'clock that vote in which the government, the 30 or 35 members of cabinet, sought the approval of the House for their economic policy, and I would have liked those who were opposed to have had the opportunity to stand up and so indicate. If the government had fallen, Madam Speaker, we would have been in a general election and the voters of this country could have determined whether or not they were in accord with government policy.

Madam Speaker: I would like to ask the hon. member to keep to the point of order brought up by the hon. member for Yukon. Some of the points he is now discussing have been dealt with, and he is also arguing a point as if the debate had been allowed to take place. I urge him to speak to the point of order. I think when we listen to points of order, relevance has to be observed.

Mr. Hawkes: Madam Speaker, I read that part of the rules about relevance this morning and I am sorry if I have strayed a bit. The point of order which the hon. member for Yukon (Mr. Nielsen) raises is based on the very nature of our rules of order in which there is some imprecision, and when faced with that imprecision it is then the job of the Speaker of the House to rule on its interpretation. We have the opportunity, when allowed, to stand in this chamber and try to provide you with our sense of wisdom about how you should rule in such cases.

My support for the hon. member for Yukon, my intervention, is essentially based on what I think are the principles which should guide you in making those very close decisions. I suggest the point of order raised by the hon. member is one of those close decisions where the rules are somewhat imprecise and are, to some extent, in conflict, as different speakers have indicated, and therefore that very difficult decision falls on your shoulders.

I would like to indicate that what we are dealing with here is the power of ordinary members of the House, those 250 who do not serve in cabinet, to hold that cabinet accountable to this chamber. I said I would like a result which led to a general election, but that was never likely. Possible, but not likely. What was more realistic and more likely was that government members who normally supported that cabinet were to be given an opportunity, in the 24 hours preceding that vote, to indicate to the government that unless it changed those things of importance to them which would have been in the motion, they might withhold their support.

● (1420)

Mr. Smith: You are dreaming.

Mr. Hawkes: They could have made the government change the policy in a manner which should be obvious to everyone, in a manner the Canadian people and the majority of the hon. members in the chamber would want.

Mr. Smith: Dream on.

Mr. Hawkes: That is why these opportunities exist in our rules. That is what lies behind the principle of a vote of confidence, and that is what lies behind the need for hon. members to be aware, some time in advance, of the existence of such a day so that they can arrange their affairs on behalf of the people they represent, so that they can be here in this chamber at that allotted time, on that allotted day, to fulfil their obligation to the people who sent them to this chamber.

When we consider the right of government to determine the order of business to be untramelled in its ultimate sense, and if we take it to its logical conclusion, the government could

determine an order of business every five minutes, an order which was different than the order five minutes before.

Mr. Smith: Wrong.

Mr. Hawkes: The decision must rest on Your Honour's shoulders, and you must indicate to us, as clearly as you can, your sense of the words "government determines" in the Standing Orders. When has the government determined? At what point in time can there be any sense of certitude felt by any hon. member in this chamber that the order of business is determined? When can we be sure of that so that we can fulfil our obligations to the people who sent us to this chamber? I respectfully suggest that perhaps the word "determines" is a more important word, and the criterion which makes that known to us is more important when it relates to the business of supply, particularly to the business of supply which is handed over those few days each year to those who oppose the government's method of supply. The determination of that should not be the untramelled right of a cabinet or a small group in this chamber comprising some 30 people out of 282. The 250 hon. members must fulfil their obligation to hold that group of 30 accountable to the taxpayers and voters of this nation.

I suggest to Your Honour that the lack of precision in the direction we were moving yesterday was a serious violation of the responsibility of hon. members to hold the government and the cabinet accountable to the Canadian people for their actions and to force the cabinet to change some things. I am sure cabinet ministers would not do things out of malice; however, the job of cabinet ministers is different from that of ordinary hon. members. Perhaps they have more to do. They meet with different people. They have less time to spend in their ridings, and they have less time in which to experience what is happening to ordinary Canadians as a consequence of the policies they propose.

If we do not have a system in this chamber and if we do not alter the nuances of rulings toward favouring the 250 backbenchers and their job of holding the government accountable, then I think we run the long-term risk of making the House of Commons and the Parliament of Canada much less than it could be and may be some day, and it will be insufficient for the Canadian people.

Some hon. Members: Hear, hear!

Mr. D. M. Collenette (York East): Madam Speaker, I want to say a few words about this particular problem. I should say that I am somewhat surprised that the hon. member for Calgary West (Mr. Hawkes) spoke at such length about the ruling which was given by Your Honour yesterday, but he did perhaps bring in a new element with which I would like to deal in a moment.

I am grateful to the hon. member for Yukon (Mr. Nielsen) for bringing this matter to our attention, because I think he made a point, to some degree, concerning the question of the Order Paper. It would be my view that the hon. member for Yukon is correct in stating that there has been an oversight with respect to the motion which was laid down yesterday by the official opposition. The hon. member for Yukon assures us that that motion was undated and could, therefore, have no application to a supply day which was originally designated for today.

With respect to the motion of the hon. member for Hamilton Mountain (Mr. Deans), I would submit that because the motion he put down was specifically dated for February 12, it was then superseded by the actions of the government House leader yesterday when he redesignated the orders of the day and redesignated the supply day for some time next week. Therefore, the *Hansard* staff were quite within their right in not showing this on the Order Paper.

Mr. Nielsen: *Journals* staff.

Mr. Collenette: I am sorry, the *Journals* staff. The question as to which motion would have been recognized is really irrelevant, and that would have been Your Honour's decision, had February 12 indeed been an allotted day. However, I think the point has been well taken by the hon. member for Yukon. Perhaps Your Honour could look into the matter to ensure that this kind of oversight does not occur again because it could be misleading. In summary, because the motion laid down in the name of the Leader of the Opposition (Mr. Clark) was supposedly undated, I would think it has applicability to the supply day which has been redesignated to February 19.

In terms of the other aspect of the hon. member's point, I welcome the chance to comment, because we do not have these kinds of discussions very often. With respect, I think that the hon. member for Yukon has been inadvertantly misleading the House in his interpretation of those sections of Beauchesne relating to the question of allotted days. Indeed, I noted that Your Honour sought clarification before the recess as to the interpretation of Citation 478(1) given by the hon. member for Yukon. In the second sentence of that citation it is clear that the business of supply is the business of the government. It very boldly states:

> Although technically the business under discussion is government business, motions given precedence on these allotted days may be moved only by members in opposition to the government.

The fact that an opposition motion is attached to the vehicle of supply in no way makes that business, that supply day, any less then government business. It is government business. I suppose we could go back to Erskine May who outlined this at page 285 when he discussed the supply period. As Your Honour stated, you questioned the hon. member with regard to the last sentence of Beauchesne's Citation 478(1), which reads:

> To this extent, there is a distinction between the business of supply and other government business with respect to SO 18.

It goes only to this extent, the extent being that the opposition has the right to append the motion to a particular allotted supply day, but the government does not.

The other point which I think bears some discussion relates to Beauchesne's Citation 479(2). We agree that subsection (1) states that the choice of subjects is the opposition's choice, and

it is the prerogative of the opposition to raise such subjects. Perhaps I should read Citation 479(2), which states:

The opposition prerogative is very broad in the use of the allotted day and ought not to be interfered with except on the clearest and most certain procedural grounds.

I draw attention to the words "on the clearest and most certain procedural grounds." I am not referring to the substance of the motion at all. If the Speaker has a right to make any decision changing the allotted day, the change cannot deal with the procedure but must really deal with the substance of that particular motion, unless the procedural grounds are extremely severe, perhaps involving the form of the motion.

I remember a case a number of years ago involving a supply motion which anticipated some other business than that which was before the House, and this raised a question. There was the prerogative of the Speaker to clarify the situation. I submit that in the case of Beauchesne Citation 479(2) the only thing the Speaker can do is perhaps to interfere on very extreme grounds. I do not think the case can be made that the Speaker has interfered with the right of the opposition to proceed with the supply motion today.

● (1430)

Mr. Nielsen: Will the hon. member permit an interjection at this point? I think I can assist him.

Mr. Collenette: Perhaps at the end, Madam Speaker, I will leave that up to Madam Speaker. I would like a minute.

Madam Speaker: Yes. We are on a point of order. We cannot have a point of order on a point of order.

Mr. Nielsen: I just thought I could assist the hon. member.

Madam Speaker: The hon. member will not permit a question at this time, will he?

Mr. Collenette: If you will permit a question after I have finished, Madam Speaker, that is your decision. I am in your hands. As hon. members know, I am very obliging. I would not want to not help the opposition.

Madam Speaker: Does the hon. member want to accept a question?

Mr. Collenette: No, Madam Speaker, I have just about finished.

It is my contention, when we talk about allotted days, that these are indeed government days. The only difference is that a motion is attached to supply days which is designated by the opposition. There is no hesitation there.

On the question of the hon. member for Calgary West, the point I really wanted to make was that he was suggesting that the government could, in some way, arbitrarily, in the middle of debate, cut off that debate. Subject to correction, the only way that could be done and the only way to change the order of the day would be with consent. I perhaps could be advised as to whether you could move Standing Order 24 to move the orders of the day when indeed orders of the day were in the process of being debated. The fact is that any order of the day is a motion. I believe that Standing Order 24 says that a motion for reaching the orders of the day shall have preference over any motion before the House.

That is really a side point here. We should not mislead the public into thinking that, just because the government has the right to set the agenda for Parliament, it can arbitrarily play with Members of Parliament and stop and change the subjects in mid-course without taking a very extreme step. Those are the points I wanted to make. I think it is a subject that is well worth examining. It is a question that really has not been examined too often.

In summary, I would say that the reading of Beauchesne's Citation 479(2) by the hon. member for Yukon is perhaps causing misapprehension, or his reading of that citation is misleading the House.

Madam Speaker: The hon. member for Yukon on a short point.

Mr. Nielsen: If I might, Madam Speaker. I recall the incident that the hon. member for York East (Mr. Collenette) adverted to. It might be of some assistance to the Chair. I believe it was in 1973 when, standing on the notice paper section of the Order Paper, there were two motions to concur in government estimates. An allotted day was also on the same notice paper. The question arose as to whether the two items standing as motions to concur in estimates or the allotted day was to take precedence.

The example cited is a clear case in support of my submission because on that occasion the Speaker held that the allotted day took precedence under Standing Order 58(12) over the two items of government business. It also bears out my submission with respect to the distinction in Citation 478 and my interpretation of it in response to the question put by you, Madam Speaker. That precedent is indeed extremely valuable.

Hon. James A. McGrath (St. John's East): Madam Speaker, it seems that what you have to determine from the arguments you have heard is whether an allotted day is, in the strict sense of the word, government business. Up to a point I can agree with the Parliamentary Secretary to the President of the Privy Council (Mr. Smith) and the hon. member for Hamilton Mountain (Mr. Deans), but only up to a point.

Once there is agreement by the three House leaders as to when the allotted day will occur and once that is followed up by the notice required under the Standing Order on the Order Paper, from that moment it ceases to be government business. It is from that moment out of the control of the government. The opposition determines what the subject matter of the debate will be and, pursuant to the provision of the Standing Order, notice of the motion is filed on the day prior to the debate taking place at specifically 6 p.m.

It is my submission that once the agreement has been reached by the House leaders and the notice has appeared on

the Order Paper, as it did yesterday, and the motion has been filed as it was yesterday—it was filed at 1.12 p.m. yesterday—that triggered off a procedure which at that point could not be stopped. It could only be stopped, in my submission, by unanimous consent. That speaks to the further point which I do not want to dwell on. It is the other part of the question, that the motion could only be removed from the Order Paper with unanimous consent. Of course, there was not unanimous consent.

It is well to put this debate into the context of what the House intended by allotted days. It is important to bear in mind what exactly the Standing Order had intended by these allotted days. Anyone who was here prior to 1965 when these Standing Orders were brought in on a provisional basis will know that we had at that time the committee of supply. The committee of supply was a committee of the whole House before which all the estimates were examined without regard to time. The estimates were brought before the committee of supply, the committee of the whole House, and it was the opposition which determined when the estimates would be passed by the committee of supply and returned back to the House.

I agree that was not an entirely satisfactory procedure because it sometimes caused serious problems. I remember one occasion when it resulted in the government not being able to meet the public service payroll and having to resort to Governor General's warrants. Everybody realized something had to be done to replace that procedure.

The procedure which replaced it, allotted days under the provision of Standing Order 58, is not entirely satisfactory. It is well for the House and the Chair to note that these Standing Orders we are now operating under were in fact passed by the invocation of closure in 1968. The reason the government had to invoke closure to bring in these Standing Orders in 1968 was that many members of the House at that time were very concerned with what would happen to the right of the House to hold the government accountable, particularly on the way it managed the budget.

• (1440)

If you look at Standing Order 58(14), you will find, I think, that it makes the point very well which I am trying to make. All estimates are now referred to a committee. Standing Order 58(14) says:

> Each such committee shall consider and shall report, or shall be deemed to have reported, the same back to the House not later than May 31 in the then current fiscal year.

That is why these 25 allotted days are critically important to the House. The 25 days were not picked out of a hat. It was based upon the experience of the House and the number of days that the committee of supply dealt with estimates. In other words, in place of the estimates being referred to the Committee of the Whole House, we were given the 25 allotted days.

Of course, within the 25 allotted days, provision was made for a number of these days to be used for non-confidence motions. These non-confidence motions replaced the motions that were brought in previously under the old supply procedure whereby no notice was required and no notice was given. When the opposition stood up to bring in a motion under supply which was non-confidence in the government, all the ministers had to sit there wondering which one would be the target of that particular motion. That was the procedure. There was some dissatisfaction and the government felt that it was not really the way to run the House. There was agreement that there had to be another procedure to replace that one.

The hon. member for York East (Mr. Collenette) said it is worth examining this whole question. I also think it is worth examining. I think, Madam Speaker, that you would be well advised to urge the government House leader to convene a meeting or make a reference to the Standing Committee on Procedure and Organization so that the House can be officially seized of this question and thereby enable us to examine the Standing Orders in the context of the experience that we have had since the present Standing Orders were adopted.

I repeat that it is my submission that agreement was reached on the allocation of an allotted day, and once agreement was reached, that allotted day would be a votable motion, one of the motions of non-confidence provided for in the 25 allotted days, and once the motion in accordance with our agreement was tabled, it then ceased to be government business. At that point in time it was out of the control of the government. It could only be changed by unaninous consent of the House.

I respectfully submit to you that that is the crux of the argument. The government House leader stood in his place yesterday at three o'clock and unilaterally did what he did not have the right to do under the Standing Orders: to change what had been unanimously agreed to by his colleagues. The process was already in play by virtue of the required notice appearing on the Order Paper and the motion, which should have been the subject of debate today, already having been filed by the Right Hon. Leader of the Opposition (Mr. Clark).

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I think I can be very brief in speaking to this point of order. There are one or two matters which have been raised and require some response.

If I understood the position being put forward by the parliamentary secretary to the government House leader correctly, part of his argument, which was technical and perhaps not central to what he was arguing, was that since the references to allotted days appeared in the Order Paper section known as notices, that made it somehow less compelling than if it had appeared elsewhere in the Order Paper. I am sure it was only momentarily overlooked by the parliamentary secretary but I think it is important that the House understand and recall that motions for concurrence on estimates are also listed in the same place and stay in their same place until they are called. That part of the Order Paper is an integral part of the Order Paper.

If that suggestion was indeed made by the parliamentary secretary, that the language relating to the allotted day on that part of the Order Paper might be somewhat less compelling than if it had appeared elsewhere, I would contest that. That part of the Order Paper is unquestionably an integral part of the Order Paper. It is there to fulfil the requirements of the Standing Orders which require notice in matters relating to supply, whether it has to do with a motion for concurrence in estimates or whether it has to do with acts related to allotted days.

The second matter to which I want to turn my attention deals with the very alarming precedent which we may be establishing here. The events of the last two days, the matter which was raised yesterday and the matter which was raised by my colleague today, create a very real danger of censorship, which is something that runs against the very grain of the rights of an opposition, and consequently, the rights of Parliament. One serious result of a continuation of the events that occurred yesterday would be that once a government became aware of the nature of a notice that had been filed for an allotted day, if it took exception to that particular notice or was fearful of not being able to carry the House on a motion of that kind—which we suspect was the case yesterday—it could be in a position to act in a way which would deny the opposition the right that had been established for it to proceed with that motion or action. That is clearly censorship and an addition to the limitations put upon the capacity of the whole Parliament generally and specifically of the official opposition, of other opposition parties and any other Members of Parliament who might disagree with a particular item of government business. This is another limitation upon the capacity of members of the House of Commons to control the actions and decisions of the government. As these limitations continue to accumulate, we will have no parliamentary system left in any honest sense of the word.

The point which was raised by my seatmate and colleague, the hon. member for Yukon (Mr. Nielsen), again speaks to the question of potential censorship. If the practice which occurred today, which was probably inadvertent, continues, not only is there the capacity of censorship on the right of an opposition to raise a question, there is the censorship of the very right of that opposition to have the language of the motions that it intends to have introduced stand on the Order Paper of the House of Commons.

The more important matter which I would like to deal with was raised explicitly by the hon. member for York East (Mr. Collenette). He raised the critical and fundamental question freshly today in the argument of this point of order and it concerns the question of to whom the allotted days belong. Do they belong to the government? Are they subject to absolute control by the government, or do they belong to the official opposition whose primary responsibility is to keep control of the government and stop it from excess? I noted what the hon. member for York East said, and if I heard him correctly, I believe he said that allotted days "are indeed government days." The hon. member nods that that is his view. I disagree with that view strenuously. Not only does it run against all the traditions and understanding we have had in the House, it very clearly runs against what is spelled out in Beauchesne and what is spelled out in the Standing Orders of the House of Commons. To accept the view that allotted days are indeed government days is to extend even more the control of the government of the day over the House of Commons.

• (1450)

All of us who have been students of this place and believe in the importance of parliamentary democracy know that one of the grave dangers which has developed over the years is that the power of individual Members of Parliament has diminished and the power of the government has increased. We now have virtually no means to control a government which is pursuing a policy which is unpopular with the majority of members of the House and bad for the country. Powers which used to exist here and used to reside with oppositions here have been stripped away one by one. As my colleague, the hon. member for St. John's East (Mr. McGrath) has indicated, one of the most dramatic changes in the powers of individual Members of Parliament was enforced by closure, because Parliament would not willingly have accepted that. The extraordinary recourse to closure had to be used. We may very well be on the brink of even one more major limitation upon the capacity of Parliament to do our basic job, which is to control, in the name of the people of Canada, the executive members of the government.

My colleague, the hon. member for Calgary West (Mr. Hawkes), made a very important point. It was not simply members on the opposition side of the House of Commons who were interested in being heard on the matter which would have been debated today. Undoubtedly there were members on the government side who wanted to be heard, some of whom may well have wanted to vote with the opposition against the government. Indeed, I believe it was for that reason the matter was withdrawn.

However, the point is not limited to what was denied Parliament today. The point has to do with what might be denied Parliament permanently, and what might be denied Parliament permanently is the opportunity to use this instrument to assert control of the executive by individual members of the House of Commons on any side of the House and of any party.

The hon. member for York East has quoted Beauchesne Citation 478(1). He quoted it for a third time. The relevant part is the following:

> Although technically the business under discussion is government business, motions given precedence on these allotted days may be moved only by members in opposition to the government. To this extent, there is a distinction between the business of supply and other government business with respect to S.O. 18.

The important word here is "technically", and what the language of Citation 478(1) makes abundantly clear is that for a technical reason it might be grouped under government business, but the reality is that it belongs not to the government but to the opposition. That is why the word "technically" is there. There is no other explanation for the presence of that

word, and the use of the word "technically" is designed explicitly to underline the fact that the control of allotted days rests not with the government, which controls everything else, but with the opposition, which controls little more than this ability to hold the government to account through the use of allotted days.

Your Honour will be aware of Standing Order 58(12), which reads as follows:

On any day or days appointed for the consideration of any business under the provisions of this Standing Order, that order of business shall have precedence over all other government business in such sitting or sittings.

There can be no doubt that today had been appointed. The argument has been put that not only was the day appointed, but also that by the filing of the notice it was consummated. There can be no question about that. There can be no question of the meaning of Standing Order 58(12), but the matter I wanted to address directly had to do with the question of to whom does an allotted day belong. Does it belong to the opposition, as all our practices and Beauchesne make clear, or does it belong to the government to be dismissed at the government's whim?

I will repeat myself in closing. The word "technically" makes it abundantly clear that while for some small technical reason it might be grouped under the heading of government business, the clear purport and the clear reason for having the provision here at all is to provide the opposition with an instrument to control the government, and if that were to be denied, that would be one more stripping away of the powers of the opposition and one more reduction of the ability of the people of Canada through their Parliament to control the government.

Mr. Smith: Madam Speaker—

Madam Speaker: I have already heard the parliamentary secretary. Unless his point is a short one like the one I allowed the hon. member for Yukon to make, I do not want to listen to it. It is not usual to allow hon. members to speak twice on a point of order.

Mr. Smith: Madam Speaker, my point is just a short one. I think a regrettable inference could be drawn from the remarks of the Right Hon. Leader of the Opposition (Mr. Clark)—and I think it is important to clarify it—and that is that if anyone is under the mistaken impression that the government was informed of the substance of the motion which was filed by the Conservative Party, I want to assure the House it was not. I think everyone can reasonably conclude there was a fair bit of speculation as to what it might be, but we should be fair to the Table officers. Certain conclusions might be drawn if one were to drag the argument about government censorship to its logical conclusion, but I think it is very important to clarify that the government was not informed of the substance of the Conservative motion.

Mr. McGrath: Why did you change the date?

Point of Order—Mr. Nielsen

Mr. Nielsen: Madam Speaker, after that intervention I am compelled to say on behalf of all members of the official opposition that we have the utmost confidence in the Table officers, and I assure the parliamentary secretary that we are absolutely convinced the government did not become aware of our motion through the Table officers.

Mr. Albert Cooper (Peace River): Madam Speaker, I rise on the same point of order. It is obvious that what we are entering into here and what we are concerned with is something which is considered very valuable and important not just to the opposition but to all Members of Parliament in terms of our ability to make Parliament function in a manner which would allow it to pass good legislation. We are involved in a very fine balance. That balance is made up of both government members and opposition members, and anything that would detract from that balance may well have a very serious effect on the ability of Parliament to function.

I think it is important that we look at a few of the things which relate to this particular issue and particularly the one we are talking about here, the orders of the day. I refer to Citation 275 of Beauchesne at page 89 which talks about the Order Paper and Notices. It says this:

The paper known as Order Paper and Notices is the official agenda printed on the responsibility of the Clerk of the House, containing all the proposed questions set out in accordance with the Standing Orders. All the proposed proceedings of the House are recorded in abbreviated form in that paper. To add to, or suppress from it, any proposal which the House has ordered would constitute a serious infringement on the priveleges of the House of Commons.

I think that is a large part of what we are concerned about here today. Perhaps, in fact, what is happening is that the opposition is losing its ability to participate in a particular opportunity which has, by precedent and by history, been provided to it.

Our concern is that if we cannot work within this particular framework and have this type of opportunity made available to us, we will end up with a serious loss of our opportunity to serve this House and our constituents as well.

In order to look at that breach of privilege referred to in Beauchesne one must look back at the very foundation of privilege, and again I refer to Beauchesne. According to Beauchesne, the privileges of Parliament are rights which are absolutely necessary for the due execution of its powers, and they are enjoyed by individual members because the House cannot perform its functions without unimpeded use of the services of its members. We can see that the balance I referred to earlier is a fine balance based on the privileges of the House. It is based on the format the House has laid out for itself and the rules and guidelines under which it must perform. We obviously feel that balance was changed yesterday by an unusual procedure employed by the government House leader.

● (1500)

The final point that I want to make was raised earlier by my colleague, the hon. member for Calgary West (Mr. Hawkes) who talked about the principles of parliamentary law. These

are set out on page 3 of Beauchesne's fifth edition in part as follows:

To protect a minority and restrain the improvidence or tyranny of a majority; to secure the transaction of public business in an orderly manner; to enable every Member to express his opinions within limits necessary to preserve decorum—

That sets out the guidelines, certain rules and regulations that are designed to allow Parliament and Members of Parliament to function in a real and positive way.

When we have such things as allotted days set out on the Order Paper, it is for a certain purpose, that purpose being that the opposition can organize its debate, its methods, and its approach to various levels of government business. It is a very serious and important opportunity for the opposition to criticize the government.

In regard to this point of order I think it is essential that we look at how important these provisions are and how necessary they are to the opposition and, in fact, to all members of the House of Commons in order that they may perform their duties and make certain that the laws and legislation passed by the House are passed in accordance with certain procedures and forms.

Mr. Doug Lewis (Simcoe North): Madam Speaker, I should like to add a word or two in response to the remarks of the acting House leader for the New Democratic Party and my colleague the hon. member for Peace River (Mr. Cooper). It has been the practice in this House for the government House leader to announce the business of the House for some period of time and for that to be recorded in the orders of the day. Yesterday we came to something which was unprecedented, a change made in the orders of the day by the government House leader.

I would ask you to address yourself, Madam Speaker, to the way in which the orders of the day were changed—not that they were changed but the way in which they were changed. I would like to refer you to page 89 of Beauchesne's fifth edition, Citation 276 which reads as follows:

A motion to proceed to another government order may be moved only by the government House leader (or a member acting on his behalf).

Yesterday an unprecedented change in government business was made by the government because of a certain fear of a vote. That change was not made by any motion offered by the government House leader or anyone acting on his behalf, but simply by the government House leader making the comment that he was changing it.

I think what we on this side are after is some finality. People ask us how we conduct the business of government, what we do day in, day out, how we organize our weeks and our months. We have to be able to tell the people who send us here that there is some certainty in this House. The certainty that we on this side are looking for is the certainty of government orders.

When government orders which have already been set into the orders of the day by the government House leader, by his statement—and until now we have taken his word for it—those words are set in stone, set in the *Journals* or set in *Hansard*, and surely we are owed the courtesy of a motion which is part of the business of the House, rather than an offhand comment such as we got yesterday from the government House leader, if there is to be a change.

Citation 276 of Beauchesne's says "A motion to proceed to another government order may be moved—," and it seems to me that infers that there will be a motion to change the business of the day; something which can be considered, which is in writing, which has formality to it and would be voted upon. Perhaps we would not have won the vote on the motion, but at least it should have been moved by the government House leader or by the deputy government House leader. Neither of those events occurred, Madam Speaker.

In your ruling, Madam Speaker, I would ask you to address the question of whether it was done properly by just announcing it in an offhand manner and whether, when we reach government orders today or any other day, we are to be subjected to such a comment in the middle of the business of the day. When the government House leader has set the business for the day, is he going to be forced—and I say, forced—by the rules which govern this House, forced by tradition, by Beauchesne, by the Standing Orders and orders of the day, to bring in a motion. It is like any motion and the mover and seconder lose control over it once it is within the purview of the House. I suggest that when the orders of the day come within the purview of the House, then a motion must be introduced, seconded and debated.

Madam Speaker: Just before I tell the House that I will reserve on this point of order and examine all the presentations that have been made, for which I thank hon. members, and that I will rule on it later, I want to reply to the hon. member for Yukon concerning a meeting which was requested between the House leaders and myself. All of my agenda was open to the House leaders and the reason the meeting has not taken place until now is that I could not get the three House leaders to agree on the same day. My agenda is still open and anytime they can agree on the same day I will slash out anything on my agenda in order to accommodate them.

Mr. Nielsen: Madam Speaker, your situation and mine are exactly the same. I will make time, at any time to hold this meeting because of the seriousness of the situation.

* * *

POINT OF ORDER

MR. DEANS—DELAY IN DISTRIBUTION OF BILL C-78

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, this is a different point of order not related in any way to the point we have been discussing for some time.

It is my understanding that when we get to the orders of the day it is the intention of the government House leader or the person acting on his behalf, to call Bill C-78. You are probably not aware that the bill was not available to anyone prior to five o'clock last evening; in fact, we had to go and get a copy that had not yet been filed for distribution purposes, in order to see

what was contained in the bill that was to be reported back from the committee for consideration under the order for report stage.

As a result of that dilemma we were unable to file the amendments we wished to file with the *Journals* branch since we had not seen the bill in advance of six o'clock last evening. As a result the amendments could not appear as notice on the Order Paper. That creates a dilemma, Madam Speaker.

We consider the amendments that we wished to file to be of extreme importance. I personally asked the government whip last evening if the government would be prepared to give unanimous consent for the hour for filing to be extended until some time today so that we could file our proposed amendments—we thought there could be an extension until five o'clock today—for consideration on Monday next. Unfortunately at that point unanimous consent was not forthcoming, although it may well be forthcoming now.

In the circumstances, the only opportunity for anyone in the House to move amendments to the clauses of the bill that will ultimately be debated at both report stage and third reading, is right now. Since there is no other opportunity to move and debate those amendments, I suggest one of two things might occur.

First, I would ask whether the government House leader or the acting government House leader might consider requesting the unanimous consent of the House to do what was requested yesterday; that we should file the amendments up to and including five o'clock this evening for consideration on Monday. Failing that, would the government House leader consider not proceeding with that order, given that we would only have 40 or 45 minutes today to deal with it, in order that we could file within the Standing Orders today, for Monday's consideration. This is not a trivial matter; it is of vital importance and speaks to the concerns of large numbers of employees all across the country. We assumed that we would be able to fulfil the responsibility of placing important amendments before the House.

• (1510)

Mr. Smith: Madam Speaker, with regard to the first point of the House leader of the NDP, we are prepared to agree to a House order which would extend the time for filing amendments to five o'clock today. Rather than becoming involved in a debate as to what we do if we cannot obtain such agreement, perhaps we could first determine whether or not the agreement is forthcoming from all parties. We are agreeable to it.

Mr. Nielsen: Madam Speaker, this is beyond belief.

Some hon. Members: That is correct.

Mr. Nielsen: We have had the spectacle of the government House leader rising in his place yesterday and saying, as reported on page 14896 of *Hansard* which I now have:

—considering the urgency of Bill C-78, we will debate it tomorrow.

Further on he is reported as saying:

Considering the urgency, we have decided to proceed with the report stage of Bill C-78 tomorrow.

Bill C-78 was so urgent at three o'clock yesterday that we did not even have a printed copy of it available. Indeed, it was not even in the mail to hon. members until this morning. Our critic received it this morning. What shallow deception, considering the urgency of Bill C-78 which had not even been printed. Under the circumstances I think the government would be well advised to move a motion that the time for filing amendments be extended, in all fairness to the disposition of this day, to when the bill comes up on Monday, if it is so urgent that it might come up on Monday. I would support such a motion.

Mr. Deans: Madam Speaker, I have one point. I must confess that I am not particularly worried whether we do it by unanimous consent, by motion or by any other means. My concern simply is that we have urgent amendments and we would like an opportunity to file them this afternoon. They are already there; we simply have to give *Journals* authorization to have them printed for Monday.

Mr. Nielsen: Madam Speaker, ordinarily we would have no hesitation in giving unanimous consent, but we want to point out dramatically the hypocrisy and downright deception of the government. On two separate occasions yesterday, the government House leader said that the bill was so urgent it had to be proceeded with today, a bill which was not even printed. The government should bring in a motion to extend the time. We would be very happy to support it, to focus the spotlight on their hypocrisy, where it belongs.

Some hon. Members: Hear, hear!

Mr. Smith: Madam Speaker, one could be left to draw the conclusion that somehow there is a conspiracy on the part of the government to deny hon. members of the opposition a copy of the bill as amended in committee. It should be pointed out that printing of the bill is not the responsibility of the government. It is the responsibility of the law clerk. If the Conservative Party had members at the committee, they would have followed the amendments made in committee and would have all necessary information in order to file amendments, and perhaps might have required line changes when it came out. If in fact there was a problem in getting the reprinted version to members as quickly as possible, it had nothing to do with the government; it is the responsibility of the law clerk.

If we look at Standing Order 75(3), it is quite clear that we have complied with what is necessary in order for report stage of any bill to be reported by a standing committee. It indicates that it "shall not be taken into consideration prior to 48 hours following the presentation of the said report, unless otherwise ordered by the House". It was several days ago, in excess of 48 hours, that in fact it was reported. It should be pointed out that the House leader of the NDP requested this last night and that this side was agreeable. I think the House leader of the Conservative Party wished to consult with his critic, the hon.

member for Rosedale (Mr. Crombie), before making a decision. He has certainly had that opportunity now. In the spirit of accommodating the NDP, because I believe that party wishes to move amendments, we will agree to a unanimous order extending the deadline to five o'clock. I think it is quite unreasonable if the official opposition is not prepared to go along with the spirit of co-operation.

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, this becomes more bizarre with every utterance of spokesmen of the government. Since the parliamentary secretary is not accepting responsibility himself or for the government for the failure of the bill to be printed—he is blaming it on the printers, the premiers, the provinces, the weather or someone else—is he telling us that at the moment the government House leader rose yesterday at three o'clock to declare the urgency of the bill, he did not even know whether or not the bill was printed? Is he telling us that not only did he mislead the House on the question of urgency, but that the government House leader did not know the matter which he declared was so urgent had not even been printed? Is that what he is telling us?

Mr. Smith: If Madam Speaker wishes me to take that as a question, I am in your hands. I am not blaming anybody. I am simply pointing out what are the facts. The facts are that responsibility for printing of a bill after it has gone to committee and returned is in the hands of the law clerk. Certainly the government knows what took place at committee, because government members were on the committee and were familiar with what in fact took place. Any party which is on its toes certainly would have its members at committee and would in fact know what occurred. It would not need the latest version to draw whatever amendments it felt were necessary, because it would have the original version and its members would have been at committee to know what in fact took place there. We are prepared to co-operate with members of the NDP and to accommodate them because they wish in good faith to move amendments to the bill. We will agree to an order extending the deadline to five o'clock today.

Mr. Jim Hawkes (Calgary West): Madam Speaker, I have a short interjection which I think relates to the previous argument in the sense that each of us in the house is equal and that independents, and perhaps even government backbenchers, would like to move amendments to the bill. Under the Standing Orders of the House they would have the right, but if in fact they received copies of the bill this morning and the filing deadline for amendments was five o'clock last evening, surely the government is acting in a manner which is totally inconsistent with the ability of members of the House to meet their responsibilities to the electorate. If all hon. members of the House have not seen the bill before the deadline for filing, surely it is a misuse of the Standing Orders of the House; surely it is a misuse.

Mr. Gordon Taylor (Bow River): Madam Speaker, I cannot sit here and allow the Parliamentary Secretary to the President of the Privy Council (Mr. Smith) to say that the government is not responsible. The government is responsible for every aspect of presenting a bill, right from the beginning to the end. If the government is not responsible, who is? Is it the opposition? We had nothing to do with it. The man is in such a jam that he is ignoring things which are elementary. It is elementary that government has responsibility for every phase of a bill. This is the practice in every parliament throughout the British Empire. The government is responsible for ensuring that those matters are co-ordinated. The truth of the matter is that the government was in such ungodly haste yesterday to ensure it cancelled the opposition day for its own purposes that it simply blundered everything. It did not even take the time to see if the bill was printed. This is a mockery of Parliament. The government should be thrown out.

Mr. Jesse P. Flis (Parkdale-High Park): Madam Speaker, I rise on the same point of order and in response to the comments of the hon. member for Calgary West (Mr. Hawkes). Individual members on the government side have the opportunity, the right and the privilege to bring in amendments. We had that right in the standing committee, just as individual members of the official opposition had the right in committee. The hon. member for Rosedale (Mr. Crombie) and other hon. members of the Conservative Party brought in excellent amendments which improved the bill. Hon. members from the New Democratic Party brought in excellent amendments. We have a very strong bill because of all of these amendments. It is a bill with these amendments that I am sure all three parties want passed as quickly as possible. We should not waste time with this kind of nonsense. Let us get on with the business of the House.

● (1520)

Mr. Clark: Try martial law first.

Madam Speaker: Hon. members cannot speak twice on the same point of order. I will put the question to the House. I am in the hands of the House. I do have to inform the House that there were delays in the printing of the bill. I have all the details of the route sheet of the bill. I do not think I need spell it out to the House. There were delays. The parliamentary secretary mentioned that members had a working copy of the bill but they did not have the final text until some time late this morning or last night. At any rate, I am in the hands of the House. I will put the question to the House. Does the House give unanimous consent to waive the hour at which amendments ought to have been brought in for them to be included in the debate? Is there unanimous consent of the House?

Mr. Nielsen: Madam Speaker, the government should have known, given the urgency it attached to the bill yesterday at three o'clock, that the bill was not even printed yesterday at three o'clock. Under those circumstances, because its actions betray its hyprocrisy, we insist the government bring in a motion to extend the time, which we will support.

Mr. Taylor: Madam Speaker, I have a labour constituency. I am not a member of that particular committee. Surely as a

member of this House I should have a right to see this bill and have time to think about it to see if there are any amendments that I might wish to make. My constituents are just as important as the constituents of members who sit on that committee. This is the most hypocritical thing I have ever seen in parliament.

Mr. Deans: Madam Speaker, I rise on a different point of order. I am now seeking guidance, since unanimous consent appears not to be forthcoming. I do not care who moves the motion. I want your guidance. Does it require a motion from the government or can we have unanimous consent to have the motion moved by someone else, and I will move it?

Mr. Nielsen: It has to be the government.

Mr. Deans: Can I ask for unanimous consent to move the motion in order that the amendments that we consider to be vital to the bill be put before the House. I am asking the House for that unanimous consent, and I will move an appropriate motion at the right time.

Madam Speaker: In answer to the hon. member, I cannot force anyone in this House to move a motion.

Mr. Smith: I move that the hour be extended to five o'clock for the filing of amendments.

An hon. Member: It has to be in writing.

Mr. Deans: This has to be done under motions.

Madam Speaker: I need the motion in writing and I need unanimous consent to move it without notice. Do I have the unanimous consent of the House to have a motion moved with notice?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Nielsen: Madam Speaker, the government has dug itself into its own pit. Before the government can assauge its friends in the New Democratic Party, as the government is obviously very eager to do, we insist that it bring forward a motion pursuant to the Standing Orders of this House, and we will be very glad to support it in the proper way.

* * *

BUSINESS OF THE HOUSE

MOTION TO ADJOURN UNDER S.O. 32(1)(p)

Mr. Doug Lewis (Simcoe North): Madam Speaker, I rise to move a motion under the provisions of Standing Order 32(1)(p), seconded by the hon. member for Yukon (Mr. Nielsen):

That in the opinion of this House, the observance of the proprieties of the House, the maintenance of its authority and the management of its business, require that once an allotted day has been designated by the government House leader, and the House has entered upon the notice period preceding the allotted day, the designated allotted day must be proceeded with

Standing Order 32(1)(p) is a rule that is not used all that much in this House, but it takes away from the necessity which Standing Order 26 brings to the floor of the House. Under Standing Order 26 we have to have an emergency. We have to demonstrate to you, the Chair, that we have an emergency situation. We also have to give the government two hours notice prior to the sitting of the House that a motion under the provisions of Standing Order 26 will be moved. We have found recently that the government never gives us much notice. Therefore, rather than moving a motion under Standing Order 26 we decided to move a motion under the provisions of Standing Order 32 which allows us, under Citation 300 of Beauchesne, to deal with the business of the House. I would draw your attention to page 98, Citation 300(2) which reads:

Examples of motions which come under SO 32(1)(p) and are debatable are motions:

(a) relating to the time of sitting—

Madam Speaker: Order, please.

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

Madam Speaker: Order, please. I interrupt the hon. member now that I have looked into the Standing Orders under which he is presenting this motion.

First, the hon. member is already debating the motion. It is debatable but he cannot debate it at this time. It is a substantive motion and I would need a notice of that motion. Therefore, I cannot accept it at this time.

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I rise to seek the ruling of the Chair to raise a matter regarding which I would have given the required notice had *Hansard* been available. It relates directly to the exchanges that occurred yesterday in the House of Commons, in particular, I regret to say, Madam Speaker, between yourself and myself, having to do most particularly with the right of any Member of Parliament—although I was the one who raised the issue—to adduce arguments to a case before Your Honour has made a ruling. I now have *Hansard* at hand. At page 14,900, the following is found:

MADAM SPEAKER: I must explain to hon. members that while the Speaker is speaking, I do not think a point of order can be brought up. I will hear hon. members when I finish saying what I have begun to say.

MR. CLARK: Are you going to rule?

MADAM SPEAKER: I have not ruled yet. I think at this point I have heard sufficient argument and the Standing Orders are sufficiently—

MR. CLARK: No, Madam Speaker.

MR. NIELSEN: There is a point that has not been made. We have a right.

MR. CLARK: That is precisely the point I wish to address.

The debate carried on. Then we find the following:

MADAM SPEAKER: Order. I will be grateful if the Right Hon. Leader of the Opposition will let me finish what I have to say.

MR. CLARK: Is it a ruling? Is it a ruling?

MADAM SPEAKER: I am sorry, I would like to finish what I have to say.

MR. CLARK: I have the right to be heard—

Motion—S.O. 32(1)(p)

Madam Speaker: Order, please. Could I interrupt the hon. member? He is doing everything he can to confuse me. I do not really know for what reason he is rising. We have just dealt with a motion put forward by the hon. member for Simcoe North (Mr. Lewis) with which I have dealt. Now the Right Hon. Leader of the Opposition is not telling me whether he is rising on a point of order or a question of privilege or just to read *Hansard* to me. Just before the right hon. member gets up again, I might indicate to him that I have read *Hansard* also. I was applying the rule, as I told him yesterday, that when the Speaker is standing and speaking the Speaker cannot accept any points of order or have anyone else interrupt the Speaker. That was the rule I was applying.

Mr. Clark: Madam Speaker, I rise to move:

That in the opinion of this House the observance of the proprieties of the House and the management of its business require that before interrupting a procedural argument for the purpose of giving a ruling, the Speaker announce to the House that a ruling will be given unless further relevant arguments are placed before the Chair.

I move that motion pursuant to Standing Order 32(1)(p). You have just indicated that there is a requirement of notice to move a motion. I would prefer to proceed with it immediately. Indeed, if the government's spokesman is prepared to waive notice in this case, given the fundamental urgency and importance of the matter I am raising, I will proceed with argument on it now. If not, I wanted to take the first available opportunity to indicate that I think a very dangerous precedent has been established here and I seek to argue that. If you rule me out of order at this time, then I now, by the words I have just uttered in this House, give you notice of my intention to raise this matter 24 hours hence.

● (1530)

Mr. Smith: Madam Speaker, not three minutes ago the opposition refused to waive the requirement for notice. I see no reason why we should do so. It is going to be tit for tat. Perhaps the Leader of the Opposition (Mr. Clark) can raise it as a question of privilege, and if he does I will be happy to argue it right now.

Mr. Lewis: Madam Speaker, I listened to the remarks of the government deputy House leader. He just stated that the opposition refused unanimous consent. Unless you poll the whole House he has no right to make that statement.

Mr. Deans: Madam Speaker, I hope the tit for tat will not continue any longer so that we might get this done. I would hope I can get unanimous consent to waive the customary requirement for notice and to move, notwithstanding any Standing Order, that the time for accepting amendments to Bill C-78—

Madam Speaker: Order. We already have another motion which was proposed by the Leader of the Opposition (Mr. Clark) and has not been disposed of. I can hear another motion but not at the same time.

Now, the Leader of the Opposition has expressed his intention of proposing a motion, but, of course, under the section under which he proposes it he needs to give notice but that notice can be waived if the consent of the House is given. I know the Parliamentary Secretary to the President of the Privy Council (Mr. Smith) has indicated what he would say, but I do have to put the question to the House. Does the Leader of the Opposition have the unanimous consent—

Mr. Smith: No.

Madam Speaker: He does not.

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, as I began to say, please let us stop the feud for five minutes. I have a few amendments I would like to see placed before the House if and when Bill C-78 is called. Unfortunately, circumstances beyond anyone's control, at least at the moment, have made it impossible for those amendments to be placed. They were given to the *Journals* office last evening a few minutes after six. They quite appropriately refused to accept them because they had to be there a few minutes before six.

However, I would ask the House, in the interests of the many people affected by this bill, that we stop feuding on this for five minutes—we can go back to it if you want—and waive the necessity for notice in order that I can move a motion. If that necessity for notice is waived, I would move, notwithstanding any Standing Order, that the time for accepting amendments to Bill C-78 be extended to 5 p.m., Friday, February 12, 1982.

Madam Speaker: Well, we have just disposed of a quite similar question, but I will again put the question to the House. Does the House give its unanimous consent to waive the requirement of a notice for this motion to be put before the House?

Hon. Erik Nielsen (Yukon): Madam Speaker, our answer is still the same. The government House leader urged upon us yesterday the urgency of Bill C-78 which he did not even know was not printed. In order to focus attention on this shallow hypocrisy of the government in their haste, tripping over their heels, to duck a test of confidence by stealing an allotted day from us, by in effect politically mugging us, they are going to have to suffer the consequences of bringing in a motion in the regular way, a motion to extend the time to bring in amendments, a motion which we will support.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 2,807 (Revised), 3,063, 3,137, 3,301, 3,378, 3,443, 3,546, 3,569 and 3,699.

[*Text*]

GRANTS TO REDUCE RACIAL TENSIONS

Question No. 2,807 (Revised)—**Mr. Flis:**

1. From 1976 to date, were moneys made available by departments to reduce racial tensions and, if so, which departments?

2. In each case, what was the amount and to whom was it given?

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

1 and 2. Grants and contribution records are not presently kept in such a way as to allow us to provide a complete list of grants and contributions given for the purpose of reducing of racial tensions. However, following is a list of contracts entered into by the Department of the Secretary of State since 1976, which relate to projects aimed at addressing racial tensions:

Program Services March, 1976 $13,250—Dennis Adair and Janet Rosenstock. To produce a written report and tapes of classroom discussion on racism and discrimination in consultation with voluntary groups working in the area of human rights in Ontario and with the ministry of education.

Group Understanding and Human Rights

April, 1976—Consultant Fees:

$1,150—Edward D. Parnell

$300—Noel Kinsella

$625—Thomas Symons

$325—Tom McMillan

$575—Errol Young

$680—John W. Kehoe

$275—Bruce Cook

$300—Seymour Tregeir

For consultation to explore new measures for implementation to forward the objectives of the Decade for Action to combat Racism and Racial Discrimination along the lines of the measures suggested in the United Nations Decade program itself.

May, 1976 $4,090—Dr. John W. Kehoe. To conduct a two-day workshop in various schools located in the three western provinces. The purpose of the workshop was to provide specific attitude-change and values-education strategies designed to improve group understanding.

Citizens' Participation Program

July, 1977 $25,000—Dr. Frances Henry. To write a report on "The Dynamics of Racism in Toronto", published February, 1978.

September, 1977

$400—Fred Dunbar

$400—Paul Robinson

$125—Fred E. Whitworth

For consultation on Human Rights and Education.

Multiculturalism Canada:

1 and 2. Since the inception of the multiculturalism program a great number of projects have been funded that promote better understanding, greater tolerance and acceptance of all ethnocultural groups and thus reduce racial tensions. It is difficult to categorize and analyse the many projects which would fit within this broad parameter but it is possible to give details of specific new initiatives.

In 1980, the Minister of State for Multiculturalism initiated a joint pilot project with metropolitan Toronto specifically aimed at reducing racial tensions in that municipality. A budget of $100,000 was allotted. Under the over-all scheme of the pilot project the following groups were funded:

Black Community Advisory Board	—$16,000
Scarborough Ad Hoc Coalition Committee on Intercultural Initiative	—$24,500
YMCA of Metro Toronto	—$10,020
YMCA of Metro Toronto North York	—$14,940
West End Coalition on Youth Employment	—$34,000

On June 10, 1981, the Minister of State for Multiculturalism announced three new initiatives within the Multiculturalism Directorate specifically designated to combat racism and reduce racial tensions, with an additional budget of $1.5 million for the balance of this fiscal year:

(a) A national symposium to investigate legal solutions to problems on race relations in Canada. This symposium will be designed to seek recommendations of ways in which the legal framework of Canada can be made more responsive to incidents of racial discrimination.

(b) Research unit. Responsible for collecting and reviewing information on research already undertaken on the subject of racism in Canada, the U.S.A., and other countries. The findings will lead to the implementation of programs designed to deal with the problem areas identified.

(c) Public awareness. An integrated media campaign involving majority radio, television and press, a direct mail campaign, and resource kits for teachers, police and other front-line community workers will be developed to reflect the positive contributions which Canada's many cultural minorities have made to our society. Developmental and financial assistance will be made available for seminars on race relations organized by community groups, service clubs, religious organizations, unions, businesses and educational institutions.

Note: Applications have already been received from various groups.

PURCHASE OF CAR BY MINISTER OF NATIONAL HEALTH AND WELFARE

Question No. 3,063—**Mr. Cossitt:**

1. Did the Minister of National Health and Welfare recently purchase a new car from public funds in Montreal and, if so (a) what type of car was it (b) what was the total cost, including a list of all "extras" (c) what was the name and address of the automobile dealer from which the car was purchased and the constituency in which his/her business is located (d) was the minister accom-

panied by her government chauffeur at the time of purchase and was a trade-in made towards the new vehicle?

2. (a) Did the minister's previous government car have Ontario licence plates (b) does her new car have Quebec licence plates and, if so, was the reason for the change that the minister did not want Ontario licence plates?

Hon. Monique Bégin (Minister of National Health and Welfare): 1. Yes.

(a) 1981 Oldsmobile 98 Regency.

(b) The car was a demonstrator available at $15,750.
No extras were ordered.

(c) Park Avenue,
Chevrolet Inc.,
5000 Jean Talon East,
Montreal, Quebec
Constituency: St. Léonard-Anjou

(d) Yes.
No.

2. (a) No.

(b) Yes.

The rest of the question is not applicable.

PROVEN RESERVES IN SYDNEY, N.S. COALFIELD

Question No. 3,137—**Mr. Murphy:**

1. What are the present known "proven" reserves in the Sydney, Nova Scotia coal field and what are the "indicated" reserves up to a five mile limit?

2. What are the "proven" reserves for the (a) Lingan, Nova Scotia Colliery (b) Prince Mine working (c) Donkin mine?

3. What are the "proven" reserves for the (a) No. 26 Colliery (b) No. 26 Colliery working?

4. What was the average wage of the coal miners when the Cape Breton Development Corporation (Devco) took over the mines in parts 2 and 3 (a) in 1968 (b) as of 1980 expressed in (i) money wages (ii) real wage terms corrected for inflation as measured by the consumer price index?

5. What was the pithead cost of a ton of coal in (a) 1968 (b) 1980?

6. What was the price received for one ton of "steam coal" sold by Devco in (a) 1968 (b) 1980?

7. What was the price received by Devco for one ton of "coking coal" in (a) 1968 (b) 1980?

8. What was the average age of the coal mine employee in 1968 and what is the average age at present?

9. What amount was put into capital expenditures at the No. 26 mine per annum since 1976 and what was the corresponding output per mine shaft?

10. What amount was put into improvements in the coal cleaning in Victoria Junction since 1978 and what increase in productivity resulted?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): I am informed by the Cape Breton Development Corporation as follows:

1. The corporation does not itemize coal under the "proven" category. The most frequently used nomenclature is "demonstrated". Similarly, the extent to which demonstrated reserves are measured is to a point where the seam reaches to 4,000 feet below sea level; this is not necessarily the five-mile offshore limit. The demonstrated "in situ" reserve for the Sydney, Nova Scotia coalfield is 2,366,000,000 tons.

2. The demonstrated "in situ" reserves at (a) Lingan are estimated as 66 million tons, (b) at Prince Mine as 69 million tons (c) at Donkin as 1,314,000,000 tons.

3. (a) and (b) The demonstrated reserve for No. 26 Colliery is estimated as 75 million tons.

4. The average wage for coal miners in the Cape Breton Development Corporation (a) in 1968 was $19.71 per shift (b) (i) and (ii) this wage adjusted for inflation by the consumer price index in 1980 was $47.78. The actual wage in 1980 was $73.42.

5. The pithead cost of a ton of coal in (a) 1968 was $16.89 and (b) 1980 was $54.14.

6. The price received for a ton of steam coal in (a) 1968 was $11.17 and (b) 1980 was $43.05.

7. The price received for a ton of coking coal in (a) 1968—we did not produce or sell coking coal and (b) 1980 was $58.51.

8. The average age for a coal mine employee is not obtainable for 1968. However for 1967 the average age was 45.5 years. The average age at present is 39.4 years.

9. The amount put into capital expenditures at No. 26 Colliery since 1976 is shown below. The output per mine shaft is not a normal method of measurement, and the output per mine is shown next to the capital expenditures in each year. Another method of measuring productivity is in output per manshift (OMS) and these figures are also included.

No. 26	Capital	Output, Net Tons	OMS
1976	$ 2,459,254	741,492	2.8 tons
1977	1,318,387	740,451	2.9 tons
1978	14,903,619	764,134	3.2 tons
1979	4,417,775	675,061	2.9 tons
1980	3,689,626	909,177	4.0 tons

10. The amount put into improvements in the coal cleaning at Victoria Junction since 1978 and the saleable product in net tons is shown below.

Victoria Junction	Capital	Saleable Product, Net Tons
1978	$217,569	1,666,566
1979	783,803	1,531,195
1980	305,034	1,608,618

STEREO SYSTEM FOR MILLHAVEN INSTITUTION

Question No. 3,301—**Mr. Cossitt:**

1. Was a stereo system ordered by the Millhaven Institution near Kingston on July 30, 1981 at a cost of $600 from Amesbury Distributors Limited, 1611 Liverpool Court, Ottawa and, if so (a) did the demand issue voucher ordering this unit state that it was required for educational purposes and for a music

course (b) is there a music course given to the inmates at Millhaven and, if not, for what reason was the unit ordered?

2. Did Mr. C. W. Greaves sign the voucher as the originator and did he also sign in a second place under the heading "authorized signature" and is the unit now installed in his office?

3. Did the signature of Mr. D. Hart dated August 5, 1981 also appear on the form under the heading "fund committed by" and, if so, what is Mr. Hart's connection with this matter?

4. What is a complete record of the employment in the government of Mr. C. W. Greaves and Mr. D. Hart?

Hon. Bob Kaplan (Solicitor General): In so far as the Correctional Service of Canada is concerned:

1. Yes, the Education and Training Division of Millhaven Institution ordered by demand issue voucher and has received from Amesbury Distributors Limited, 1611 Liverpool Court, Ottawa, Ontario, the following stereo system costing $469.00:

1 Radio System, Technics—SA-203

2 Speakers, Technics—SBL-30

(a) Yes.

(b) The equipment was to be and will be used with regard to a non-credit music course which the institutional school department had planned and is planning to implement. Its initial implementation has been postponed due to the sudden resignation of the teacher. A high school "credit" course in music has also been planned for the near future.

2. Mr. C. W. Greaves is the supervisor of academic education. Since March, 1981, he has been appointed to the acting position of assistant warden, education and training. As assistant warden, he is the budget manager for the education and training division hence authorizes all expenditures. As supervisor of academic education he is the originator of the demand issue voucher. This accounts for his two signatures on the demand issue voucher.

The unit is currently being stored in the container as received in the office of the assistant warden, education and training. It is not and has never been out of its container.

3. Mrs. D. Hart is the funds control officer in the institution's finance department. Her signature indicated that there were sufficient funds to cover the purchase of the item and as of that date those funds were committed toward that purchase.

4. Mr. C. W. Greaves has been employed by the government for 16½ years. His record of employment with CSC is as follows:

6 years, 6 months—Teacher at Collins Bay Institution

1 year—Teacher at Millhaven Institution

8 years, 4 months—Supervisor of academic education at Millhaven Institution

8 months—Acting assistant warden, education and training, Millhaven Institution

Mrs. D. Hart has been employed by the government for six years.

Her record of employment with CSC is as follows:

6 months—Finance clerk at Collins Bay Institution

4 months—Clerk, inmate pay at regional headquarters, Ontario

2 months—Audit clerk at regional headquarters, Ontario

5 years—Funds control officer at Millhaven Institution

USE OF SIN NUMBERS BY PETRO-CANADA

Question No. 3,378—**Mr. Beatty:**

1. Does Petro-Canada require social insurance numbers on applications for its credit cards and, if so, for what reason?

2. Is the government concerned about the proliferation of the use of SINs by departments?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): I am informed by the Department of Justice and Petro-Canada as follows:

1. No. Petro-Canada is presently revising its application forms for credit cards and will not require that social insurance numbers be supplied by applicants.

2. In response to public concern about the use of the social insurance number within the federal government, the Minister of Justice, on May 23, 1980, extended the terms of reference of a study into the use of the social insurance number, being conducted by the Privacy Commissioner, to include the use of the number by those federal government departments and institutions which are subject to the provisions of Part IV of the Canadian Human Rights Act. This includes all departments and 62 agencies of the federal government.

The Privacy Commissioner's report on the use of the social insurance number in Canada, tabled in the House of Commons on March 31, 1981, by the Minister of Justice, thoroughly documents the use of the number by the federal government. The report indicates that the SIN is used most often by departments and agencies when there is a legal requirement to provide it, such as under the Unemployment Insurance Act, the Canada Pension Plan and the Income Tax Act. It is also used to identify individuals involved in financial assistance programs administered by the federal government and as an employee identification number.

While the report indicates that there is fairly widespread use of the SIN by federal government departments and agencies, it concludes that this is not a matter which should cause concern. This conclusion is based on the primary finding of the report: that the use of the social insurance number does not, in and of itself, pose a threat to the privacy of individuals. The major perceived problem associated with widespread use of the social insurance number is its potential for use as a data-linkage device. The Privacy Commissioner found no evidence that the SIN has been misused as a data-linkage device. Moreover, as data-linkage can now be accomplished by the use of other identifiers, such as name, address and birth date, reducing the use of the SIN would not be an effective method of combating the problems associated with this practice.

Finally, the report points out that there are positive factors associated with the use of a single identifying number. These

are primarily related to cost and efficiency. Therefore, while restricting the use of the number within the federal government would do nothing to increase protection for the privacy of individuals, it would result in considerable additional costs to the government.

CONSOLIDATION OF FOREIGN SERVICE

Question No. 3,443—**Mr. Cossitt:**

Was the decision to transfer foreign service officers of the Department of Employment and Immigration from that jurisdiction to the jurisdiction of the Department of External Affairs made primarily by the Prime Minister and, if so (a) was it discussed and approved by cabinet and, if not, for what reason (b) what were all the reasons that justified such a decision?

Hon. Yvon Pinard (President of the Privy Council): The transfer of foreign service officers from the Canadian Employment and Immigration Commission to the Department of External Affairs was made as part of the consolidation of the foreign service, which was announced on March 21, 1980. Providing advice to the Crown on the allocation of responsibilities to ministers is a constitutional responsibility of the Prime Minister. The reasons for consolidation were outlined in the Prime Minister's press release on March 21, 1980, announcing the decision.

PURCHASE OF GLOVES FOR CANADIAN ARMED FORCES

Question No. 3,546—**Mr. Cossitt:**

1. Was a contract awarded by the Department of Supply and Services on behalf of the Department of National Defence to Louis Fischl Glove Co. Ltd. of Prescott, Ontario in the constituency of Leeds-Grenville for the purchase of gloves for the Canadian Armed Forces in excess of $20,000 and, if so (a) what was the exact amount of the contract (b) on what date was it awarded (c) what are the names of all those tendering and the amounts of the tenders?

2. (a) Were tenders called by public advertisement and (i) if not, for what reason (ii) if so, what are all the details (b) were tenders invited and, if so, what is a list of all those invited and on what basis was this list arrived at?

Hon. J.-J. Blais (Minister of Supply and Services): The replies to part 1, (a), (b) and (c) (see appendices C, E, K, L) and 2, (a) (i), (ii) are answered as part of question No. 3,547 tabled this day.

2. (b) Bids are solicited from all manufacturers considered capable of manufacturing and supplying a particular item. A list of all firms capable of manufacturing and supplying an item is established by the Food, Drug and Textile Products Centre in conjunction with the industry and federal government customer departments that have the requirement. A facility evaluation is conducted by the federal government customer departments for all new companies that express an interest to do business with the government. At that time, the company's technical and financial capabilities are reviewed and government needs are matched up with the company's capabilities. The company's name is then added to a source list and the company has the opportunity to bid on all government requirements for which they have been pre-qualified.

QUOTAS FOR IMPORTATION OF CARS

Question No. 3,569—**Mr. Munro (Esquimalt-Saanich):**

1. For each year 1980 to 1982, what quotas were established for the importation of cars from Japan (a) globally (b) by make (c) by model (passenger, pick-up, 4x4, station wagon)?

2. For each year 1978 to 1981, how many cars were imported from Japan by (a) make (b) model?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): In so far as the Department of Industry, Trade and Commerce is concerned:

1. No quotas were established by Canada on the importation of motor vehicles in the years 1980-1982.

The Japanese government announced on June 4, 1981, that exports of passenger cars to Canada would not exceed 174,213 in the period April 1, 1981, to March 31, 1982. Any arrangement with respect to make and models was between the Japanese government and the vehicle producers.

2. Import data is not available by make and model.

Imports of Passenger Cars from Japan

1978	—129,308
1979	— 61,459
1980	—150,616
1981 (11 months)	—190,917

SUPPLY OF PARTS FOR AURORA AIRCRAFT

Question No. 3,699—**Mr. Howie:**

Will cancellation of the P-3C Orion aircraft by the government of the United States and the shutdown of the Lockheed assembly plant affect the supply of parts for the Aurora aircraft which is operated by the Department of National Defence?

Hon. J.-J. Blais (Minister of Supply and Services): The United States government has cancelled its plan to terminate production of the Lockheed built P-3C Orion patrol plane, of which the Canadian CP-140 is a variant.

We have received confirmation that the U.S. Secretary of Defense has decided to request procurement of six P-3Cs in 1983 and at least five annually thereafter until 1989. This together with orders from other Allied countries will assure us of the continued supply of spare parts necessary to maintain our aircraft.

In addition, since the U.S. Navy P-3 fleet will be operational for a number of years, Lockheed is obliged to provide the required logistics support to navy operations.

With the announcement of the cancellation of the P-3C, Canada as well as a number of other Allied countries, it is reported, advised the U.S. government of their concerns. We consider that as a result of these representations, the U.S. government reconsidered its decision to terminate.

[*English*]

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered.

Hon. James A. McGrath (St. John's East): Madam Speaker, I would like to ask the parliamentary secretary if he could tell me when I can expect an answer to question No. 2,096 which was placed on the Order Paper on February 11, a year ago. The question dealt with the allocation of 17 metric tons of ordinary squid to the Japanese.

I also, Madam Speaker, have question No. 2,464 which was placed on the Order Paper May 12 dealing with information regarding the government's decision to approve urea formaldehyde foam insulation under the government's CHIP program. These are starred questions and should be treated with a little more urgency than the ordinary questions on the Order Paper. Also, Madam Speaker, question No. 2,466, again dealing with urea formaldehyde foam insulation, and question No. 3,274 dealing with Canada Mortgage and Housing Corporation, and question No. 3,548 on December 14, dealing with the same matter. Those questions have not been answered and I hope the parliamentary secretary will take notice of these questions, especially those which have been standing on the Order Paper now for a year and are starred questions and should have been answered.

Mr. Smith: Madam Speaker, I do not have in front of me any specifics with regard to what stage the answers have reached, but I want to assure the hon. member that up until today the government has answered 2,759 questions on the Order Paper, and that I will make inquiries with regard to each and every one of these questions to see if we can expedite the answers he has requested.

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, in a similar vein, I would like to draw the attention of the parliamentary secretary to a much lower numbered question than those previously cited this afternoon. Starred question No. 849 was presented to the House on May 8, not 1981, but May 8, 1980, almost two years ago. This is a very important series of questions dealing with one Peter Moss, chairman of the Freshwater Fish Marketing Corporation, and has to do with the possibility that he was improperly paid for consulting services and that perhaps the government provided an apartment for Mr. Moss here in Ottawa for a number of months without due authority from the Minister of Fisheries and Oceans (Mr. LeBlanc).

I might say, Madam Speaker, that minister provided me with a draft reply to these questions many months ago, but for some unusual reason the government has not chosen to properly register and record the correct answers. I have to speculate as to the possibility that the draft is not correct or accurate, and I therefore would urge the parliamentary secretary to consult his records. I am sure if he would go back to questions numbered below 1,000 there ought to be a very clear and obvious explanation why the government has not chosen to bring these answers forward. I would respectfully request, Madam Speaker, that the government and the parliamentary secretary be urged to give, as this is a starred question, a full and oral presentation of the answer to question 849 today or at the earliest possible moment.

● (1540)

Mr. Smith: Madam Speaker, again, I do not have the particulars in front of me as to the progress of answers being prepared to those questions. I wish to tell the hon. member for Richmond-South Delta (Mr. Siddon) that if he is under the delusion that there are any ulterior motives—

Mr. Siddon: No, I would not be under that delusion.

Mr. Smith: —which would prevent the information coming forward, I can assure him that that would not be the case.

Mr. Siddon: Of course not.

Mr. Smith: I will make every possible inquiry to expedite the filing of these answers.

* * *

QUESTION PASSED AS ORDER FOR RETURN

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if question No. 3,547 could be made an order for return, this return would be tabled forthwith.

Madam Speaker: Is it the pleasure of the House that question No. 3,547 be deemed to have been made an order for return?

Some hon. Members: Agreed.

[*Text*]

LOUIS FISCHL GLOVE CO. LTD.

Question No. 3,547—**Mr. Cossitt:**

How many contracts were awarded by the Department of Supply and Services to the Louis Fischl Glove Co. Ltd. in Prescott, Ontario in the constituency of Leeds-Grenville since the department came into existence or as far back as records exist and what are all the details of such contracts including amounts, goods furnished, methods of calling tenders, names and amounts of all those who tendered in each case?

Return tabled.

[*English*]

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

Madam Speaker: Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

Motion to Adjourn

BUSINESS OF THE HOUSE

MOTION TO ADJOURN

Mr. Ian Deans (Hamilton Mountain): Madam speaker, you can appreciate the difficulty that I face. I have tried everything I possibly could to avoid missing out on the opportunity to place what I consider to be vital amendments before the House. I have come to the ultimate conclusion that I am faced with only one final course. I therefore move the adjournment of the House.

Mr. McGrath: He gets curiouser and curiouser!

Mr. Nielsen: Do you not want to debate C-78?

Mr. Siddon: Do you have the support of your friends over there, your bedmates?

Mr. Lewis: I am absolutely astonished!

Mr. Deans: You are astonished?

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

Some hon. Members: Yea!

Madam Speaker: All those opposed will please say nay.

Some hon. Members: Nay!

Mr. Taylor: We want to work!

Madam Speaker: In my opinion the nays have it.

And more than five members having risen:

Madam Speaker: Call in the members.

● (1550)

[*Translation*]

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

(*Division No. 145*)

YEAS

Messrs.

Althouse	Kristiansen	Ogle
Deans	Mitchell (Mrs.)	Rose
Heap		Waddell—9.
Jewett (Miss)		

NAYS

Messrs.

Andre	Beauchamp-Niquet (Mrs.)	Cardiff
Appolloni (Mrs.)	Bégin (Miss)	Carney (Miss)
Baker (Gander-Twillingate)	Berger	Clark (Yellowhead)
Baker (Nepean-Carleton)	Bloomfield	Clarke (Vancouver Quadra)
	Breau	Cooper
	Caccia	
Cossitt	Hawkes	Nielsen
Cousineau	Herbert	Nowlan
Cullen	Hervieux-Payette (Mrs.)	Ostiguy
de Corneille	Huntington	Patterson
Deniger	Isabelle	Portelance
Desmarais	Jarvis	Prud'homme
Dion	Joyal	Regan
Elzinga	Kempling	Reid (St. Catharines)
Erola (Mrs.)	Korchinski	Reid (Kenora-Rainy River)
Ethier	Lalonde	Rompkey
Evans	Lapointe (Charlevoix)	Rooney
Fennell	Lapointe (Beauce)	Schroder
Ferguson	LeBlanc	Scott (Hamilton-Wentworth)
Flis	Lewis	Siddon
Foster	Loiselle	Smith
Fox	Mackasey	Taylor
Fraser	MacLellan	Thacker
Gauthier	Maltais	Thomson
Gimaïel	McCain	Tobin
Gingras	McGrath	Tousignant
Gourd (Argenteuil-Papineau)	McRae	Turner
Halliday	Nicholson (Miss)	Watson
Hamilton (Qu'Appelle-Moose Mountain)	Nickerson	Weatherhead
Hargrave		Yanakis—86.

[*Translation*]

● (1600)

Madam Speaker: I declare the motion lost.

It being after 4 p.m., the House will now proceed to the consideration of private members' business as listed on today's Order Paper, namely, notices of motions.

PRIVATE MEMBERS' NOTICES OF MOTIONS

[*Translation*]

Orders Nos. 48, 50, 51 and 52 stand with unanimous consent.

* * *

[*English*]

INCOME TAX ACT

MEASURE TO AMEND

Hon. Walter Baker (Nepean-Carleton) moved:

That, in the opinion of this House, the government should consider the advisability of amending the Income Tax Act to change the automatic deduction of one hundred dollars for medical expenses and charitable donations, to an automatic deduction of one hundred dollars for medical expenses, with all charitable donations being deductible from the total income on which tax payable is calculated.

He said: Madam Speaker, if there is one thing I can be thankful for to the NDP today, all five of them, it is that they have brought, by their motion and through the efforts of the opposition and government whips, members into the House to listen to this debate which is of some considerable importance. I want to thank hon. members for staying. This is a moment which shall live in my memory as a parliamentarian. Having said that, they have my permission to leave if they wish, since it is Friday afternoon. This is private members' hour and one knows what usually happens to private members' motions. I

think it is very important that we advance private members' motions from time to time.

This is a motion which hopefully is designed to improve the lot of the great army of volunteers in Canada who perhaps do not even know how influential they are, how important they are and what a force for good they are. Thefore, I hope this motion is accepted at least for consideration by the government.

● (1610)

As did the earlier motion of the hon. member for Edmonton South (Mr. Roche)—which I had the honour to second—I hope this motion will centre public attention on the importance of the recognition government ought to give to the volunteer sector.

I said this is a great army of volunteers, and it is. These unsung heroes service the needs of the country. They might belong to service clubs such as Kiwanis, Rotary or Kinsmen. The men and women in those organizations are all brothers and sisters under the sun. They are the people who go from door to door for the Cancer Society, the Heart Association and other charities. The United Way and the people who contribute to it are a force for good, and they are a mighty force.

In a labour force survey released in January of 1981, Statistics Canada noted that 2.7 million adults worked as volunteers in Canada in the year ending February, 1980. Total volunteer hours worked during that year numbered over 373 million, equivalent to approximately 281,000 person-years of volunteer labour. The then secretary of state and now Minister of Communications (Mr. Fox) noted in a speech to the Committee of National Voluntary Organizations in January, 1981, that this labour is equivalent to 75 per cent of the entire federal public service and that if the labour was compensated at the average industrial wage, it would represent a value of $3.5 billion in forgone wages by Canadian volunteers. That is the extent of the work.

Volunteers and the organizations they support are active in virtually every facet of Canadian life. Our 47,000 registered charities provide the vehicles through which a tremendous percentage of our cultural, spiritual, educational and social services are developed and delivered. Hospitals, universities, the Stratford Festival, the YMCA, the Red Cross, UNICEF, the National Ballet and the United Way are all registered charities. The whole concept of universal social and health services was developed by the volunteer sector many years before it was adopted by governments.

Without exception, the cultural and educational institutions we take for granted in this country and elsewhere were started by a few small groups of dedicated volunteers. More importantly, no matter how big they have grown, all these organizations are still run by volunteer boards of directors which raise the funds necessary to keep them going, make the policies that animate their activities and keep them accountable to the communities they serve.

The problem is, however, like everything else in this world, these services have been growing rapidly, and the costs of providing them have been growing even more rapidly. In response to rising costs, voluntary organizations are becoming even more imaginative in terms of searching for ways to raise the additional and necessary funds. Unfortunately, all their efforts have not been successful, and that is why we hear from time to time of the precarious state of, for example, the Winnipeg Symphony. We hear concerns about United Way campaigns getting over the top, and sometimes they do not. We hear about cutbacks in services at the Sick Children's Hospital in Toronto and in the services of many other necessary organizations.

Mr. Evans: The cardiac unit.

Mr. Baker (Nepean-Carleton): My friend, the hon. member for Ottawa Centre (Mr. Evans), mentions the cardiac unit at the Ottawa Civic Hospital. We face almost a crisis in some of those areas, and we must think about this very carefully and find some answers.

Solutions must be found, but without relying primarily on government grants because sometimes the views of governments on particular activities do not coincide with the views of the leaders and members of voluntary organizations. I think we need a new approach, and if government has a role to play in all this, its role is to create an atmosphere in which people will be enticed to give and support volunteer organizations. I think government has the role of providing incentive for people to give. If this was done, I believe certain things would happen. There would be greater self-reliance on the part of voluntary organizations. There would be enhanced sensitivity and accountability on the part of voluntary organizations to the constituencies they serve. There would be greater participation by citizens in voluntary organizations because, as all of us who are in politics know, the fact of the matter is that a donation from someone usually means a commitment from that person to participate as well. There would be an increase in the number and capacity of voluntary organizations to provide social and economic support to worth-while activities. There would be a diversified financial base.

Given the fact that it is a Friday afternoon, I suggest to the government as kindly as I can, that perhaps once again in the budget we missed a great opportunity to do what this motion would do or what the motion of the hon. member for Edmonton South would have done. Either one of those propositions would be acceptable to me. One would be less expensive to the government than the other, but the basic proposition is to do away with the automatic charitable donation of $100, which does not entice people to give to voluntary organizations, but in fact serves the administrative process more than anything else. It is a matter of the pen claiming the deduction rather than the pen writing the contribution cheque.

The contribution cheque is the purpose behind this motion, and it was the purpose behind the motion of the hon. member for Edmonton South. This would be an encouragement the government could give. I know that the parliamentary secretary or whoever will be speaking today has figures to indicate the costs of my motion and, likely, the cost to the government

of the motion of the hon. member for Edmonton South. I do not say this proposal would not cost the government revenue. It would cost the government a tremendous amount of revenue, but this would be a donation by government through a change in the statute. The government would provide an incentive to give. If people do not give, they cannot claim the deduction. Under this proposal the government would ally itself, in terms of the over-all delivery of social services, with volunteer organizations of all kinds, which would be strengthened and enhanced both in terms of the things they could engage in and in terms of their nature. It is in a real way the give and take system.

I think this House should consider this proposal. I hope at the end of this day this motion will be considered by the House not as a direction to government to act, because it is not framed that way, but as a direction to government to consider this proposal as well as the proposal of the hon. member for Edmonton South, which I had the privilege to second.

I have never found anyone in government or in any political party who disagrees in principle with this motion and the idea behind it. Everyone agrees that the current system is inequitable and provides virtually no incentive to people to be generous. The current system causes, at the same time, a considerable expenditure of public funds, because many of the services voluntary organizations cannot provide, but which are necessary, must be provided. I believe the problem is lack of political will to act. It was with that idea of generating that will that the government under the Right Hon. Leader of the Opposition (Mr. Clark), when he was prime minister, proposed a parliamentary task force, as it is called today, or a select committee on the voluntary sector. That proposal stood in my name as the then president of the Privy Council. I was very proud that it happened that way. It would have permitted a committee of the House, as was done in the case of the disabled and in so many other cases, to focus public attention on the requirements of the voluntary sector of the community.

● (1620)

If this debate today will simulate the same desire on the part of the government to propose that kind of special task force, as they like to call it, under the auspices of this Parliament where the voluntary sector and those in the community who depend on it can come and tell us what is required and we can urge the government to make the changes, then I would be very happy. I promise that I will not accuse the government of stealing our idea; I would applaud it for that! I would applaud it for its wisdom in the circumstances and, to the extent it was possible for me to do so, I would applaud it from one end of the country to the other.

I think it is important that we not forget, in a period of restraint when government is drawing back and services are being cut back, that there are still needs that have to be served and people who are disadvantaged in the community. There are still groups that are socially and culturally disadvantaged. If the job of government is anything at all, it is to instil in people the will to do public good. If by changes in the tax system we can remove the disincentive to giving to charities rather than merely claiming the exemption, then I think we will have advanced the cause of humanity in the country and the delivery of social services. If I may say so, we will have done a service by enhancing and helping the government as it moves into this difficult time of restraint.

There is a large army of volunteers out there, Mr. Speaker. It is an army for good. Its will, its sense of what is right, its sense of what is needed should be harnessed. It is within the hands of the government to do that. All of us agree that something should be done now.

The national volunteer organizations and their constituent members would be delighted to see agreement with this motion and the motion of the hon. member for Edmonton South. They would be delighted to see some action by the Minister of Finance (Mr. MacEachen). Indeed, they would be very pleased if we should begin an examination of their importance and their place in society.

If that is the result of the work of the hon. member for Edmonton South and the public consideration of this motion, I will be very pleased. I will support and applaud the government if it will only consider this from the point of view of the appointment of what it calls a parliamentary task force. The need is there and we must create the will and the understanding in the community. We must give those National Voluntary Organizations in the community not just a voice here, but a place here.

Some hon. Members: Hear, hear!

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, as the hon. member for Nepean-Carleton (Mr. Baker) has indicated, the charitable organizations in our country do a fantastic job of serving a need that could never be served by government at any economic cost. They meet the requirements of a large body of Canadians who require services in social and economic areas. We are in the debt of the voluntary sector for the services it provides.

The motion put forward by the hon. member for Nepean-Carleton and an earlier motion by the hon. member for Edmonton South (Mr. Roche) are somewhat different. I would like to go into some of the concerns that I have with these motions.

The National Voluntary Organization has been making representations to government for some time to modify the existing provisions that apply to charitable donations in order to enhance the incentive for people to give. They have put forward a somewhat different proposal than those put forward by the two members opposite.

Earlier last year in my role as parliamentary secretary to the minister I was asked to examine the possibility of pulling together the diverse interests and recommendations made with regard to charitable giving to see how we could enhance them within the fiscal restraints of the government so that there

could be some resolution of the differences that have existed among members of Parliament and the volunteer community.

We worked with other parliamentarians in a small group and with people from the voluntary sector to try to come to grips with this question. At the moment I understand that this issue is in the hands of the Secretary of State (Mr. Regan) who is putting together a final proposal to be presented either as a white paper or as proposals for legislation in the not too distant future.

This is the second time in this session that we have had a motion dealing with tax deductions for charitable donations. Certainly we all recognize that it is a very important area and one which should be dealt with at the earliest possible moment. There is great interest in and concern about the subject, and this is reflected in the motion we are debating today and in the motion of the hon. member for Edmonton South which was debated on June 9, 1980. These interests and concerns are shared by the government and there has been an ongoing review of the whole question of government initiative for charitable giving, and of the most appropriate form that this incentive could take. There is general agreement that some form of incentive is necessary and justifiable but there are different views on the nature and extent of the incentive and how it should be provided. Today I should like to review some of the considerations that must be taken into account and to look at some of the approaches that might be taken to resolve this issue.

First of all, there are several key principles that must be taken into account in any consideration. One involves equity, which is particularly important in our tax system. Any incentive that we provide through the tax system should seek to deal equitably among taxpayers and this principle, of course, was put forward rather forcefully in the recent budget.

In addition, the incentive should be as effective as possible in relation to its cost to the treasury. In other words, we should try to ensure that the money being put forward in the form of a tax expenditure—that is, dollars not collected by the treasury, that money forgone by the treasury that is naturally picked up by other taxpayers—is allocated in the most efficient manner possible to the charitable organizations in the country.

Another important consideration is that we continue to respect the pluralistic nature of our society. The great variety of our voluntary agencies is important to our social fabric and we should seek to give free rein to this aspect of charitable organizations.

A further consideration that we should bear in mind is the administrative costs and convenience of the approach that we select. There are differences in approach. Some individuals would say that the federal government or a level of government should enter into a direct expenditure program to fund charitable organizations. That is one of the options that have been put forward. Another would be through the tax system, while others could be to use a method similar to the one we have now with an automatic deduction in the tax system to avoid the administrative costs of providing tax receipts for every donation. On the other hand, it would mean that certain individuals may claim deductions for which no charitable donations were given in the first place.

• (1630)

If we look carefully at the standard $100 deduction which is in place now, we realize that it is actually a disincentive to giving, because an individual who gives nothing has a tax reduction of some amount depending on his marginal tax rate. If his marginal tax rate is 25 per cent, by not giving anything and simply claiming the $100 deduction, he is $25 ahead of the game. Therefore, the first dollar given to a charitable organization reduces that $25. In the first $25 the individual is losing twice; he is giving $1 to a charitable organization and is giving up $1 of tax saving. It is actually a disincentive. I am quite concerned that a standard deduction, which does not require substantiation in the form of a receipt, is actually a disincentive to giving. We would probably see a higher level of charitable donations if we simply eliminated the $100 deduction altogether.

The other question raised by the hon. member's motion suggests that we should have a $100 deduction for medical expenses. There is a slight problem here because the standard rule in the tax law now is that the $100 deduction is for medical expenses and charitable donations. This deduction was really included for administrative purposes, so that people would not have to attach $1 or $2 receipts to their tax forms and send them in. In that event Revenue Canada people would be required to go through the various receipts. We said that the first $100 was automatic whether one gave anything or not. Given that we now have a computerized system which is becoming more sophisticated all the time, it is not beyond my imagination to ask why we could not have standard receipts that are machine readable. This would eliminate a great deal of administrative bother. Employees of Revenue Canada would actually be able to check the individual receipts as they came in, and it would eliminate the disincentive to which I referred earlier.

I have some problems with regard to the medical deduction. As I said, the standard in the present tax system is that an individual can claim medical expenses over and above 3 per cent of his income. The reason for this is that we have one of the finest medical insurance systems in the world, in the form of our hospitalization or medicare. As a result it was thought that only those expenses over and above relatively small expenditures for medical care should be deductible from tax, and that it should be greater than 3 per cent of income. If the first $100 deduction was allowed for medical expenses, we would have a double standard. The first $100 would be deductible, and everything between $100 and 3 per cent of income would not be deductible, and everything over 3 per cent, substantiated by receipts, would be deductible. Given the fact that we have such a very effective medical insurance and medical security system in the country, quite frankly I see no reason for leaving the standard deduction of $100 for medical purposes. If a person has legitimate medical expenses, that is one thing, but if he has good health and no legitimate medical

expenses during the year, why should he be able to write off $100 just because it is in the tax system? I am of the opinion that we should eliminate the $100 deduction altogether, and then in Parliament or in committee we could look at the question as to whether there should be additional incentives to charitable giving over and above the fact that charitable donations are deductible from income for tax purposes.

Then of course the question arises as to whether it is adequate incentive or whether we should become involved in an incentive program such as the one put forward by NVO. That organization argues that the present system is an inequitable method of rewarding charitable givings. The suggestion is that a person in the 25 per cent marginal tax bracket receives the benefit of a $25 tax saving, whereas a person in the 50 per cent tax bracket receives a $50 savings. The notion of equity has been called into question in terms of different individuals with different tax brackets receiving different incentives from the public purse for charitable donations. As a result NVO indicated that instead of using a deduction system, it would prefer to see a tax credit whereby, for example, an individual would receive a 50 per cent tax credit. If he donated $100, then he could deduct $50 from his tax payable at the end of the year. This would mean that everyone would receive exactly the same benefit from the contribution, whether their marginal tax rate was 10 per cent or 50 per cent, which is now the top bracket.

Clearly this raises some problems because the top marginal tax rate in the present system is 50 per cent and the average marginal tax rate is less than that. For any given level of donation, obviously the contribution in the form of tax revenue forgone would be much higher under a 50 per cent tax credit than in the present situation. As I understand the current situation, the revenue forgone from the personal and corporate tax system was somewhere in the range of $425 million for the year 1980. Therefore, if we used a 50 per cent tax credit it would not only increase the value of donations given now, it would probably be a substantial incentive to increase donations, and the cost to the treasury could be well in excess of $1 million, although this is only a guesstimate on my part.

For example, if the average marginal tax rate of Canadians was 30 per cent and the tax credit becomes 50 per cent, there is an automatic 40 per cent increase in cost. Of course 40 per cent of $425 million is almost another $200 million, so there is $625 million. If there was an additional incentive effect it would be between $625 million and $1 billion, somewhere in that range. I am not sure how much it would be, but certainly it would be a substantial increase.

At a time of fiscal restraint the government is reluctant to undertake any major program, as the Minister of Finance (Mr. MacEachen) indicated on a number of occasions in answer to questions posed over the last couple of weeks. Requests were put forward to increase expenditures over and above the level of the envelopes now, such as to increase the expenditures for job creation and to increase assistance for home owners, farmers, fishermen and so on. The minister has indicated that he is not prepared to do this outside the present structure and fiscal plan and, as a result, I think he would be quite reluctant to move to a tax credit scheme or some similar scheme which would involve major increases in expenditures from revenue.

It is a very important point which we as parliamentarians should consider. I have raised in the House before that the notion of tax expenditures is an extremely important concept for us to deal with, because we have an expenditure plan which must be financed. If we make conscious decisions not to collect revenue from someone, then someone else or everyone else is required to pay higher taxes than they would otherwise pay to fund the expenditure plan. This is because someone is not paying as much as he would without that tax expenditure being in place. Every time we put a tax expenditure in place we are causing other Canadians to carry a heavier burden than otherwise. It is a very important concept. I tend to think of tax expenditures as just another form of direct expenditures. In one case the government spends taxpayers' money, in the other case the government decides not to collect from some taxpayers. From my perspective the effect is the same in terms of the burden on the taxpayers.

• (1640)

With that said, I would suggest to the hon. member for Nepean-Carleton that it is a very worthy cause he has put forward. I can tell him that the government is actively developing policies in this particular area right now. Proposals will come forward to deal with the voluntary organization question. I am sure as parliamentarians we can come to a resolution of this problem that will be satisfactory not only to the voluntary organizations but satisfactory from the point of view of the taxpayer in that we will be providing the assistance that all Canadians wish to provide to the voluntary sector in the most effecient and effective way possible.

Mr. Dan Heap (Spadina): Mr. Speaker, I wish to speak in support of the general direction of this proposal for a bookkeeping improvement in the way that charitable donations are handled. While we are considering the subject, we should be willing to give the whole matter of charitable donations a very thorough rethinking.

As times have changed the role of charitable donations should also change. It is now possible that low-income people who are almost by definition the object of charitable giving can do a great deal for themselves. In some ways they can do it better than can be done by those who are the traditional source of charity. We have developed all kinds of techniques for co-operatives. For example, co-operative joint self-education in poor communities and various kinds of mutual help in neighbourhoods, for which a certain amount of financial assistance would be most useful. The question is who controls this? If these local self-help organizations have to be controlled by outside do-gooders, by ladies bountiful, men or women, whatever sex, or by academics who are primarily interested in doing research, the benefit to them is very questionable.

I live in the Kensington area of Toronto which, according to a former member of the provincial legislature, Allan Gross-

man, has been studied probably more than any other part of Canada.

Mr. Nickerson: Except my constituency.

Mr. Heap: The Kensington area is just about a mile from the University of Toronto. Every first-year student of sociology, economics, politics, etc., are told to study the Kensington area. It would be cheating to use the study done the previous year or 20 years ago, so people are always coming around to ask us questions. At first there seems to be ready help for local groups and things such as community centres, but students are required to use this practical experience to advance their credits. They are not really able to give free voluntary help to a local group.

Low-income people who need this help have shown a great deal of ability to govern their own organization if allowed to. It would be very useful to have the tax system changed so as to allow them to control the charities that serve them rather than having the charities be instruments by which people of middle and upper-income control the lower-income people.

One way of doing this would be first to make sure that basic services are not treated as matters of charity. The basic services are funded on the tax base or within a particular service, institution or charitable activity. A certain base is funded on the tax base and perhaps extras then are funded by additional charitable donations.

There are many groups which do not yet have adequate funding from the tax base. They have to go cap in hand every year for another grant from the municipal council and another grant from the provincial government and another grant from the federal government. These people spend a large part of their year just trying to make sure that they will still be in business in the future. I am thinking of rape crisis centres which have demonstrated that they are necessary but have great difficulty getting funding. Hostels for battered wives, with or without their battered children, exist. They have proven their worth by the number of people they have to turn away. Yet these hostels are still extremely short of funds. Those that do exist are in a most precarious financial state.

In our large cities we need youth drop-in centres to give youth, who, for whatever reason are perhaps alienated from their homes, if they have homes, some kind of social group around which to orient. This type of thing is desperately needed. It should be provided on a secure basis so that the director and the volunteer board of such a group does not always have to be skewing its work in order to be able to go to a government and show they have such and such a case load and such and such a success rate on a short-term basis which makes basic and long-term work very difficult to do. It would be much better if the work of these groups was accountable in a broad way on the tax base rather than the groups being treated as either strictly private charities or as hybrid outfits who have to beg money from private sources or beg money by annual or semi-annual grants from all levels of government.

The second way that we should make this change is by using a tax credit instead of a tax deduction. The tax credit would give recognition and appropriate reward to low-income people who give to these things instead of making this a traditional tax haven only for high-income people. Let them have dollar for dollar credit for what they give. If the high-income people wish to give more then they will be credited accordingly. But the low-income people, especially those who do not have enough income to enjoy the privilege of paying income tax, cannot get anything from a tax deduction. But they should be recognized through the system of tax credit.

Finally, and the most important change that would have to be made, would be in the charitable organizations legislation. It must be recognized in order to include clearly and positively the concept of an advocacy group. It should include advocacy groups dedicated and openly committed to trying to produce social changes. We may not all agree on what kinds of social changes are wanted, but we could agree that any organization that seriously tries to put forward a social goal and works toward that goal should be able to solicit donations on the basis of an advocacy group as a charitable organization.

That is already done for three well-known advocacy groups who do not agree about the kind of change they want in this country. I belong to one called the New Democratic Party. My colleagues to the right belong to another and my colleagues opposite, if any of them had stayed around, belong to another. We do not agree exactly about what kinds of changes we want. We are all recognized as being members of a kind of advocacy group. We all have tax credits as a basis for raising our donations. This should not be limited to people running for public office federally or provincially. It should be extended to people who are going to do the other kinds of very necessary work for changing our society.

● (1650)

I am thinking of, for example, consumer organizations and groups such as native friendship centres which have been directly threatened by the loss of their charitable status if they dare to suggest that the Department of Indian Affairs does not always do things right, whether it be the federal or provincial department. They should not be threatened and hampered in carrying out their mandate on behalf of the native peoples of Canada by being faulted as charitable organizations for doing something for which political parties praise themselves, namely, trying to change the laws of this country.

Community centres in Toronto have often been attacked in the same way. They have been told they cannot get political. If the supporters of a community centre do not wish to give money because they do not like the activities of that centre, then the centre will fold. But it should not be in the power of government to say, because your community centre opposed the expressway that the city government happened to like, we do not think you should have your charitable status. That has not been said explicitly, so far, but it has been at times hinted at and we should revise the act so as to make clear that any social group in the neighbourhood should have the right to advocate the things the neighbourhood needs without having to fear for their charitable status.

There are many kinds of poor people's organizations. Many of them have not registered as charities, not only because it takes a little money, a little legal advice, and a little organization for which some poor people do not have the training; but also because of the nature of what they are trying to do, trying to change life for poor people, and for some in this country that is an unsatisfactory goal. They do not want the lives of the poor changed. They are able to organize their own charities in many cases, and the poor should be able to organize theirs.

For example, I am thinking, even of such middle groups as the Children's Aid in certain areas which, although it is a traditional group, has often entered into advocacy work, for example in Toronto, by advocating that we need better and more low-income housing, yet they have been criticized for "getting political". Who is it that criticizes them? The politicians.

Some politicians do not like someone encroaching on their monopoly so they say to Children's Aid, you are supposed to rescue the victims of bad housing but you are not supposed to say it is bad housing that made victims of them. They should be enabled to defend the people for whom they are charged as social guardians. They should be able to speak up and say what are the causes of so many broken families, so many disoriented children in our big cities. The chief reason the Children's Aid Society of Metropolitan Toronto pointed its finger was the unnecessary shortage of low-income housing in Metro Toronto. They were very much criticized for getting into that.

Tenants' organizations should be able to defend themselves. They should be able to fund themselves as charitable organizations, provided their books, like those of any other charitable organization, are open and their goals are open. Those organizations that I know of are quite willing to do that. They have nothing to hide. It is the landlords who like to keep their books secret.

There are all kinds of ethnic groups and interpreter services who would like to speak for and defend the interests of the immigrant groups they serve. However, they are hampered and hindered by the fear that if they speak up on behalf of those people, many of them low-income and disadvantaged people, they might lose their grants and be unable to continue the service. Of course, we have the interesting situation, which I believe has already been noted here some months past, where an educational publication has been attacked by the government and deprived, at least temporarily, of its charitable status on the grounds that it represents a certain biased point of view. I refer to a magazine called *Dimension*. On the other hand, an outfit like the Fraser Institute, which is equally biased—

Mrs. Mitchell: And hardly charitable.

Mr. Heap: Yes, as my colleague says, hardly charitable in the ordinary sense of the word. That institute can get tax benefits. Then there is an organization which purports to be religious and gets tax deductions for that reason, and carries on its main public activity by trying to destroy certain trustees in our educational system around Metro Toronto. I speak of Renaissance. That organization funds vicious and misleading, in fact outright lying propaganda from time to time with money given as charitable donations and recognized as such.

So, in fact we do recognize advocacy, whether it is by political parties, certain religious groups, or certain conservative minded educational groups. Why not be consistent and let the poor also have their advocacy groups and have the same chance to move this country ahead; the same chance that is given to certain other and much more well-heeled groups which would hold this country back. I would hope when this is considered further we will really try to revise the whole concept of the charitable donation system in our tax laws and make it as available to low-income people as it is now to upper-income people.

Mr. Russell MacLellan (Parliamentary Secretary to Minister of Regional Economic Expansion): Mr. Speaker, the proposal before the House is essentially the same as that submitted in March, 1978, in a paper from the National Voluntary Organizations, an umbrella organization representing charitable societies. There are some differences, as my hon. friend has mentioned, and I will not go into them, yet the proposal from the NVO and an earlier submission in 1977 from the National Advisory Council on Voluntary Action, have generated broad public interest in this issue. They have led to consultations and detailed study by the Department of Finance on the whole question of the nature and extent of government support and tax incentives for charitable giving.

I think all members would welcome the opportunity provided by this notice of motion to debate this question. I do not think we are in disagreement on the broad parameters of the program and proposals of the hon. member for Nepean-Carleton (Mr. Baker).

Mr. Baker (Nepean-Carleton): What about a parliamentary task force?

Mr. MacLellan: A parliamentary task force is one consideration which could be given to this whole question, Mr. Speaker, and we all certainly are agreed on the importance and value of the contribution these organizations make to our society. I do not think any of us here would want to see the voluntary sector stifled and its incentives diminished as a result of anything we may propose in the House. However, the issue is, in what way and to what extent should governments be assisting this effort through provisions of the Income Tax Act. The extent of such governmental assistance through the tax system is already substantial.

[*Translation*]

The Acting Speaker (Mr. Ethier): Order, please. The hour provided for the consideration of private members' business has expired. It being five o'clock the House stands adjourned until Monday at two o'clock p.m. pursuant to Standing Order 2(1).

At 5 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, February 15, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

CANADIAN ARMED FORCES

PARLIAMENTARY COMMITTEES' RECOMMENDATIONS—MOTION UNDER S.O. 43

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, I rise under the provisions of Standing Order 43. Within the past two months two committees of Parliament, one from this House and one from the other place, presented separate reports on the status of Canada's regular and reserve military forces. Both reports provided in some detail the need to strengthen and improve immediately the military, which is undermanned, ill-equipped, underfunded, and lacking in planning and direction. In light of the fact that the decline of the military over past years is the direct result of deliberate neglect by this government, and that both reports urge the government to give priority attention to our defence forces, I move, seconded by the hon. member for Simcoe North (Mr. Lewis):

That the Prime Minister order the Minister of National Defence to prepare and table a new white paper on defence as soon as possible and that the Prime Minister publicly and immediately announce his commitment to the enhancement of the status, capability and role of the regular and reserve forces in Canada.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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THE HONOURABLE MEMBER FOR WINNIPEG NORTH CENTRE

CONGRATULATIONS ON CONVALESCENCE—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa): Madam Speaker, I am moving a motion under the provisions of Standing Order 43 that I hope and assume will be agreed to by members on all sides. Considering that the hon. member for Winnipeg North Centre (Mr. Knowles) is well on the road to recovery and today, for the first time in months, is able to watch the proceedings of the House of Commons from his home, I move, seconded by the hon. member for Beaches (Mr. Young):

That this House congratulates Stanley Knowles on his remarkable recuperative abilities and wishes him a speedy return to his seat in this chamber.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Madam Speaker: Does the House agree to the motion?

Some hon. Members: Agreed.

Motion agreed to.

* * *

HOUSING

DEMAND FOR REVERSAL OF GOVERNMENT POLICY—MOTION UNDER S.O. 43

Mr. Dave Nickerson (Western Arctic): Madam Speaker, whereas there is an immediate need in Canada for a quarter of a million new housing units, and whereas the outlook for 1982 is the worst in 20 years, with starts of only 150,000 being forecast, I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That this House demands an immediate reversal of the Liberal government's policy of forcing Canadians to go homeless while workers in the construction and forest industries go unemployed.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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DISASTERS

SINKING OF "OCEAN RANGER" DRILLING RIG OFF NEWFOUNDLAND—MOTION UNDER S.O. 43

Mr. Roger Simmons (Burin-St. George's): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of great tragedy to the people of Newfoundland. It is not yet known if there are survivors from the *Ocean Ranger* drilling rig operating off the coast of Newfoundland. However, I have been assured by the authorities in charge that all rescue efforts

that can be undertaken are presently being carried out. I am certain that all hon. members will want to support the following resolution. I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That this House extend its deepest sympathy to the families and friends of those who lost their lives on the *Ocean Ranger* drill rig operating off the coast of Newfoundland, and assure them that our thoughts and prayers are with them in this time of deep personal tragedy.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Madam Speaker: Does the House agree to the said motion?

Some hon. Members: Agreed.

Motion agreed to.

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● (1410)

TEXTILES AND CLOTHING

EFFECT OF BUDGET PROVISION ON RENTAL CLOTHING INDUSTRY—MOTION UNDER S.O. 43

Mr. David Kilgour (Edmonton-Strathcona): Madam Speaker, the garment clothing rental industry employs approximately 10,000 Canadians across Canada. One feature in the recent budget hits the industry especially hard by forcing it to depreciate its rental clothing over a two-year rather than one-year period which it is doing at present. The industry experience is that rental clothing is extinguished or worn out after a year. Therefore I move, seconded by the hon. member for Oxford (Mr. Halliday):

That the government reconsider the employment consequences of the tax measure in issue for an important industry before putting it into law.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FINANCE

OPERATION TAX RIDE—MOTION UNDER S.O. 43

Mr. Bill Domm (Peterborough): Madam Speaker, protests against the federal budget have sprung up all over the country and have taken many forms, even the form of a letter signed by two ministers of the Crown. This afternoon another protest will take place here in Ottawa and this one will take a particularly appropriate form. Taxes due to the government for this month will be delivered personally to the Minister of National Revenue (Mr. Rompkey) from the back of a donkey. I move, therefore, seconded by the hon. member for Brampton-Georgetown (Mr. McDermid):

That this House indicate its support for the business people and citizens involved with Operation Tax Ride for demonstrating today their disgust with the federal budget—a disaster for business and the ordinary citizen alike.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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PARLIAMENT

NEED FOR REPRESENTATION REFORM—MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Madam Speaker, I wish to bring to the attention of the House the totally unnecessary exercise which has now commenced and which will increase the total membership of this House by 30 members to 312 by the general election at the end of this present decade. Projecting the present formula, we could well have 345 members by 1991, 382 members by 2001, 423 by 2011, 468 by 2021, 518 by 2031, and so on to infinity. I therefore move, seconded by the hon. member for Pembina (Mr. Elzinga):

That the members of the government and, indeed, all members of this House indulge in sober second thought over decennial redistribution and the need for it and instead turn their attention to complete electoral and representation reform which would include freezing the present membership of the House of Commons at 282 and at the same time explore ways and means whereby an elected Senate could be more representative and thereby more effective.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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FISHERIES

PEARSE REPORT—CALL FOR REFERRAL TO STANDING COMMITTEE—MOTION UNDER S.O. 43

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, in light of the almost unanimous opposition to most of the recommendations in the Pearse report on the Pacific fisheries industry, I move, seconded by the hon. member for Fraser Valley East (Mr. Patterson):

That this House provide a reference to the Standing Committee on Fisheries and Forestry to enable that committee to examine that report and to call witnesses in connection with it.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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ENERGY

JURISDICTIONAL DISPUTE OVER OFFSHORE RESOURCES—MOTION UNDER S.O. 43

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, I rise under the provisions of Standing Order 43. It is sadly ironic that only a few days after the breakdown of Newfoundland-Ottawa negotiations over the management, control and jurisdiction of Hibernia offshore oil, we now see tragedy in the apparent sinking of the Mobil Oil rig *Ocean Ranger* in cruel seas 175 miles east of St. John's, Newfoundland. Therefore I move, seconded by the hon. member for Kootenay East-Revelstoke (Mr. Parker):

That in order for people not to be at risk because of government jurisdictional disputes, and in order not to repeat the economic consequences of another Alberta-Ottawa type delay, and in view of the fact that the same problem has recently heated up on the west coast off British Columbia, this House urge an early meeting of Premiers Peckford, Buchanan and Bennett with the Prime Minister to negotiate in the spirit of co-operative federalism and end this dangerous dispute.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1415)

ORAL QUESTION PERIOD

[*English*]

DISASTERS

SINKING OF "OCEAN RANGER" DRILLING RIG OFF NEWFOUNDLAND

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, I have given the Minister of Transport notice of my question. Would the minister please give us an up-to-date status report on the Hibernia tragedy?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, the news I have is as of eleven o'clock this morning. The situation was that there was no sign of the rig. Eighty-four persons were not accounted for. Some were seen, apparently, in the water, but it is not known if they are still alive. On the scene there is an Aurora aircraft and two offshore supply vessels. Two other vessels are on the way, and so on. One coastguard ship, the *Humphrey Gilbert*, is there. Two national defence helicopters are operating from adjacent drill rigs. Two lifeboats have been spotted, one capsized and one submerged, and one partially collapsed life raft has been seen. That was the situation as of eleven o'clock.

An investigation is already under way. A fact-finding preliminary inquiry team is there. It is made up of officials from the Department of Energy, Mines and Resources, and Transport Canada. Jointly this afternoon the Minister of Energy, Mines and Resources and I will be announcing a formal commission of inquiry into this very sad matter.

REFUSAL TO BUILD HELICOPTER PAD

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, I thank the minister for that information, tragic though it is. In view of the last part of his answer perhaps the minister would confirm that as part of the investigation and the formal inquiry it will be determined why the Virgin Rocks project, submitted over two years ago by the regional managers and the coast guard director of Newfoundland, for the establishment of a safety fuelled light station, a heli-pad and a medical supply station, was turned down by the minister's department because it was too "futuristic", notwithstanding the fact that there is such a safety heli-pad in the North Sea?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, when an accident like this takes place, there is a lot of hindsight. I will look into this particular matter. Each time there is an inquiry, such an inquiry leads to a number of recommendations and, as far as the Department of Transport is concerned, there is a formal response to each recommendation made. If the matter raised by my hon. friend was the object of a recommendation from an inquiry, judge or otherwise, I am sure a response was provided at that time. I will look into this and make sure the hon. member is made aware of the reasons why action along the line he has indicated was not taken.

REQUEST FOR REPORT ON REASONS FOR REFUSAL

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, just so that we are very clear, there has never been a formal inquiry on the Virgin Rocks project. The project emanated from within the department. There was a recommendation from the Newfoundland Coast Guard to officials in Ottawa, and I am informed the recommendation was turned down by the ministry on October 2, 1980.

Would the minister please report back to the House even before there is some official inquiry into this tragedy as to the reasons why this recommendation for a heli-pad and medical supply station on the Virgin Rocks, which is half way between St. John's and the Hibernia—and recommended just for the prevention of loss from such a tragedy as this—was in fact turned down?

Hon. Jean-Luc Pepin (Minister of Transport): I will do so, Madam Speaker. I was just trying to make the point that every time there is an accident of this kind—we all truly regret it—people have ideas about what should have been done to

prevent it. These ideas are studied, and answers are provided. There are budget considerations, and some ideas are not considered acceptable, again from that point of view. I will look into this and make sure my hon. friend receives the full explanation he is seeking.

ALARM SOUNDED ONE WEEK PRIOR TO SINKING

Hon. James A. McGrath (St. John's East): Madam Speaker, my supplementary question is directed to the Minister of Transport. There are press reports today that the alarm on the *Ocean Ranger* was sounded last week because the rig was listing 15 degrees. Indeed, the order was given to abandon ship. In view of the tragic loss of life and the fact that the "unsinkable" *Ocean Ranger* has in fact sunk, has the minister's department investigated that alarm and its cause, and is he now able to report to the House?

• (1420)

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I am informed that an inspector from the Canada Oil and Gas Act land administration did inspect the platform in the last two weeks. I do not have a copy of that report and I cannot give any particular information in that respect.

Mr. McGrath: Madam Speaker, although the minister did not give an undertaking, I presume he will report to the House.

POSSIBLE DEPLOYMENT OF FIXED WING AIRCRAFT IN NEWFOUNDLAND BY DEPARTMENT OF NATIONAL DEFENCE

Hon. James A. McGrath (St. John's East): Madam Speaker, I should like to direct a supplementary question to the Minister of National Defence. Whilst it is too early to come to any conclusions on this tragedy, which we all regret very much, nevertheless I must avail myself of this opportunity to remind the minister that he has recommendations from within his department for greater deployment of fixed wing aircraft within the Atlantic provinces, and specifically that they be based in Gander in order to respond to situations that may develop in the offshore. I am not in a position to say whether that was a factor or not. I merely want to ask the minister if the government has made any decision with respect to the deployment of fixed wing aircraft in the northwest Atlantic, specifically Newfoundland, so that they can respond with minimum lead time and effect rescue which would, of course, ultimately be carried out by helicopter.

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, I am well aware of the recommendations mentioned by the hon. member and we have taken them into consideration. No decision has been made yet on the question of positioning fixed wing aircraft in Newfoundland. I know the hon. member's concern about what has just happened and what could happen in Newfoundland coastal waters.

I was aware of this accident very early this morning and I would like to stress the fact that there is no question of a lack of resources in this case. We must take into consideration that this happened about 200 kilometres from the coast, in 50-foot seas, and in weather conditions that meant that even our best aircraft and our best resources could not be of help.

I will take the comments of the hon. member into consideration and see what we can do in the future.

JURISDICTIONAL RESPONSIBILITY

Mr. Sid Parker (Kootenay East-Revelstoke): Madam Speaker, I should like to direct a question to the Minister of Labour which pertains to the same subject. As the minister is aware, early this morning the drill rig *Ocean Ranger* was heavily damaged in a storm, with an unknown number of lives being lost. This afternoon we have heard a jurisdictional dispute over the responsibility of various departments.

Could the minister tell the House whether the drill rig fell under the jurisdiction of the federal or provincial government in terms of occupational health and safety, and could he tell us specifically if federal inspectors regularly visit these rigs?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker—

An hon. Member: Where is the Minister of Labour?

Mr. Lalonde: The responsibility in this regard belongs to the federal government, the federal Parliament. Indeed, as I indicated previously, an inspector visited that rig recently.

Mr. Benjamin: Which department?

INQUIRY RESPECTING SAFETY REGULATIONS

Mr. Sid Parker (Kootenay East-Revelstoke): Madam Speaker, we had an accident at Christmastime which is under investigation. Now we have another serious accident. I think it is time this House was told where the jurisdiction lies. We are talking about the lives of individual workers.

I should like to ask the Minister of Energy, Mines and Resources what department has jurisdiction and what kind of safety regulations are in place to ensure that lives are not lost at sea.

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, there is great concern about an incident like this—indeed, a tragedy like this. I should like to refer my friend to the Canada Oil and Gas drilling regulations that are in effect at the present time. When Bill C-48 is proclaimed the responsibilities provided by that act will be fully applied.

AIRPORTS

MIRABEL—STAFFING LEVELS

Mr. Bill Wright (Calgary North): Madam Speaker, my question is directed to the Minister of Transport and it relates to one of the government's white elephants, namely, Mirabel International Airport. Mirabel has three times as many employees as Calgary International Airport, yet Mirabel handles only one third the number of passengers that Calgary does. Could the minister tell us whether Mirabel is overstaffed or whether Calgary International Airport is understaffed?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I have not made a study of that question in depth. I am quite sure that Mirabel has justification for the number of staff employed there. I am quite sure that Calgary is in a similar situation. Again, I have not done an in-depth analysis of the factors.

• (1425)

POSSIBLE TRANSFER OF SERVICES FROM DORVAL

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, my brief supplementary question is directed to the Minister of Transport. Is an announcement about transferring any air services in the near future from Dorval to Mirabel contemplated soon?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, indeed this question is being studied at the moment.

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CANADIAN NATIONAL RAILWAYS

RESIGNATION OF CHAIRMAN

Mr. Howard Crosby (Halifax West): Madam Speaker, I have a question for the Minister of Transport respecting the circumstances surrounding the resignation of Robert Bandeen as president of CNR. Mr. Bandeen's sudden departure has resulted in speculation about the reasons; some say that there was a dispute with the board of directors of CNR. Does the minister know the real reason for Dr. Bandeen's resignation? Was it related to his endorsement of the $50 million investment in the ill-fated CAST shipping group, which is now in financial difficulty? Will the minister tell the House why such a high profile public servant would quit so unexpectedly?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, when Dr. Bandeen resigned he issued a communiqué—and I will be glad to send a copy to my hon. friend—in which he explained that after some seven or eight years directing CN he was looking for other challenges. I have no reason to doubt that this was the reason.

ASSISTANCE TO CAST SHIPPING GROUP

Mr. Howard Crosby (Halifax West): Madam Speaker, I have a supplementary question. I asked the minister whether he knew the real reason, not simply the ones which have been stated. I want to ask him about the CAST shipping group and what has been happening in the last few weeks with respect to that ill-fated company. The minister must know that CAST has been refused credit by CNR and is now appealing for help from international bankers. He certainly knows that $50 million in public funds has been invested in this organization through the Canadian National Railways, notwithstanding that it was characterized as a "James Bond" type of operation. Will the government and CNR continue to support the CAST shipping group and to provide assistance, since I understand that Dr. Bandeen and other officers of CNR are now in Europe investigating the possibility of providing further financial assistance to this organization?

Hon. Jean-Luc Pepin (Minister of Transport): No, Madam Speaker. Indeed there are difficulties related in the press with respect to the CAST company. As my hon. friend has said, CN has an interest in the company. At the moment the board of CN is fully in charge of the matter, is treating it as a commercial one, and is trying to protect or safeguard its interests and investment in CAST and also the benefits which Canada as a whole and CN in particular have gathered from their association with CAST.

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INDUSTRY

DEFICIT IN MANUFACTURING TRADE—GOVERNMENT POLICY

Mr. Edward Broadbent (Oshawa): Madam Speaker, my question is directed to the Minister of Industry, Trade and Commerce. The Minister of State for Economic Development said some time ago that if a country comes to Canada wanting to buy iron, we do not try to sell that country steel. Another bit of economic wisdom was uttered on the weekend by the same minister when he said that the Liberal government is no longer concerned that Canadians are seen as "hewers of wood and drawers of water". In this context he said that the Liberals will continue to try to sell off our resources. Considering that there was a deficit of $21 billion in our manufacturing trade last year, representing some 200,000 Canadian jobs if the manufacturing had been done here, will the minister now confirm that Senator Olson has replaced his, the minister's industrial strategy, with the old Liberal policy of resource sell-offs?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, I understand it is Senator Olson's view that the quotations attributed to him in recent press reports were incomplete and taken out of context.

Some hon. Members: Oh, oh!

Mr. Gray: As our economic development framework document tabled last November made clear, industrial development continues to be one of our very important priorities, both with respect to building our industrial strength on our resource strength and to developing international competitiveness in other areas of manufacturing activity where we are already achieving or have the capacity to achieve world leadership.

• (1430)

DEVELOPMENT OF RESOURCE MEGAPROJECTS

Mr. Edward Broadbent (Oshawa): Madam Speaker, I thank the minister for his recorded announcement, but let him tell that to the 230,000 workers who have been laid off in the manufacturing sector in recent months.

Considering that the cost of creating one job in resource megaprojects is ten times higher than the creation of one job in manufacturing, and that the Prime Minister has always been critical of suggestions coming from this side of the House as being quick-fix solutions, would the minister answer the following question? Considering these megaprojects produce only temporary construction jobs but do ensure the rapid depletion of our resources, will he admit that the federal government is now trying to bail itself out of a serious balance of payments situation by a quick-fix resource sellout?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, I certainly do not accept or agree with the premise of my hon. friend's question. We are certainly trying and in fact we are successfully working to build up our exports in many areas of high technology. For example, the aerospace sector has exports in the area of 90 per cent of our production of over $3 billion in an industry with 42,000 people. At the same time resource projects offer tremendous opportunities for manufacturing activities. For example, equipment, machinery and engineering involve tens of thousands of jobs in manufacturing in our existing industrial base in areas like Ontario and Quebec, as well as in many other parts of Canada.

Mr. Siddon: It has not happened over the last ten years.

Mr. Gray: Through our program of ensuring the maximum competitive opportunity from these industrial spin-offs, we want to make sure that Canadians in fact have the benefits in manufacturing through resource development. Resource development is very much a building block for industrial development according to our own policy, approach and action.

MANUFACTURE OF MINING EQUIPMENT

Mr. Edward Broadbent (Oshawa): Madam Speaker, I thank the minister for the recorded announcement, part two. The minister has said, and I listened with care, that the government is taking steps to ensure that we get the manufacturing benefits relating to our resource sales. Everyone who has studied the situation knows that this is totally false. Canada is the third largest producer of minerals in the world, yet in this sector we have a $1.3 billion deficit in mining machinery which is costing us 13,000 manufacturing jobs. If we were producing the machinery here in Canada to do the work in our mines, we would have those jobs. Instead of going the old route, the quick-fix route of selling off our resources in these megaprojects, why does the government not use a little imagination to ensure that these manufacturing jobs to build mining equipment are kept here in Canada?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, my hon. friend has identified a problem.

An hon. Member: You.

Mr. Gray: As usual, he has no solution. On the other hand we have been working not simply to identify the problem but to develop practical solutions. Last year when we brought together the major mining companies and Canadian manufacturers through the "opportunities in mining conference" we began a process to produce much more of the mining equipment here in Canada. In addition, through the office of industrial and regional benefits and its connected policy, we will do more than we have done in the past—

Mr. Nielsen: I hope so.

Mr. Gray: —to ensure that the mining equipment is made in Canada by Canadian workers for our own resource projects.

Some hon. Members: Oh, oh!

Mr. Gray: In addition, we are already taking tangible and practical steps to improve our resource upgrading.

Some hon. Members: Oh, oh!

Mr. Gray: For example, there was the announcement last fall of federal support making possible the building of the zinc smelter in New Brunswick.

Some hon. Members: Oh, oh!

Madam Speaker: Order, please.

Mr. Nielsen: That was a recorded announcement.

Mr. Benjamin: That is a 1979 speech.

Some hon. Members: Oh, oh!

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RAILWAYS

CROWSNEST PASS RATE—REQUEST THAT NEGOTIATOR HOLD PUBLIC MEETINGS

Mr. Doug Neil (Moose Jaw): Madam Speaker, my question is for the Minister of Transport. Indications in the press are to the effect that the hearings on the Crow rate chaired by Dr. Gilson will be held in camera. The minister must be aware that the Crow rate issue is the most important issue that producers

in western Canada have faced in their entire history. If these hearings are held in camera and the public is not entitled to hear the representations of the railway companies, the elevator companies, farm organizations and others, this will cast a cloud of suspicion over the whole process.

Mr. Benjamin: I hope so.

Mr. Neil: Will the minister undertake to ensure that these hearings to be chaired by Dr. Gilson will be held in public?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, the reason why the discussions that Mr. Gilson will have—

Mr. Epp: Dr. Gilson.

Mr. Pepin: Sorry, Dr. Gilson. The reason the discussions that Dr. Gilson will have with the farm leaders will be in camera is simply that the discussions on western transportation and the Crowsnest Pass rate, in particular, have been held in public for many years.

Some hon. Members: Oh, oh!

Mr. Pepin: It is the unanimous view of people consulted on this subject that the time has come now—

Mr. Epp: Not of Dr. Gilson.

Mr. Pepin: The hon. member does not agree with me, but, I repeat, it is the nearly unanimous view that the time has come now for "negotiation on the subject".

Some hon. Members: Oh, oh!

Mr. Pepin: This is what members of the different pools have been voting on for some time now. The pool representatives have said that if the government is willing to express its view on a number of subjects, they would negotiate with the government. The time has come now—and this is nearly a unanimous view—to negotiate, and this is what Dr. Gilson is going to do.

REQUEST THAT NEGOTIATOR'S TERMS OF REFERENCE BE TABLED

Mr. Doug Neil (Moose Jaw): Madam Speaker, I would point out to the minister that the negotiations are vital to the producers of western Canada. It is important that they know what representations are being made by the government and by all the other organizations. It is vital that there be no cloud of suspicion over these hearings. However, is the minister prepared at this time to table the terms of reference under which Dr. Gilson will be operating?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, each gentleman or lady who will be at the negotiating table will be elected by the group he or she represents. I do not intend to debate with them the democratic process exercised in farm communities or organizations. Each one of them is elected and the process is very democratic.

As to the hon. member's question as to whether I will table the terms of reference, yes, Madam Speaker, I will as soon as I can.

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ROYAL CANADIAN MOUNTED POLICE

RELEASE OF DOCUMENTS REQUESTED FOR DEFENCE OF MEMBERS

Mr. Peter Elzinga (Pembina): Madam Speaker, in the absence of the Prime Minister I would like to repeat a question of which he took notice on Friday, and now address it to the Solicitor General. In my question I referred to an article that appeared in the *Edmonton Journal* on February 4, filed by the *Edmonton Journal*'s Ottawa correspondent, Paul Jackson. Will the Solicitor General release immediately the documentation the RCMP defence counsel requested which is essential for a fair and full trial for the 17 RCMP officers who are charged in the Quebec courts?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, I have personally reviewed all the documents for which requests had been made. These documents were all available to the McDonald commission under the terms of reference of its order in council. The procedure being followed by me in relation to them is that all of the documents that were made public during the course of that commission, or in its report, on the grounds that national security would not be affected by their release, are being made public. Those that were not so declassified will be the subject of my direction that they not be made public before a judicial proceeding on the grounds of national security.

REASONS FOR REFUSAL TO RELEASE DOCUMENTS

Mr. Peter Elzinga (Pembina): Madam Speaker, I must say that I do have some sympathy for the present minister since he was not directly involved at the time when the RCMP were instructed to investigate separatism in Quebec. However, in view of the fact that two former RCMP security service officers have indicated they were pressured to get involved in probing separatism in Quebec by his Liberal government, is the reason for the Solicitor General's refusal to release the documentation simply a cover-up for his government's illegal activity; and, secondly, would the Solicitor General indicate whether the two former security service chiefs are correct in their accusations that they were instructed directly by the Prime Minister, or his ministerial colleagues, to get more involved in probing Quebec separatism, whether by legal or illegal means?

• (1440)

Hon. Bob Kaplan (Solicitor General): Hon. members are aware that the McDonald commission was established specifically to deal with allegations of that sort and it had a wide-ranging and very lengthy period of investigation in which

unprecedented access was given to it by this government and the Clark government to review all Privy Council minutes, documents in the possession of the RCMP, to examine witnesses, and ask questions, subject to their terms of reference. An investigation was conducted and a report prepared.

Now, the hon. member has made allegations about illegal acts committed by the government. No such acts were found to have been committed by members of the government, in the findings of the McDonald commission. References were made to certain acts which should be referred to the attorneys general, including the Attorney General of Quebec, for investigation and possible laying of charges. Charges have been laid and documents which the commission released and made public will be submitted to the court, but others which are irrelevant, which deal with confidences of the cabinet and matters of national security, and which were accessible to the McDonald commission, will not be made public for the purposes of this court procedure.

REQUEST THAT MINISTER WAIVE STATUTORY REQUIREMENTS

Mr. Peter Elzinga (Pembina): Madam Speaker, out of a sense of decency would the Solicitor General waive Section 41(2) of the Federal Court Act?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, it is not a matter of a sense of decency; it is a matter of the contents of these documents and the possible prejudice which could result to the national security of Canada by making such documents public.

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MEDICAL CARE

FEDERAL CONTRIBUTION TO PROVINCES

Mr. Jim Hawkes (Calgary West): Madam Speaker, I would like to ask the Minister of National Health and Welfare, if she continues to support the federal budget, whether or not she thinks the health care of Canadians will get better or worse in light of the cutback of $4.5 billion in funding to the provinces? Does she think that will help or hurt health care in Canada?

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, it gives me great pleasure to confirm to the hon. member that I am very pleased with the budget attributed by the Minister of Finance to medicare. Over each of the next five years this will increase on average by, I think, 13.4 per cent, which is in excess of inflation. Because of that I am not going to have to negotiate financial payments to the provinces and I will be able to concentrate on strengthening medicare. As I said, we will be paying to Alberta, like every other province, sums of money which will increase on average by about 13 per cent year over year, which is excellent.

Some hon. Members: Hear, hear!

QUERY RESPECTING MINISTER'S POSITION

Mr. Jim Hawkes (Calgary West): Madam Speaker, if accessibility to the health care system is adversely affected, either through the creation of longer waiting lists for things like heart bypasses, or through the intrusion of major user fees, will the minister join with us in opposing the budget at that point, or will she be prepared to resign in protest over the real effect of this budget on the health care of Canadians?

Hon. Monique Bégin (Minister of National Health and Welfare): I must say I would regret it very much if some provincial governments were to punish the health of Canadians by cutting funds from their provincial health budgets. There is no way they can blame selection of their own provincial priorities on the federal health payments they receive. As I explained, the moneys we pay for health care, which will increase over each of the next five years as they have in the past, must go to health. Our new technique of block funding has the advantage of respecting local priorities, and I hope it will not have the disadvantage of provinces decreasing their share of the health budget.

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[*Translation*]

IMMIGRATION

ESTABLISHMENT OF SECURITY APPEAL COMMISSION

Mr. Louis Duclos (Montmorency-Orléans): Madam Speaker, my question is directed to the Solicitor General.

Considering the case of Salvadoran journalist Victor Manuel Regalado, who is now under detention in Montreal after a security certificate, signed by the minister and his colleague at Immigration and leading to deportation from Canada, was issued under Section 39 of the Immigration Act, while neither Mr. Regalado, nor his lawyer, nor the adjudicators of the Department of Immigration are aware of the charge, which considerably reduces his chances of defending himself, could the minister inform the House whether he intends to implement soon one of the recommendations made by the McDonald commission, namely, to create a security appeal commission that would automatically review all security certificates issued under Section 39 of the Immigration Act?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, I can assure the hon. member that I regret there is not at the present time a system for reviewing decisions made in this area, and that I hope soon to be tabling in the House, after discussion in cabinet, a system for external control and review of decisions made with respect to national security.

[*English*]

EXTERNAL AFFAIRS

POLLUTION OF CANADIAN WATER SUPPLIES—REQUEST THAT MINISTER MEET WITH UNITED STATES SECRETARY OF STATE

Mr. Jim Fulton (Skeena): Madam Speaker, my question is directed to the Secretary of State for External Affairs, if I can catch his attention for a second. In light of the fact that there is absolutely no action being taken now in the Niagara area of upstate New York on the Love Canal, Hyde Park, the 102nd Street dump or the S site dump of Hooker Chemical, and in view of the fact that such dangerous chemicals as mirex, PCBs and dioxin are entering our water supplies because of American inaction, and since the minister and his department have on ten separate occasions in recent months exchanged diplomatic notes with the U.S. State Department in this regard with absolutely no effect, will the minister inform this House that he will arrange a meeting with the U.S. Secretary of State on this matter and make not only the conclusions of such meeting public but also his proposals?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, as the hon. gentleman's question indicates, this is a matter in which the facts are somewhat complicated and the degree of co-operation we have been receiving is somewhat less than we want. We are of course meeting with the EPA and trying to arrange meetings with the appropriate American officials. I do not believe at the present time the Secretary of State would be the appropriate American official, but I want to assure the hon. member that this is a matter we take very seriously and we will be pressing it with the American authorities.

NATURE OF CANADIAN REPRESENTATIONS

Mr. Jim Fulton (Skeena): Madam Speaker, the minister's observations are interesting to hear in light of a 70 per cent cut in the EPA budget, and the minister has yet to appoint a Canadian chairman to the IJC. The Minister of the Environment has refused to meet with the New York State assemblymen, although we met with them last week and were the first Canadian politicians to do so.

Dr. Beverly Paigen of the New York State Health Department said yesterday that the release of chemicals from the Hooker chemical dumps and others into the Niagara River is in fact endangering Canadian lives now. In light of that, will the minister at least consider asking the U.S. Secretary of State, General Haig, to involve the U.S. military in this matter, since 50 per cent of the scientists in the United States work for the U.S. military? Will he at least ask General Haig, as this may be an area where he has some influence, at least to go into Niagara and to contain those sites which are now, today, endangering Canadian water supplies?

• (1450)

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, I am sure the hon. gentleman knows that the work of the IJC has not been hampered by the fact that we do not as yet have a permanent chairman on the Canadian side. We have an acting chairman, and the work of that committee is proceeding in the normal way. We have asked the American government not to allow any more pollutants to proceed into the Niagara River until such time as the sewage treatment plant is repaired. I want to assure the hon. member again that we will continue and broaden our representations.

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LOTTERIES

EXPENDITURE OF FUNDS TO ESTABLISH SPORTS POOL

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, my question is directed to the Secretary of State who is responsible for amateur sports. Last December the minister asked committee to approve expenditures of over half a million dollars in order to set up his betting program on sports games. At that time he promised to give a breakdown of how that money was spent. He was once again reminded in January, but we still have not received it. When can we expect a breakdown on how he spent that half million dollars in setting up his betting program?

Hon. Gerald Regan (Secretary of State): Madam Speaker, I presume that the hon. member, by mentioning a betting program, is referring to the proposed sports pool, for which I hope legislation will be introduced in the not distant future, here in the House.

An hon. Member: Is that like the wheat pool?

Mr. Epp: It is not betting?

Mr. Regan: The hon. member opposite says, "It is not betting, Gerry".

Mr. Epp: Is it not?

Mr. Regan: I want to respond to what the hon. member says by pointing out that it is quite a different matter to buy a sports pool ticket, such as a soccer pool ticket in England, where one uses one's knowledge of the sport to indicate the exact scores of a great number of games.

Some hon. Members: Oh, oh!

Mr. Regan: That is quite a different matter from betting on one individual game, particularly when the amount of money involved is $1. However, coming back to the hon. member's question—

Some hon. Members: Oh, oh!

Mr. Regan: —the funds which have been advanced have been used in determining the form of the Crown corporation which will operate the sports pool, and in the general preparations. I would suggest to the hon. member that it would be

appropriate to give him a breakdown of those funds at the time the legislation comes before the House, which should be in the immediate future.

REQUEST FOR DETAILS OF EXPENDITURE

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, we were examining estimates at the time. I think that a breakdown of those estimates should be given as a matter of courtesy, and it is the responsibility of the minister to give them. I want to ask the minister what is he trying to hide. Where is he spending that money? Obviously, if he is asking for approval, he should be telling us where he is spending that money. What is the minister trying to hide?

Hon. Gerald Regan (Secretary of State): Madam Speaker, the hon. member is hard up for a question today. I am not trying to hide anything at all.

Mr. McDermid: You promised to get it for me for two months!

Mr. Regan: However, I will attempt to remedy the concern of the hon. member by giving him the statistics now, and in advance of the consideration of the bill, if he so wishes.

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CANADA MORTGAGE AND HOUSING CORPORATION

RENEWAL OF MORTGAGES ON PREMISES INSULATED WITH UREA FORMALDEHYDE FOAM

Mr. Fred McCain (Carleton-Charlotte): Madam Speaker, I would like to address my question through you to the minister responsible for CMHC. I would ask him to confirm press reports which state that CMHC will, in fact, renew any mortgages which it may hold on premises which have been insulated with the UFFI-type insulation.

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, I had the opportunity to confirm that statement on an earlier occasion in this House. Of course CMHC, as the manager for the insurer of the mortgage holders, stands behind to insure those holders who provide insurance in the cases which the hon. gentleman has just mentioned.

NEGOTIATIONS WITH FINANCIAL INSTITUTIONS

Mr. Fred McCain (Carleton-Charlotte): Madam Speaker, that answer is as ambigious or as lacking in definition as the press announcement which I read, and that is why I asked the question. The other day a constituent of mine approached me and stated that his friendly bank would not renew his mortgage. He asked how he could come under the CMHC mortgage system.

Will the government advise us what progress it has made in negotiations with other financial institutions which do undertake mortgages? Will the CMHC add, to its state of guarantees, those mortgages of other institutions which are related to houses containing UFFI? Would the government not consider this to be a responsible move with regard to those householders who have now used a government-authorized material to build sickness chambers for themselves?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, apart from the message in the last part of the question, I must admit that I do not follow the hon. gentleman's original question. He has some difficulty with the press release. If he would like some specifics on the position of the CMHC—

Mr. Baker (Nepean-Carleton): That's what he is asking for.

Mr. Cosgrove: —with regard to the press release, I would be happy to meet with the hon. gentlemen to explain it.

GOVERNMENT RESPONSIBILITY

Mr. Fred McCain (Carleton-Charlotte): The question is very simple, Madam Speaker. Will CMHC continue to guarantee its mortgages on premises which have been insulated with UFFI? Has the government had any success, and has it tried to have success when dealing with other financial institutions which may have mortgages on UFFI premises? Does the government feel it has any responsibility whatsoever with regard to this matter, either through the Crown corporation or by exerting pressure upon private financial institutions?

Mr. Baker (Nepean-Carleton): Simple. Now try it!

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, I believe that I answered the first part of the question in direct response to the first question asked. Concerning the last question, the government has indicated its position through the position adopted by the Minister of Consumer and Corporate Affairs, although the government has no legal responsibility. The government, in a humane way, has taken the responsibility on behalf of taxpayers of Canada, and has set aside over $100 million to respond to the predicament of Canadians who are concerned about UFFI insulation in their homes.

DETAILS OF GOVERNMENT ACTION

Mr. Doug Lewis (Simcoe North): Madam Speaker, following up on my colleague's line of questioning, I would like to ask the minister responsible for housing a question. Where institutions other than CMHC have mortgaged premises with UFFI, we are concerned that our constituents are now finding that these lending institutions will not renew their mortgages. Therefore, Canadians who relied on the CMHC guarantee of this product now find that they cannot refinance their mortgages with the same institutions. Has the government taken any action to help these constituents, these mortgagors, who now find they cannot renew their mortages?

Mr. McDermid: Now do you understand?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, the hon. member, the former housing critic for the official opposition in this chamber, must know, without my telling him, that CMHC is not in the business of direct insurance or direct lending.

An hon. Member: That's not the question.

Mr. Cosgrove: It is in the business of insuring other lenders who provide other money. As I have indicated, some lenders do provide mortgage funds, and some do not.

An hon. Member: What about penalty?

Mr. Cosgrove: We have taken advantage of suggesting companies to those people who have not been able to find available funds. We have given the names of other companies which are providing mortgage funds.

Madam Speaker: A single question for the hon. member for Regina East.

* * *

CULTURAL AFFAIRS

NEGOTIATION OF NEW FUNDING AGREEMENT ON FRIENDSHIP CENTRES

Mr. Simon de Jong (Regina East): Madam Speaker, my question is directed to the Secretary of State. As the minister knows, the Native Friendship Centres which operate in many cities across Canada comprise one of the most successful programs of Indian and Metis people. Funding for the centres is arranged, in part, through a five-year agreement with the federal government. I want to ask the minister why he has so far refused, since becoming the Secretary of State, to meet with representatives from the National Association of Friendship Centres. I would like to know if he is willing to meet with them and to begin the negotiations for a new agreement.

Hon. Gerald Regan (Secretary of State): Madam Speaker, I want to express my agreement with the hon. member that the Friendship Centres have provided very, very important assistance to native people moving into our urban areas, and that the program of the government in support of those Friendship Centres over the past five years, on the whole, has been one of our most successful programs. I only want to say to the hon. member that my department is reviewing the program in relation to any way there could be improvements in any succeeding programs. When we come to conclusions as a result of that study, we will certainly be communicating a proposed course of action to representatives of the native people so we can hear their comments in advance of taking any firm decision.

Point of Order—Mr. McGrath

● (1500)

DISASTERS

SINKING OF "OCEAN RANGER"—INVESTIGATION OF BALLAST PROBLEM

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources. I understand that inspectors from the Department of Energy, Mines and Resources visited the *Ocean Ranger* twice in the last month to investigate a ballast problem. Will the minister indicate whether that is the case? If it was the case, will he indicate to the House what those inspectors reported?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I cannot confirm whether there was a visit twice in the last two months. As I indicated, I am informed that an inspector was there in the last two weeks. I will certainly inquire as to the content of the report, if there was a written report or a report of any kind. I will be very happy to inform the Leader of the Opposition.

* * *

PRIVILEGE

MR. WADDELL—SINKING OF "OCEAN RANGER"

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, I have a question of privilege arising out of the question period. The minister half announced an inquiry into the Hibernia disaster. I say half announced because he said he would announce an inquiry at a press conference. The Minister of Energy, Mines and Resources (Mr. Lalonde) indicated that there may be a report with respect to a federal inspection of the *Ocean Ranger*.

My question of privilege is twofold. First, the announcement of an inquiry should be made in this House. It is our privilege to hear that announcement and to comment on it, rather than have it announced at a press conference. Second—

Madam Speaker: Order. That point does not constitute a question of privilege. If the hon. member wants to debate the question, that is perfectly legitimate, but he cannot do it after the question period by asking to be recognized on a question of privilege.

Hon. James A. McGrath (St. John's East): Madam Speaker, I rise on a point of order on virtually the same subject. What could be happening here today is contributing to disorder. There is provision made in our Standing Orders for ministerial statements. Today we were given a half commitment that there will be an inquiry announced into the tragedy surrounding the sinking of the *Ocean Ranger* and that this inquiry will be announced outside the House at a press conference. That creates disorder—not privilege, disorder.

I do not know, Madam Speaker, if you would permit me to do so, but if you would I would ask the Minister of Energy,

Mines and Resources (Mr. Lalonde), the Minister of Transport (Mr. Pepin) or the Minister of National Defence (Mr. Lamontagne) whether they intend to announce, under the provisions of that part of the Standing Orders dealing with statements by ministers, that there is to be an inquiry into this tragedy, and what are the terms of the inquiry.

Madam Speaker: I would like to allow the hon. member to ask all of these questions if the rules allowed, but the matter of making a statement is the prerogative of the minister. It is his decision. Even though the Chair might like to, it cannot force a minister to make a statement. The point of order has been expressed. The minister may take it into account or not. That is his privilege.

* * *

BUSINESS OF THE HOUSE

Mr. Nielsen: Madam Speaker, I rise on a point of order. May I put a question to the government House leader on House business? On Thursday last, as reported at page 14896 of *Hansard*, the government House leader indicated that today we would be considering Bill C-78, amendments to the Canada Labour Code, that on Tuesday we would start debating Bill C-93, the statute law relating to certain taxes and to provide other authority for the raising of funds, and that the opposition day which had been scheduled for last Friday, February 12, would be postponed until "Friday of next week", which is this coming Friday, February 19.

May I ask the government House leader whether there have been any changes or are there any intended changes with respect to those items forecast for this week's business. At the same time could he indicate what the business for Wednesday and Thursday will be?

[*Translation*]

Mr. Pinard: Madam Speaker, as far as the business for today is concerned, we shall be considering Bill C-78. Tomorrow we shall proceed with the borrowing authority bill. I believe the bill is referred to in *Hansard* as Bill C-91, but I have been told this should be C-93. In any case, a description of the bill was given last week, and the bill to be considered tomorrow is the bill giving the government authority to borrow certain sums of money. We are, of course, waiting for your ruling, and we assume it will be handed down in due time. Otherwise, we shall advise the House accordingly. For the remainder of the week, we intend to continue with Bill C-93, and Friday will be an official opposition day, unless otherwise stated.

[*English*]

Mr. Nielsen: Madam Speaker, I am sure you will have been informed that, pursuant to the notice standing on today's Order Paper designating next Friday as our allotted day, I have again filed a notice of motion in the precise terms as notice was filed last Thursday. I hope it will be published on tomorrow's Order Paper. It was again absent this morning, I assume because the Chair's ruling is outstanding. I express the hope that all of the government members and all of the New Democratic members will be here for that allotted day next Friday and will vote on the question.

[*Translation*]

Mr. Pinard: Madam Speaker, as I just said, Friday will be an official opposition day, unless otherwise indicated. Now, as my colleague has said that he hopes to see as many members as possible in the House, we could accommodate him by shifting the opposition day to Wednesday or Thursday. I shall advise him if there is a possibility of doing so.

[*English*]

Mr. Broadbent: Madam Speaker, I would like to say to the Conservative House leader that provided they keep their act together and we know clearly in whose name the opposition day is, there will be no problem at all in having the New Democratic members turn out.

Some hon. Members: Oh, oh!

Mr. Broadbent: It is obvious the party to my right had problems counting numbers to maintain a government. Let us see if they have the same problem counting numbers to bring one down.

Some hon. Members: Oh, oh!

Mr. Clark: Are you running for the Science Council?

* * *

POINTS OF ORDER

MR. BROADBENT—SINKING OF "OCEAN RANGER"

Mr. Edward Broadbent (Oshawa): Madam Speaker, I rise on a point of order concerning a very serious accident off the coast of Newfoundland. As Your Honour knows, by unanimous agreement the House can revert to questions for one question that has been raised by a member of the Conservative Party and by a member of the New Democratic Party.

If we can get unanimous agreement now, we would like the Minister of Energy, Mines and Resources (Mr. Lalonde) to tell us whether there is to be an announcement this afternoon establishing a formal inquiry and whether the terms of that inquiry will be laid out. More specifically, if that is the case, will he tell us why he is not making that announcement in the House of Commons?

Hon. Erik Nielsen (Yukon): Madam Speaker, if I understood correctly, we would be happy to support the proposal that we revert at any time today by consent to allow the minister to make a statement on motions so that that information could be given to the House first.

[*Translation*]

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, the Minister of Energy, Mines and Resources (Mr. Lalonde) has just told me there will be no announcement today. Under the circumstances, there is no problem.

[*English*]

Madam Speaker: Is there unanimous consent to revert to questions?

[*Translation*]

Mr. Pinard: Madam Speaker, I should like to make it clear that everything that had to be said on the subject has been said in the House today, so that there is no need for us to agree with the request made by the official opposition.

Madam Speaker: If I understand correctly, there is not unanimous consent.

• (1510)

[*English*]

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, is the President of the Privy Council (Mr. Pinard) saying that there will not be a statement made outside the House by the Minister of Transport (Mr. Pepin) or the Minister of Energy, Mines and Resources (Mr. Lalonde) before there is a statement in the House?

[*Translation*]

Mr. Pinard: Madam Speaker, I said quite clearly that there was nothing more to add to what has been said in the House. I think my answer speaks for itself. It can be readily understood.

[*English*]

Mr. Clark: Madam Speaker, I am sorry; this speaks directly to the rights of the House of Commons to be the place in which public policy is announced, and I am afraid that what the President of the Privy Council has said has left some ambiguity, whether intentional or not. When a statement is made by a minister with respect to a public inquiry, will that statement be made in the House of Commons or will it be made outside the House of Commons?

[*Translation*]

Mr. Pinard: Madam Speaker, the Leader of the Opposition knows perfectly well that when statements are to be made in the House at the time set for statements by ministers, we always have the common courtesy to inform the opposition in advance, and where feasible, and this has practically always been the rule, a copy of the statement is given to opposition parties. Since we have not advised them of our intention of making a statement on the subject in the House today, in addition to what has already been said, it is therefore clear that we do not intend to do so today, and it seems to me one could hardly be more specific than that.

[*English*]

Mr. Waddell: Madam Speaker, on a separate point of order, at the end of the question period the hon. Leader of the Opposition put a very pertinent question to the Minister of Energy, Mines and Resources with reference to the federal inspectors' report on the very rig that sank, a report that was supposed to be made a short time ago. After listening to the minister's answer. I thought he was about to announce to the House that he would at least make that report public, but it was unclear as to when he would do that. I do not have the blues, so I wonder if I might ask on the point of order whether the government intends to announce this.

Madam Speaker: Order, please. It is not possible to do this on a point of order. The hon. member knows that he is simply prolonging the question period. The question period is finished. I cannot allow questions of that nature.

Mr. Parker: Madam Speaker, I would also like to follow that up on a point of order, because I do not believe that we have identified this afternoon who is responsible for the health and safety of these workers. The minister has not yet clarified whether it is his government. Is the Minister of Energy, Mines and Resources telling hon. members on this side of the House that, as far as energy is concerned, it has responsibility over health and safety—

Madam Speaker: Order, please. The hon. member is debating the question again. I cannot hear that.

MR. NIELSEN—PRINTING IN ORDER PAPER OF FILED OPPOSITION MOTION—RULING BY MADAM SPEAKER

Madam Speaker: I would like to rule on the point of order which was brought up last Friday by the hon. member for Yukon (Mr. Nielsen). His point of order was that the notice filed by him in the name of the Leader of the Opposition (Mr. Clark) pursuant to Standing Order 58(4)(a) did not appear on the notice paper of Friday, February 12, 1982.

Before dealing with this point, I should like to clarify certain references made to the Order Paper by the hon. member in his submission on Friday last. The hon. member alleges that the government, merely by verbal announcement, has altered an item appearing on the Order Paper. I respectfully submit to the hon. member that the government does not alter the Order Paper. Only decisions by the House can have that effect. On the other hand, the notice paper is made up of notices given by members of the House in accordance with the Standing Orders. The production of these papers is under the direction of the Clerk of the House.

Reference was made to page 2 of the Order Paper which is entitled "Projected Weekly Order of Business". Although it is not an official part of the Order Paper, it is inserted for the information and the convenience of hon. members. The same is true of the notes projecting dates for allotted days when announced or a note placed under a particular government order or private member's item of business. They are there for the guidance of hon. members. In this instance, the note

projecting the third allotted day in this supply period was changed following the decision of the Chair on Thursday last.

The other point I would like to deal with is the allegation of the hon. member that the notice filed in the name of the Right Hon. Leader of the Opposition should have been printed on Friday's notice paper, since Friday, February 12, had been designated as an allotted day. As hon. members are aware, the government House leader indicated that February 12 would not be an allotted day and that instead Friday, February 19, would be the third allotted day in this supply period.

I need not remind hon. members of the discussion that took place on Thursday on this particular matter when I indicated to the House that, in accordance with Standing Order 18(2), government orders are called and considered as the government determines. Consequently, Friday, February 12 not being an allotted day, the notice paper did not reflect the text of the right hon. member's motion, nor the text of another motion received from the hon. member for Humboldt-Lake Centre (Mr. Althouse).

In his argument, the hon. member for Yukon suggested that, since the notice had not been withdrawn, the text of the motion should have been printed on the notice paper. I am in full agreement with the hon. member that the text of both notices, despite the fact that one was dated and one was not, should have appeared on the notice paper under the appropriate heading and I have directed the Clerk of the House to see to it that they are indeed printed on tomorrow's notice paper.

ROUTINE PROCEEDINGS

[*Translation*]

METRIC COMMISSION

TABLING OF 1980-81 ANNUAL REPORT

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, under the provisions of Standing Order 41(2), I have the honour of tabling in the House of Commons, in both official languages, the annual report of Metric Commission Canada for the financial year ending March 31, 1981.

* * *

[*English*]

PETITION

MR. LEWIS—LANDED IMMIGRANT STATUS FOR VISITORS FROM NOTHERN IRELAND

Mr. Doug Lewis (Simcoe North): Madam Speaker, I ask leave to present a petition on behalf of 754 concerned residents of Orillia and its surrounding area in Ontario. They ask that Sanchia, Kimberley, and Jacqueline Dougan, who are presently visiting Mrs. Dougan's mother and brother in Orillia, be allowed to remain in Canada as landed immigrants on humanitarian grounds. They are concerned that if the Dougans are deported back to Northern Ireland, it will be under threat of certain death.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 2,795, 3,027 and 3,215.

[*Text*]

AIRPORT VEHICLE PARKING FEES

Question No. 2,795—**Mr. Mazankowski:**

1. Were the airport vehicle parking fees regulations amended to increase the tariff rates for automobile parking effective July 1, 1981 at the (a) Calgary (b) Ottawa (c) Regina (d) Saskatoon (e) Gander (f) Halifax (g) Toronto (h) Vancouver (*i*) Edmonton (j) Winnipeg (k) Quebec (l) Charlottetown (m) Mirabel (n) Dorval airports?

2. In each case, for each airport (a) what is the anticipated revenue from the vehicle parking tariffs for (i) July 1 to December 31, 1981 (ii) 1982 (b) what was the (i) anticipated (ii) actual revenue accruing from the fees for each year from 1978 to June 30, 1981?

3. What is the average rate of increase of the parking fees (a) across the board (b) for each category of fees set in the regulations?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): 1. The Airport Vehicle Parking Fees Regulations were amended to increase the tariff rates for parking, effective July 1, 1981, at Calgary, Regina, Saskatoon, Edmonton, Vancouver, Winnipeg, Quebec and Dorval airports. Tariff rates were not increased at Ottawa, Gander, Halifax, Toronto, Charlottetown and Mirabel airports.

2(a), (i) and (ii) For each airport, the anticipated revenue in thousands of dollars is as follows:

	July 1—Dec. 31, 1981	FY 1981/82
Charlottetown	15.4	30.8
Halifax	303.3	583.4
Gander	6.6	11.5
Dorval	2625.0	3500.0
Mirabel	683.5	1367.0
Quebec	220.0	440.0
Ottawa	490.7	981.4
Toronto	5480.5	11162.5
Regina	112.5	225.0
Saskatoon	164.4	328.8
Winnipeg	445.0	890.0
Calgary	1162.5	2755.0
Edmonton	1022.2	2500.0
Vancouver	2080.0	3660.2

2(b), (i) For each year from 1978 to June 30, 1981, the anticipated revenue was:

$000.

	1977/78	1978/79	1979/80	1980/81	April/June 1981 (3 mos)
Charlottetown	12.5	10.2	13.8	26.0	5.4
Halifax	404.0	500.8	517.9	517.1	119.0
Gander	11.0	11.4	7.1	4.8	2.3
Dorval	2235.0	2503.3	3097.0	3400.0	714.0
Mirabel	1604.4	1743.0	1717.5	1842.2	278.9
Quebec	185.0	196.0	296.3	299.4	89.8
Ottawa	555.2	672.1	763.7	829.5	200.2
Toronto	5900.0	7114.0	7858.5	9418.0*	2,236.1
Regina	136.0	159.2	195.0	232.4	45.9
Saskatoon	128.0	165.0	196.4	231.0	67.1
Winnipeg	545.0	656.8	741.3	802.5	181.6
Calgary	1420.0	1030.0	1982.1	1955.0	562.0
Edmonton	662.0	670.0	751.2	1410.2	510.0
Vancouver	3200.0+	2316.8	2491.0	2973.0	746.7

2(b), (ii) For each year from 1978 to June 30, 1981, the actual revenue was:

$000.

	1977/78	1978/79	1979/80	1980/81	April/June 1981 (3 mos)
Charlottetown	11.1	12.6	16.4	30.4	4.6
Halifax	387.5	408.2	498.5	576.6	87.8
Gander	6.4	Nil	10.4	10.0	6.0
Dorval	2574.4	2737.4	2888.8	3010.2	554.4
Mirabel	1713.2	1807.1	1602.3	1625.2	343.3
Quebec	165.7	277.5	320.6	415.8	98.8
Ottawa	619.0	700.1	766.2	854.2	218.4
Toronto	6557.7	7307.1	8460.7	8157.9**	2366.5
Regina	153.9	181.2	199.7	217.1	62.2
Saskatoon	156.2	190.6	220.2	282.6	56.7
Winnipeg	642.1	706.6	738.2	722.9	143.6
Calgary	1074.5	1791.9	2156.6	2268.7	560.1
Edmonton	640.9	841.7	1204.4	1645.6	384.3
Vancouver	2048.2	2323.6	2757.0	3196.7	731.7

\+ This forecast was overestimated.

* The forecast was estimated on the basis of passenger volume only.

**The actual revenue was lower than 1979/80 due to lower passenger volume and new competition from off-airport operations (park and fly).

3. The average rate of increase of the parking fees (a) across the board is 24.4 per cent and (b) for (i) metered parking is 8.7 per cent, (ii) short-term parking lot is 20 per cent, (iii) an unattended lot controlled by automatic devices is 46.1 per cent, (iv) at a parking structure of building at which the services of an attendant are provided is 33.6 per cent, and (vi) an area designated by the Department of Transport as a remote public parking lot is 30 per cent.

NUCLEAR RADIATION RESEARCH

Question No. 3,027—**Mr. Cossitt:**

1. Does the government intend to carry out experiments with nuclear radiation on dogs that would induce retching and vomiting and, if so (a) what are all the reasons for the experiments and what is the name and job designation of the highest-ranking person authorizing the experiments (b) will the treatment result in the dogs dying an agonizing death?

2. Does the government have a policy of humane treatment to animals and, if so, how does it justify the experiments?

Mrs. Ursula Appolloni (Parliamentary Secretary to Minister of National Defence): 1 and 2. See response to question No. 3,273 answered on December 17, 1981, and published in *Hansard* No. 279, page 14,164.

FARM CREDIT CORPORATION LOANS TO CABINET MINISTERS

Question No. 3,215—**Mr. Beatty:**

Did any cabinet minister, while holding a portfolio, directly or indirectly receive loans from the Farm Credit Corporation and, if so, in each case (a) what was his/her name (b) what was the value of the loan (c) on what date was the loan (i) made (ii) repaid?

Hon. E. F. Whelan (Minister of Agriculture): Farm Credit Corporation advises that since the opening of the first session of the Thirtieth Parliament:

(a), (b), (c), (i), (ii) None. Records on loans are retained for the duration of each loan plus an additional five-year period.

[*English*]

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered.

Labour Adjustment Benefits

QUESTION PASSED AS ORDER FOR RETURN

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if question No. 3,520 could be made an order for return, this return would be tabled immediately.

Madam Speaker: Is it agreed that question No. 3,520 be made an order for return?

Some hon. Members: Agreed.

[*Text*]

ECONOMIC AND TECHNICAL ASSISTANCE PROGRAMS

Question No. 3,520—**Mr. Fretz:**

What forms of economic and technical assistance programs and what forms of aid, expressed in millions of dollars, were disbursed through CIDA, IDRC, the Department of External Affairs and/or any other department to (a) Indonesia (b) Nepal (c) Sri Lanka (d) China (e) Ivory Coast (f) Nigeria (g) Tanzania (h) Ghana in the fiscal year (i) 1978-79 (ii) 1979-80 (iii) 1980-81?

Return tabled.

[*English*]

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

Madam Speaker: Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*Translation*]

LABOUR ADJUSTMENT BENEFITS ACT

MEASURE TO ESTABLISH

The House resumed from Monday, December 14, 1981, consideration of Bill C-78, to provide for the payment of benefits to laid-off employees and to amend the Canada Labour Code, as reported (with amendments) from the Standing Committee on Labour, Manpower and Immigration.

Madam Speaker: As the hon. members are aware, there are on the Order Paper 23 motions at the report stage of Bill C-78, an act to provide for the payment of benefits to laid-off employees and to amend the Canada Labour Code. I have examined the first ten motions and I plan on grouping them as follows. Motions numbered 1, 2, 5, 6, 7, 8 and 10 should be grouped for debate with a vote on motion No. 1 disposing of motions numbered 2, 5, 6, 7 and 8. Motion No. 10 should be voted on separately. Motions numbered 3 and 4 should be debated together but voted on separately. Motion No. 9 should be debated and voted upon separately. If hon. members are agreeable the Chair will now proceed to propose to the House motions numbered 1, 2, 5, 6, 7, 8 and 10.

• (1520)

[*English*]

Mr. Lyle S. Kristiansen (Kootenay West) moved:

Motion No. 1

That Bill C-78, to provide for the payment of benefits to laid-off employees and to amend the Canada Labour Code, be amended in Clause 3 by striking out line 29 at page 2 and substituting the following therefor:

"Board may, by order, desig-".

Motion No. 2

February 12, 1982—That Bill C-78, to provide for the payment of benefits to laid-off employees and to amend the Canada Labour Code, be amended in Clause 3 by striking out lines 33 and 34 at page 2 and substituting the following therefor:

"ally pursuant to subsection (1) if the Board is statisfied that".

Motion No. 5

That Bill C-78, to provide for the payment of benefits to laid-off employees and to amend the Canada Labour Code, be amended in Clause 3 by striking out line 9 at page 3 and substituting the following therefor:

"subsection (1) if the Board is".

Motion No. 6

That Bill C-78, to provide for the payment of benefits to laid-off employees and to amend the Canada Labour Code, be amended in Clause 3 by striking out lines 24 and 25 at page 3 and substituting the following therefor:

"the period so specified, the Board makes a continuation order continu-".

Motion No. 7

That Bill C-78, to provide for the payment of benefits to laid-off employees and to amend the Canada Labour Code, be amended in Clause 3 by striking out lines 36 and 37 at page 3 and substituting the following therefor:

"before the expiry of that one year, the Board makes a continuation order".

Motion No. 8

That Bill C-78, to provide for the payment of benefits to laid-off employees and to amend the Canada Labour Code, be amended in Clause 3 by striking out line 41 at page 3 and substituting the following therefor:

"(7) Where the Board has".

Hon. Chas. L. Caccia (Minister of Labour) moved:

Motion No. 10

That Bill C-78, to provide for the payment of benefits to laid-off employees and to amend the Canada Labour Code, be amended in Clause 4

(*a*) by striking out lines 13 to 15 at page 4 and substituting the following therefor:

"five members."

(*b*) by adding immediately after line 18 at page 4 the following:

"(3) One member of the Board shall be appointed after consultation with such organizations representative of employees as the minister deems appropriate and shall be a representative of employees and another member of the Board shall be appointed after consultation with such organizations representative of employers as the minister deems appropriate and shall be a representative of employers."; and

(*c*) by renumbering the subsequent subclauses accordingly.

He said: Madam Speaker, I should like to report that this bill—the Labour Adjustment Benefits Act—has received careful and detailed scrutiny in the committee, and there has been very active participation on the part of all interested members. In fact, Members of Parliament from all sides of the House co-operated in suggesting ways by which the bill could be improved and, indeed, many suggestions have been incorporated into the current legislative proposal before us today.

At it stands now, the bill will be even more effective in alleviating hardships experienced by all workers affected by lay-offs in industries and communities designated under the industrial labour adjustment program. For instance, I should like to thank the hon. member for Rosedale (Mr. Crombie) for his suggestion that the definition of industrial restructuring include technological change. I also appreciate the suggestion of the hon. member for Winnipeg North (Mr. Orlikow) that we should amend Clause 4 to ensure that the five members of the Labour Adjustment Review Board include one member from labour and one from management. I also welcome the recommendation that the Labour Adjustment Review Board should not have the power to impose penalties on people who make false or misleading statements in order to meet the eligibility requirements for benefits. This is an eminently reasonable suggestion. A penalty should only be imposed by a court, and therefore the committee removed this power from Section 18.

While the board retains the power under Section 18 to revoke an employee's certification for benefits, the fairness of the provision is strengthened now that it allows the employee 30 days to appeal against the revocation of a certificate.

Another change of the utmost importance is the amendments to Clause 23. This clause authorizes an officer of the board to enter premises to inspect in order to determine a firm's eligibility. The recommendation draws a clear distinction between a private dwelling and other buildings so as to restrict inspections to commercial and industrial locations and to ensure that an officer can enter only with the authorization of the minister on a case by case basis. I thank the hon. member for Brampton-Georgetown (Mr. McDermid) for raising this issue.

[*Translation*]

Further on, Mr. Speaker, in order to tighten responsibility for administering the act, Clause 30 has been amended to provide that the minister shall report to Parliament on a quarterly instead of an annual basis.

The role of joint planning committees has been expanded in an amendment to Clause 31. The objective of those committees is now to eliminate the need for terminating employment instead of merely minimizing the consequences.

In addition to the changes made in committee, there are further amendments I should like to consider with you today. Five are aimed at improving the French version of the bill. There is Clause 3, and then paragraph 3 of Clause 12 and Clause 18.

[*English*]

There are also amendments intended to improve the English version—two in Clause 4, one in Clause 25, and a proposal to improve the syntax of an amendment accepted in committee is suggested for Clause 29.

Others are of more substance. One amendment proposed by committee members is a clarification of Clause 16 which will ensure that the pre-retirement benefit under the bill is over and above worker compensation benefits or other disability payments. In other words, no such deductions will be made from benefits. I am particularly grateful to the hon. member for Montreal-Sainte-Marie (Mr. Malépart) for his having forcefully raised this point in committee.

A second important amendment will provide that where for good cause, such as absence or worker's compensation, an employee has not obtained the full minimum of 1,000 hours of work in any year, he or she may still be deemed to be in compliance with the requirement and will be eligible for the benefit. Here I am particularly grateful for the brief submitted by people from the eastern townships and to several members of the committee, including the hon. member for Gamelin (Mr. Portelance), the hon. member for Montreal-Sainte-Marie and the hon. member for Lotbinière (Mr. Dubois).

The committee also expressed a concern that people currently receiving adjustment assistance benefits should continue to receive the same level of benefits under the proposed legislation they are receiving now. I understand their concern and fully support the principle. Therefore, I recommend the draft amendment to Clause 34, which reflects in good part the interventions made by the hon. member for Lotbinière and the hon. member for Montreal-Sainte-Marie.

I also recognize the concern of hon. members that the bill provide for retroactive designations, and so propose that Clause 4 be amended accordingly.

[*Translation*]

In concluding, I am most appreciative of the work done by the members of this committee, who have given so generously of their time and attention and have helped to improve this very urgent and necessary legislation.

[*English*]

I thank hon. members of all parties and seek their support for the speedy passage of this needed legislation.

Mr. Joe Reid (St. Catharines): Mr. Speaker, as everyone in this House will agree, it comes as a bit of a surprise that we are addressing ourselves to Bill C-78 today. It is a bill which will provide some measure of support to laid-off workers and, goodness knows, under the conditions which exist today any help is better than what most of them are receiving presently.

● (1530)

This bill was given first reading on June 29, 1981, second reading on November 6, 1981, and two weeks ago was still in committee. All of a sudden it has assumed great importance and, goodness knows, any bill which relates to over one million unemployed is worthy of urgent consideration. But that situation has existed for some time, Mr. Speaker. No matter that the announcement was made that the printed copies of the amended bill were not available, no matter that there was no previous notice of the consideration that must be given to this bill so that members could take it back to their constituents and the people affected, the bill has come forward to take the place of a regularly and duly allotted day. In order to avoid embarrassment, established rules of procedure were thwarted

and, with over one million people unemployed, this would be the bill that would justify another of the government's highly questionable tactics.

By showing such contempt for the parliamentary system, such little regard for the right of members to know in advance the subject matter of debate and by resorting to arbitrary and even underhanded methods in altering the agreed upon agenda of this House, the government is showing a disregard for the thoughts, feelings and opinions of the Canadian people.

In these days of plant closings and record high unemployment, this is an important bill, a serious bill, a bill that acknowledges, even if it does not remedy, the grave unemployment situation that exists in the country. Surely with over one million people unemployed the government might have wished to have every effort brought to bear on improving Bill C-78 so that it could be the best possible bill as it relates to what is happening in our labour market today. Surely such a bill should not be the object of a political football game.

Obviously the government had no wish or desire to listen. It was politically expedient to introduce the bill today. If the government has no respect for the opposition and is going to deny the opposition an opportunity to do its homework and consult with constituents in order to prepare for debate, then this House and our system of government has no place in the scheme of things. The people of Canada, I can assure you, will think otherwise. Bill C-78 is a very serious and important bill.

I am sorry that the Minister of Labour (Mr. Caccia) is not in the House to listen to the official response to this bill, Mr. Speaker. During committee consideration of the bill he did show some degree of flexibility and inclination to accept and adopt recommendations from members of the opposition. He spoke of the necessity for progressive labour legislation, and because of this was prepared to accept some of the changes that are now proposed. He, too, must have some regrets that Bill C-78 is treated in such a cavalier, shoddy fashion. I rather suspect, unless I have completely misjudged the minister, that he is aware that Bill C-78 is not going to receive the thoughtful consideration it deserves.

The minister introduced some important amendments but these have been available for consideration for less than two weeks. The amendments warrant further consideration. We want to assure the minister of speedy passage but would point out that further co-operation and flexibility will be necessary. That opportunity has been denied by the minister and the government and this will be to the detriment of the bill and the laid-off workers it is intended to serve.

The riding of St. Catharines—a city I am proud to represent in this House—is particularly affected by this legislation. Just today the largest employer in the community, General Motors, announced a further lay-off of 2,400 or 2,600 workers. The economic effect of that lay-off is serious enough, but the social and human impact is tragic. It is simply one of a series of such lay-offs that have been going on for several months. Over all, on a percentage basis, the St. Catharines-Niagara region leads the country in unemployment. Literally tens of thousands of workers left the area in 1981 to find jobs elsewhere.

While there is no question that the group hardest hit by unemployment is the youth of this country, with other members of this House I am deeply concerned by the growing numbers of people over the age of 50 who, for the first time in their lives, are suddenly out of work. These people have lived in the community, shared its economic and social benefits and woes, have established family units, and now what are these more senior among us to do?

Mr. Caccia: Mr. Speaker, a point of order. It has just been brought to my attention that the hon. member for St. Catharines (Mr. Reid) made reference to the fact that I was not in the House a few moments ago. I left for a couple of minutes and I should like to bring to his attention that I am back.

Mr. Reid (St. Catharines): Mr. Speaker, I noticed the return of the hon. minister after the comment was made.

I had just mentioned that thousands of the people on lay-off have established themselves in their communities and are now over 50 years of age. What are these senior people to do? Most available jobs—and they are few—are not for those over 50. Retraining is not attractive to them and is barely available even if it were attractive.

I want to bring to the attention of the House another instance in my community. For some months I have been trying to assist employees of Lightning Fastener Company in the city of St. Catharines. The plant was closed and employment terminated. The employees have not only had to endure the loss of a job but have encountered red tape and problem after problem when trying to find alternate employment before their unemployment insurance or severance pay ran out. For some, all this has been compounded by the November 12 budget which swooped down and taxed severance pay. They, and members on this side of the House, are continuing to fight that proposal.

I could cite further examples but the point is that we are not only faced with an unemployment problem, but for the first time since the thirties, that other depression, we are seeing the unemployment problem catch up with the more senior employee, the person over 50 years of age.

Bill C-78 is a limited though welcome response to this growing problem. I should like to outline briefly how this proposed legislation would work and offer some comments on how it could be improved.

One of our greatest concerns is that the bill will become bogged down in bureaucracy. This must be guarded against if the plan is to work at all. When a worker is laid off, the normal procedure is for him or her to apply for unemployment insurance benefits.

May I digress for just a moment, Mr. Speaker. The inability of the different departments of government to cope with the process is becoming evident again. The biggest boner of all was the move of the Department of Veterans Affairs to Prince Edward Island and the insistence that the Pension Commission go along with it. As everyone in the house knows, that has

resulted in unconscionable delays in the processing of veterans' claims.

• (1540)

Lay-offs continue in great numbers and in industries which the government was able to forecast. Again I use the automobile industry as an example. Applications for unemployment insurance are being processed through local unemployment insurance offices and then forwarded to Belleville for card clearance entitlement. Unemployment insurance officials are already working overtime, not only during weekdays but on weekends as well. Some of them are publicly complaining about continued stress and pressure in the system, but the important point is that the commission is not geared, as it should be, to process claims of unemployed people with any degree of reasonable efficiency or expediency. Cards of entitlement have not yet been received in the community of St. Catharines for lay-offs which occurred as late as January 10, and thousands more workers have been laid off since that date. A backlog of hardship and suffering is being borne by terminated and unemployed workers whom the Unemployment Insurance Commission is supposed to assist.

I should like to return to the problems which in my view exist in the bill. If an unemployed worker qualifies for insurance, it becomes a mutual problem between him and the government, through the unemployment insurance agency, to find new employment. Apart from simply finding the worker a new job, the Unemployment Insurance Commission now has the responsibility, as it should have had before, to try three additional avenues—retraining, mobility grants and/or a portable wage structure arrangement. Should all these avenues fail to produce new employment, individuals are faced with the prospect of unemployment insurance benefits expiring and of no other income being available except welfare. Indeed it is frightening; it is even a humiliating experience for a senior person to endure. It is not the fault of the worker. He is not responsible for the government's high interest rate policy or its disastrous budget. It is not the fault of the worker that the government has failed to do what the nation expected it to do—to provide some forward planning and to develop an industrial strategy which would keep people working.

Bill C-78 recognizes this deficiency in government by taking into account an additional avenue of approach. After all else has failed, the worker will be given an early retirement. In order to accomplish this, the legislation proposes the establishment of a Labour Adjustment Review Board which has all the appearances of being totally unnecessary and unjustified. With a little more refinement and time, the board might have been eliminated from the bill, but it is still with us. Its chore will be to investigate lay-offs which the Unemployment Insurance Commission went through earlier and to determine whether or not unemployed workers qualify under the provisions of Bill C-78, with which I will deal in a minute. As the unemployed person reaches the end of his or her unemployment insurance benefits and is still without job prospect, the commission would draw the case to the attention of the board which would then decide whether or not the lay-off is within an industry designated under the provisions of the act and whether the individual qualifies for benefits under the act.

Let us assume that the lay-off and the individual both qualify. The board would then recommend that the individual be placed on early retirement, and it would be up to the UIC to implement the decision or investigate further. Assuming all goes well, the individual would be placed on early retirement and paid a pension up to a maximum amount of $210 per week, indexed to the consumer price index, which pension would continue as long as the employee is under age 65.

From time to time my daughter accuses me of being less than clear when explaining how bureaucracy works. Despite my deliberate efforts to set out clearly and specifically how the program will work, it is obvious that it is mired in red tape and bureaucracy, which of necessity reduces its effectiveness. Under the legislation an applicant must be 54 years of age and have worked for at least ten of the last 15 years and for at least 1,000 hours in each of the ten years.

I listened to the presentation of the minister a few moments ago. He indicated that there will be some flexibility. This arose only as a result of representations made in committee. Such flexibility in terms of 1,000 hours per year is a necessity. A 54-year-old person with a family and with such a record of service should not be subjected to endless applications, interviews and investigations, to satisfy the government's unrepentant obsession with red tape and bureaucracy. He has already endured a tragedy—the loss of his job. He has already spent a frustrating year or more under the guidance of UIC attempting to find an alternate form of employment and going through the alternative avenues to which he is now subjected. Once that is done, with cap in hand he goes to another bureaucrat in some other commission or board to ask for further assistance, whether he qualifies under the act or will receive welfare. We submit that this is a totally unnecessary and degrading step which the bill could eliminate without any loss of substance.

We raised this point in committee and we were assured by the Minister of Labour and his deputy minister that our fears were groundless. They said that it will not be bureaucratic, that it will work as smoothly and efficiently as they promised. Time will tell on that score, but as the hon. member for Rosedale (Mr. Crombie) pointed out a number of times, as Members of Parliament we will be very busy explaining how the program will work and writing letters to the UIC, to the board and to the minister showing where the system will bog down in bureaucracy. With lay-offs of over 2,000 at a time becoming all too common, there will be many letters and telephone calls.

I should like to return to the many "ifs" which I raised earlier and to start with the first step. What happens to a laid-off worker when he or she has finally made it through the red tape involved in obtaining unemployment insurance? Earlier this week two representatives of the senior citizens, "Action Now" association met with a number of Conservative Members of Parliament. They stated flatly that if one was over 45 years of age, one should not go to the Unemployment

Insurance Commission for assistance. One representative pointed out that she was told not to bother, and she was over 45 years of age. In view of this, how can we treat seriously the ability of UIC to find answers? Even if Manpower was prepared to assist, what older worker with a home would be prepared to take advantage of the mobility grant? Homes are virtually unsaleable. The renting of a new home is impractical. Mobility is fine for those free to move.

• (1550)

Therefore, avenue number one; that is, Manpower finding a person a job, is a pretty remote possibility. Avenue number two is a mobility grant; that is impractical. Avenue number three, which is retraining, is just as elusive. What job retraining is there, Mr. Speaker? In St. Catharines and across Canada the task force on Employment Opportunities for the '80s reported that training programs are merely stopgap measures to get people off the unemployment rolls. The Minister of Employment and Immigration (Mr. Axworthy) himself admitted that the courses and curriculum offered under the adult occupational training programs have become "increasingly irrelevant to the job demands in Canada". That being the case, why dangle the opportunity before these senior citizens? It is time the government became aware of the fact that we have a skilled labour crisis on our hands. The minister's speeches and press releases will be of little comfort in the next election. He will not be in this House, so we can tell him "We told you so".

The last avenue, and I will be very brief about this, Mr. Speaker—

The Acting Speaker (Mr. Blaker): Order, please. I think the Chair is obligated to seek the unanimous consent of other hon. members. The time for the hon. member for St. Catharines expired a few minutes ago. Would hon. members give unanimous consent so that the hon. member may conclude his speech in the next two minutes or so?

Some hon. Members: Agreed.

Mr. Reid (St. Catharines): I want to thank my colleagues for granting me this extension of time. A further avenue which this bill addresses is that of the portable wage subsidy. However, I want to draw to the attention of hon. members that as of December 31, 1981, only 318 job vouchers were issued and that, in the face of the great number of lay-offs with which we have confronted ourselves, is a very small number.

Step two of the bill comes after the unemployment commission has gone through the alternate avenues, which is part of its responsibility. Then the case of the unemployed senior citizen is referred to the Labour Adjustment Review Board. This board is made up of five members, all appointed by the minister. This board again investigates the lay-off of the individual and questions the qualifications and what the individual has done. Not only that, the individual must be one of 50. I sometimes question why a senior citizen should be one of 50, or 10 per cent of the work force, before he is entitled to this kind of assistance. If I am out of a job and over the age limit, surely the benefits of this bill should be made available to me as well as to a larger group force by a bigger employer.

The significant economic adjustment must be by reason of either import competition or industrial restructuring pursuant to the provisions of the act. Import competition is clear but the act does not make clear what industrial restructuring is because the qualifier is that this must be pursuant to a policy or a program of the government. Industrial restructuring includes technological change, but how is one to discern between a technological change undertaken for strictly business purposes or that undertaken because of a government program or policy that encourages such change?

Although I have a number of complaints and questions with respect to this bill, I want to confine my concluding remarks to the flexibility to which the minister referred and which becomes necessary in the qualifications of a worker for the benefits of this bill. I have already referred to the rigidity of the 1,000 hours per year requirement. This, I anticipate, will be altered. At first glance it seems reasonable enough but there are too many other contingencies involved. The second one has to do with the length of time, namely, the ten of 15 years that one must be in the work force. The Canadian Labour Congress pointed out that the average job tenure in Canada is between seven and eight years, not ten. Some change or alteration might be made to this provision as well.

My third point is related to pensions. We still have a pension system in this country which runs the gamut from an old medieval system to a progressive one. This legislation brings out the worst in both. There is no protection to the senior citizen's pension, whether or not he has to pay into it in the future, whether he is entitled to what he has received, or indeed what pension protection he might get under the bill.

Finally, we have to recognize the limitations of Bill C-78. In committee the Minister of Labour told us that Bill C-78 was limited in scope and in application. The Canadian Manufacturers' Association told us that Bill C-78 was largely impractical. The United Steelworkers of America told us it was not adequate. There can be no question about this when the government's program over the next three years is to allocate funds up to $10.4 million for laid-off workers. But the federal government will spend an equivalent amount in amenities and entertainment over the same period.

Mr. Lyle S. Kristiansen (Kootenay West): Mr. Speaker, it is with pleasure that I participate in the report stage of Bill C-78. Not all of my comments will be laudatory. My colleagues and myself see a number of grave failings, particularly in the first half of the bill which deals with the benefits and restrictions and to whom those very limited benefits will be paid.

First, I want to thank other members who served on the committee. I want to thank the minister for the degree of flexibility shown during the consideration of a number of amendments. Of course, we did not get anything like what we wanted, but some progress was achieved. I have been told by other colleagues of mine who have been in this place longer

than I that the procedures, easy exchanges and some of the positive results that took place in the committee, if not without precedent, were at least of a nature not seen all that often within the committee structure. In a number of instances, I found the committee exchanges to be an extremely satisfying experience. For the first time in my two years in this House I felt that a positive and actually perceivable contribution was made. I see the government has left in the bill some of the changes that were made in committee and has not tampered with them. For that I am very thankful.

Having said that, I must address some of the bills' obvious limitations. In many of the minister's answers, both at second reading and in committee, he made it clear that the bill itself is very limited. On January 28 in committee the minister said to the hon. member for Kootenay East-Revelstoke (Mr. Parker) that there was a failure to realize that this bill is not a bill to create jobs but to provide a certain minimum of income to older workers in certain communities. What we have, apart from the amendments to the Canada Labour Code, which is the latter half of the bill, is a bill to provide benefits to some categories of people in some areas of Canada, and those areas of Canada will be chosen strictly at the discretion of the minister within the rather too narrowly defined limits proposed in the bill.

● (1600)

Now, Mr. Speaker, with over one million unemployed at last count, and while we welcome benefits for relatively few of them, especially some older Canadians who may benefit in a concrete way from the provisions in this bill, we are profoundly disturbed at the further balkanization of the unemployment insurance system which will be an inevitable result of this legislation. When we alter a program which was initially universal in its application, simply depending on whether or not someone had been unemployed for a period of time and had contributed to the work force, there is a concern that the divisions this may cause will split region from region, industry from industry, resource areas from manufacturing areas, and the young from the old. Slowly but surely we see in the first half of this bill the dismantling of the national unemployment insurance system and its replacement with a patchwork of individual schemes which, while they are fine in themselves, when taken in isolation, will play off one group of workers against another, and one region of Canada against another.

Surely, Mr. Speaker, and I think I speak for almost all members, we have had enough of that kind of emotion and division without giving more room for those suspicions to grow. As a member from a resource area of western Canada—and many of my caucus colleagues are also from resource areas—I feel those very real attitudes among some of our constituents very strongly and hesitate to see anything else take place which will add to those suspicions and add fuel to the flames. Perhaps "flames" is too strong a word; I think "sparks" is probably a better description at this stage; but we should take them seriously in an attempt to avoid further fanning of them when we can do so without great difficulty.

These suspicions may arise particularly when the designations will be chosen politically by the minister alone. Of course, we would never suggest that a minister of the Crown would be partisan in his designation of these areas.

An hon. Member: You wouldn't?

Mr. Kristiansen: I would be the last person to suggest that of the new Minister of Labour (Mr. Caccia) who is so conscientious. However, we live in a political system and many people will be very suspicious of a bill containing so many grounds to believe that may be done. It has been said that the designated areas which will fall within the ambit of this bill are, with one sole exception, within a constituency represented by the governing party. Now, maybe that is simply an accident, that the Liberal party represents those areas of the country which have failed economically more than many others. Perhaps there is a message in that somewhere, because I do not know which comes first, the chicken or the egg.

How many people, Mr. Speaker, will actually benefit and where will they be? When this concept first arose approximately a year ago there were five areas considered for designation. It then became eight, and I believe it may now be ten. How many people within even those designated areas are actually going to benefit? We have a submission from both the United Steelworkers and the regional development council from eastern Quebec that in the area of Schefferville, Sept-Îles and Port Cartier only 35 out of over 900 people were actually receiving benefits and would be covered retroactively, I assume, by this legislation. While we realize this is limited, I wonder whether people will realize how limited it is intended to be.

In so far as the age restrictions are concerned, Mr. Speaker, employees must be 54 years old or over in order to receive what is sometimes referred to as the early retirement benefit, with ten years employment. While that is understandable for people who are engaged particularly in heavy manufacturing and resource industries, anyone who is unemployed regardless of whether he or she lives in a designated region or not, it is just as much a crisis for a person in that category to be unemployed, regardless of the nature of his or her work. Setting this restriction in place in the legislation makes us wonder whether or not family allowances and old age pensions are one day going to be decided by area designation. Where does the principle of balkanization stop once you begin to put it into practice? Again, we regret that the unemployment insurance system, which was designed and improved significantly over the years, is now beginning, perhaps for the best of motives, to break down the principle of universality through the balkanization of social and economic services provided by the federal government.

There is reference within this bill, industry by industry, to the designation of an area due to problems arising from import competition. When we think of that, Mr. Speaker, especially with hearings taking place next month in Portland, Oregon, and the possibility that tariffs may be imposed against one of our major industries, the forest industry, why can this bill not

be reworded in such a way that industries facing dislocation, if that is the term, as a result of export competition can be helped in the same way as those in the manufacturing sector?

There are a number of issues related to that which I and my colleagues will raise in clause by clause consideration, but I should like to say a few words now about the Labour Code amendments in the second half of the bill. It is here, Mr. Speaker, I think I feel the greatest sense of accomplishment, not only for myself but for my colleagues, as to what was achieved in committee. I do not say that in a partisan way because I believe it applies to members of all parties. We were able to achieve some changes so that at least some of the structures, such as the joint committees established under this legislation, having been given warning of the change to 16 weeks for advance notice, will be able to do a more effective job. I say this because we eliminated from the original bill some of the provisions which would have prevented those committees from looking a little beyond trying to find new jobs for people to see if something could not be done to review the initial decision to close down, lay off or terminate. By this I mean using the time afforded by this more adequate notice in order to put new mechanisms and initiatives in place so that those lay-offs and terminations may in fact need not take place. In committee we eliminated those sections which restricted the joint committees from even considering that option. We then put positive amendments in place which suggested that they do look at those more positive options for saving the jobs or altering the form of the jobs.

• (1610)

We hope that during the amendment process the House will correct one of the weaknesses which we still see remaining. We do have one amendment which will deal with it. We suggest that those joint committees and the officials working in conjunction with them be allowed access to the information required in order to carry out the duties with which they are charged under the legislation. What is the point of telling people that they can review a decision, that they can develop adjustment programs to change that decision, and that they can create new jobs or maintain jobs, if we do not even allow them to get into the area of asking for, not to mention demanding, the financial and economic information from the employer, whether public or private, which anyone would need in order to make a rational judgment of what should follow? Once we have accepted one premise, we must surely consider the other, and we must seriously consider it.

We have a number of amendments, comprising 13 in all, I believe. They are standing in my name on behalf of my colleagues. I would ask that the minister and the House give careful consideration to all of them. One in particular arose from the brief submitted by the Regional Development Council from eastern Quebec. I believe it was also raised within the steelworkers' brief, and perhaps one or two others. It dealt with the averaging of hours rather than insisting that there be a definite minimum of 1,000 paid hours per year. We have not chosen to alter the current wording within the bill to denote averaging.

I do not believe it was ever the intent of hon. members of the House or the intent of the minister that people who have lost some of their 1,000 hours in a given year should be disregarded. These people may have been on disability insurance, on workmen's compensation, on sick benefits, or some type of leave of absence which was authorized by their employers. We do not believe it was ever the intent that anyone in that category should be disregarded simply because they did not have what could be narrowly defined as 1,000 paid hours. If the House and the government would seriously consider that amendment, I believe we would find that all hon. members of goodwill would resolve one of the questions which was raised by a number of the delegations before the committee.

In concluding, I would say we have mixed feelings about the bill, but that is the case concerning any human endeavour. I do want to say again that within the committee we did feel there was a genuine attempt on the part of all parties to come to some kind of an agreement. Whether we end up with the unanimous opinion of this House or not when we get to the end of the road on this piece of legislation, I believe there will have been a positive contribution by all parties. I hope that consideration of the amendments put forward by our party and the government will be equally generous and understanding. Again, regardless of the final outcome of our various decisions, I hope we will produce what will be of maximum benefit to the maximum number of people. I hope there will be flexibility so that whoever may comprise the Government of Canada in the course of time may be able to bring the maximum amount of justice to the maximum number of Canadians.

Mr. Lewis: We undertake to do that.

[*Translation*]

Mr. Arthur Portelance (Gamelin): Mr. Speaker, I am very pleased to have this opportunity to speak to Bill C-78, an act to provide for the payment of benefits to laid-off employees and to amend the Canada Labour Code.

On December 14 of last year, the House ordered Bill C-78 referred to the Standing Committee on Labour, Manpower and Immigration, whose meetings I had the honour of chairing. I should like to thank my committee colleagues who showed their co-operation throughout consideration of the bill and with whose support the committee was able to establish a working schedule under which all interested groups were able to appear before the committee. I also wish to thank all witnesses, groups and associations that appeared before the committee. To their credit, committee members sat through long sessions during which they questioned witnesses, absorbed the information provided and obtained a better understanding of the implications of the bill before the committee. All my colleagues, I am sure, found the representations made by witnesses appearing before the committee very useful. In fact, a number of recommendations made before the committee were instrumental in bringing about vital changes in the initial bill. Thus, the bill before the House today has been improved as a result of amendments made and passed in committee.

Congratulations should, of course, go to the Minister of Labour (Mr. Caccia), who has shown that his main concern is to provide fair treatment for all persons affected by the bill. He collaborated with us on several occasions when a decision had to be made on amendments proposed by various members of the committee. The minister promised us that certain amendments that committee members could not move in committee would be moved by the minister at the report stage. He has kept his word, I am happy to say, and I also note that major changes were made in Clause 12(b) with respect to qualification for benefits. A brief submitted by the eastern townships regional development board drew the attention of committee members to a major shortcoming in the present definition of Bill C-78 with respect to qualification for benefits.

I believe previous speakers also raised the problem regarding the annual average of 1,000 hours of employment, which would mean that an employee who during the last ten years had worked 1,000 hours per year, totalling 10,000 hours in the industry, could qualify for benefits, but an employee who had worked an average 2,000 hours per year during the last ten years and, for reasons beyond his control, had been unable to work during one of those years, would not qualify, although he had worked a total of 18,000 hours during those ten years. Fortunately, the minister accepted the representations made to him in committee. Today, he is bringing in an amendment to correct this deficiency in the bill, and the committee certainly deserves much of the credit for this major change.

In committee, there was some concern about people who were already drawing benefits under an existing program also included in the bill. These are former workers in the textile and footwear industries. The benefits they are receiving would not be indexed as provided in the bill until benefit recipients under the new program were receiving the same amount. This section of the bill was discussed at length in committee, and if I understood the minister correctly, he was to change clause 34 so as to remove this inequity. I therefore share the concern shown by several committee members with respect to those already receiving benefits and, once more, I am pleased to see that the minister is making the required changes.

The Labour Adjustment Benefits Program is only one aspect of the Industry and Labour Adjustment Program which is available to communities and cabinet-designated industrial sectors, and which offers various labour adjustment measures and industrial incentives. In addition, the government paid particular attention to those industries which are experiencing economic difficulties—textiles, for instance—and among other things created the Canadian Industrial Renewal Board. The Canada Employment and Immigration Commission also implements a whole series of labour adjustment measures with respect to mobility, increased proficiency and job creation.

The program will help workers aged 54 to 65 who can hardly be expected to relocate and who are not directly concerned by other labour adjustment measures. Generally speaking, those people are not highly qualified and not in great demand, not to mention the fact that they do find it hard to get back into the labour force. In cases of serious difficulties, people over 50 who have worked very long years in the sector involved may be entitled to benefits.

Some hon. members seem to fear that anyone receiving benefits will have no incentive to return to work. Well, since only 60 cents will be deducted from the benefits for each dollar earned during the implementation of this program, those people can continue to work without fear of having their benefits cut off. In addition, should they hold a permanent job during the implementation of the program they do not lose their entitlement to adjustment benefits. Finally, every six months the Canada Employment and Immigration Commission will review employment opportunities with the recipients. Mr. Speaker, so far no one can be accused of dragging his feet with respect to the adoption of this bill and I hope the House will pass it soon so that the many workers now experiencing hardships will be able to benefit from this worth-while measure.

• (1620)

[*English*]

Mr. John McDermid (Brampton-Georgetown): Mr. Speaker, I rise to participate in the report stage of Bill C-78, to provide for the payment of benefits to laid-off employees and to amend the Canada Labour Code. May I say at the outset that I thoroughly enjoyed my work on the committee. My colleague from Rosedale (Mr. Crombie) and other colleagues participated in the work of the committee which was very beneficial.

I was concerned when the committee met last December. A few members of the government wished to ram this bill through in the remaining three or four days before the Christmas recess. After a great deal of discussion among members from all sides of the House, including the chairman who just participated in this debate, it was decided it would only be fair to allow those interested to make representations and suggestions to the committee with regard to the bill. Of course, this came about.

I must say that we had some spirited meetings. I am sure the minister and all those who participated will agree it was a very worth-while exercise. There were some tremendous representations from many interested groups, labour unions, employer groups and individuals interested in the bill.

This is an important bill. The problem is that it affects so few people. Once this bill passes, if my figures are correct, it will probably affect only some 800 people in Canada. That is all we are talking about at the present time.

I gather from what my colleague in the New Democratic Party stated that all designated areas under this bill so far are Liberal ridings, with the exception of one. That riding belongs to the NDP. I have no criticism of that. I feel that every area designated to date is indeed in need of this type of help; there

is no question about that. The only criticism I might have is the political taste of the people who live in those designated areas. They might look at another political party the next time around, one which will hopefully get this economy going again and provide meaningful jobs that will last for a long period of time.

The 800 people who will benefit from this act must be over the age of 54, have no hope whatsoever of finding employment and meet other criteria, which I will not go into in great detail today. I would, however, like to discuss a couple of matters which still concern me about this bill.

In one of the motions we are debating today, the NDP suggests that it should be the labour adjustment board which designates industries. We do not support that amendment. If an area is to be designated, it should be designated by the politician who is directly answerable to the people. A board hidden somewhere in the bureaucracy should not make those designations because it is answerable only to the minister. If the government makes these decisions, it is answerable to the people. Therefore, we feel very strongly that that amendment should not be approved by the House. The power should remain with cabinet to designate those areas and industries. The accountability is to Parliament and the people of Canada. The other motions we are debating are primarily motions by the NDP with regard to changing the responsibility for designation from cabinet to the Labour Adjustment Review Board.

There is something which concerns me about this bill that I have expressed many times. The minister and deputy minister assure me that it is not going to happen, but I am still not convinced. My concern is that the bureaucracy is involved in this. We have a cabinet which makes a decision as to what area or industry is designated so that the individuals who qualify will get the benefit of this bill. A board has been established. Its members are appointed by the minister. We assume he will take care of some of his Liberal friends. We were told in committee that the board will be made up of public servants. There has been an amendment to provide for an employee and employer representative. I congratulate the government on that; it is very important. The other three will be appointed by the minister.

We are assured that this will be a board of public servants and that it will not cost the taxpayer any money. We know that is not true. When a board is set up, no matter whether it is composed of public servants or not, the men or women on that board receive some remuneration. Therefore, it will cost the taxpayer something. To say it will not is a fallacy. The people should not be misled on that point.

The board then makes certain decisions or designations. It decides whether this or that person or this or that industry qualifies. It goes through the application and makes its decision. It then goes to the Unemployment Insurance Commission which goes through the application, decides whether the person qualifies or not and how the benefits will be doled out.

I hope a little later on someone on the government side will give a clear explanation of the need for that board and, once the designation is made by cabinet, why the work cannot be done by bureaucrats within the Unemployment Insurance Commission, thereby eliminating that separate body. To me, it sounds like a tremendous amount of bureaucracy which in my opinion is not required. We must remember that we are talking about an individual who is over the age of 54 and has exhausted his unemployment insurance benefits. He has no hope of obtaining employment and is concerned about how he will live. He has paid for his home and would like to stay there, he could not sell it anyway because his town is a one-industry town and no one is moving in there. Therefore, the real estate market is depressed.

• (1630)

He will now have to make all these other applications. It is fine that the union can apply on his behalf so he will not have to do this individually, as the minister would say, but it is still another layer of bureaucracy, another set of applications and papers which I personally feel is unnecessary. I suggest that all this could be amalgamated with the Unemployment Insurance Commission. The deputy minister and the minister have assured me in committee that it is not a bureaucratic mess and will work fine. I have heard this said many times and that I should not worry about it. Despite the assurance of the minister I am still fearful of the bureaucracy that is involved.

We on this side will be supporting many of the government amendments, including the retroactivity of the application of the act. Presently there is a great concern for those people living in these designated areas who do not have very bright prospects of moving to new jobs or finding employment in their designated area.

We are concerned about the New Democratic Party amendments which would broaden the powers of the Labour Adjustment Reviews Board. These amendments will give it powers which are outside its jurisdiction. The NDP would like the board to have the authority to conduct investigations and require employers to open their books on demand. Of course, this is an indication of more government involvement which we feel is unnecessary. We will oppose that type of amendment.

We have not yet decided upon our reaction to Motion No. 14 respecting Clause 12, which deals with eligibility requirements and what constitutes 1,000 work hours per year. The suggestion is that if the employee is absent due to illness, a leave of absence with employer consent during the year that illness occurs would still be considered as an average work year. I will be interested to hear what my colleagues, the NDP and the government have to say on this subject. The government has indicated that the terminology used in their amendment concerning exceptions and special circumstances might satisfy the NDP amendment and make it unnecessary. However, we will have to study this particular question carefully.

This is a very important bill, Mr. Speaker, and we do not want to delay it unduly. Although it affects only 800 Canadians at the present time, with the advent of lay-offs and industry shut-downs in Canada it is obvious there will be other designated areas and other designated industries to be considered.

The minister in the other place stated at a Liberal gathering out west on the weekend that the government will give up on certain industries and pay special attention to the resource and high technology industries. It will forget about some of the other industries, specifically the textile and footwear industry which he mentioned. We have already seen what the government has done to the footwear industry. The Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion (Mr. Gray) takes pride in saying that he gets great support from that industry, but I note that the footwear industry will have representatives in town on Thursday to demonstrate and discuss with many Members of Parliament their concerns over the latest actions of the government affecting that industry.

If what the Minister of State for Economic Development said on the weekend is factual—you have to wonder because you cannot believe who is saying what at times and people contradict each other—I am sure we will find more areas designated. There will be a great number of people who will qualify under this particular bill.

The minister and deputy minister were not able to give us accurate figures in committee on what these additional benefits will cost. They mentioned approximately $10 million up until this fiscal year, but I suggest that figure is an underestimate because more designated areas will arise much faster than expected due to the terrible economic conditions in Canada today.

We urge quick passage of this bill so that the benefits, which are meagre and only touch a very few people, will help those people most in need. We will work toward that end in order to pass this bill as quickly as possible.

[*Translation*]

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Mr. Speaker, I am pleased to be taking part in this debate. At the report stage there are a few comments I should like to make on Bill C-78, the Labour Adjustment Benefits Act. Basically, this bill is a humanitarian measure aimed at helping workers who are suffering the adverse effects of a rapidly changing economy, and who are faced with the consequences of decisions that are often beyond their control, especially at the national level.

The proposed legislation on labour adjustment benefits is part of a special three-year industry and labour adjustment program which was announced last January and given a budget of $350 million. Hon. members will probably recall that under the program, the Ministers of Industry, Trade and Commerce (Mr. Gray), Employment and Immigration (Mr. Axworthy) and Labour (Mr. Caccia) have already designated four communities that are in financial difficulty, namely, Port Cartier and Sept-Îles in Quebec, Sydney in Nova Scotia, Tracy and Sorel in Quebec, and Windsor in Ontario. These communities are having to cope with widespread industrial disruption caused by import competition or by industrial restructuring made necessary as a result of changes in the economy. Whatever the cause, the result is almost always a severe reduction in manpower. The number of lay-offs in the sectors most seriously affected in these communities indicates that they are faced with some of the worst adjustment problems in Canada.

The industrial restructuring encouraged by the industry adjustment program is essential to a sound economy. However, it does cause a number of serious social problems. That is why Bill C-78 is a necessary complement to this program, and there are two major reasons: first, because it provides benefits for older workers who have been permanently laid off, and also because it proposes amendments to Part III of the Canada Labour Code that are aimed at lessening the harsh consequences of loss of employment.

First of all, the labour adjustment benefits program provides financial assistance to older, laid-off workers when they have exhausted all other sources of financial aid. They must be at least 54 years old and have been permanently laid off in one of the designated industries. They must have been employed for at least ten years in the industry during the 15 years previous to lay-off. Benefits are the equivalent of 60 per cent of average insurable earnings before lay-off. Mr. Speaker, the bill provides for the establishment of a labour adjustment review board that will certify the eligibility of laid-off workers to apply for benefits. The House will note that the bill also covers adjustment assistance benefits programs already being offered by the Department of Labour to workers in the textile, clothing and footwear industries.

The primary objective of the program is thus to provide relief for older workers with many years of seniority, who have been laid off, either by helping them find employment in other locations or by enabling them to take advantage of early retirement benefits.

The second part of Bill C-78 consists of amendments to Part III of the Canada Labour Code, which would lessen individual problems caused by loss of employment and increase the entitlements and benefits of workers affected by massive lay-offs in industries under federal jurisdiction. We all know that lay-offs have been made necessary by a reduction in demand for manpower in industries that are undergoing restructuring. However, the impact of lay-offs on employees is often very serious, and the bill we are considering today tries to remedy the situation by improving conditions for payment of severance pay and by increasing the period of time required for giving notice of termination of employment.

From now on, when employers foresee a reduction in their work force, they will have to plan ahead and give workers earlier notice of any mass lay-offs. The minister and unions representing redundant employees must be sent notice in writing of the employer's intention at least sixteen weeks before the date of termination of employment. Employers will also have to establish a labour-management committee, whose members will be responsible for setting up a plan for minimizing the impact of termination of employment. Finally, sever-

ance pay conditions will be more generous. Workers will be entitled to severance pay after one year of service instead of five, as is the case at the present time. Employees will still receive two days' wages for each year of service, but the bill provides for a minimum of five days' wages and the present maximum of forty days' wages will be abolished.

In conclusion, Mr. Speaker, I should like to point out that although industrial restructuring is necessary in our economy, the fact remains that it can have very harsh consequences for redundant employees. Society and especially government and employers have an obligation to balance the impact of these adjustments.

Mr. Speaker, that is why I shall be voting for Bill C-78, and I hope that this bill, which has a very human dimension, will receive the approval of the House.

• (1640)

[*English*]

Mr. Thomas Siddon (Richmond-South Delta): Mr. Speaker, not having been a member of the committee, I feel some reluctance in making the presentation I am about to make, but nonetheless I wish to bring forward a point of view on Bill C-78 which I have not yet heard expressed this afternoon in this chamber and which I think is rather pertinent.

It is well and good to help older folk who have worked many years—perhaps 20 or 30 years—in our work force avoid the trauma of unemployment when an industry town goes down or when there is a major dislocation due either to technological or economic restructuring, but I want to say this afternoon that one of my most serious concerns relates to the fact that there is no dignity associated with people who are forced to go into early retirement. In the case of an industry where the whole plant is not shut down, it seems rather ludicrous that we should place the employer in the position of being able to push older, more experienced and more skilled people out the back door in order to make room for young people who perhaps do not yet have the necessary skills and developed abilities and who might very well be in much demand in other sectors of our economy.

It bothers me that this bill seems to make it easy to go into early retirement and to draw a pension prematurely—amounting to some 60 per cent of average insurable earnings—from age 54 or, in some cases, from age 50 until a person reaches normal retirement age. I believe this reflects adversely on the general state of our economy, and it is not adequate for governments to continue this preoccupation with programs, programs and still more programs which are not in fact working because they are not getting to the heart of the problem.

These programs and make-work projects are in a sense only aspirins for a terminal illness, and the government opposite has not chosen to address that terminal illness. Palliatives cannot substitute for the important policy choices and decisions which must be made if we are to restore the state of health and prosperity to our economy we once knew and, in fact, knew up until only a few short years ago.

I want to say something about five subjects in particular. First, Bill C-78 does not seem to bear any relationship to an over-all comprehensive industrial development plan which is so important to our nation.

The philosophy is wrong because it encourages people at the prime of their lives, when they have all the experience and knowledge in the world, to go into early retirement while other, younger people are brought into those jobs when perhaps in many cases they could be retrained and, with the whole concept of mobility, redirected into new technological disciplines and new challenging work.

Third, as other speakers have pointed out this afternoon, we see more layers of bureaucracy being added. It is the typical NDP socialist approach that we can add more bureaucratic jobs, and that at the same time we have to be peering constantly over people's shoulders, checking up on them and threatening them with penalties if they violate the rules, and then establish layer upon layer of rules and regulations with all the additional meetings, boards, expense accounts and paper shuffling that will entail. Once again we see that this emphasis on a new layer of bureaucracy—and in particular as represented by the Labour Adjustment Review Board—is part of the problem. The whole philosophy of more boards, programs and gimmicks is part of the problem and comes nowhere near to providing a solution.

As my colleague the hon. member for Brampton-Georgetown (Mr. McDermid) pointed out, the funding provided for this program is totally inadequate. It does not at all provide the kind of relief that would be fair and equitable. If we want to provide equity, we should do so for all workers beyond age 50 or age 54 instead of a select group which happens to live in certain depressed rural areas of Canada. We should not be laying off other workers—for example, in the aerospace industry or the automotive industry—in areas such as Brampton and southwestern Ontario or parts of Quebec, and saying: "Well, because you live near Montreal or Toronto, you will not be eligible for this program." The amount of funding is paltry and totally inadequate in terms of being able to provide the assistance that would be needed if we wanted to do justice, given the premise on which this program is based, to all those who have contributed for many years to our work force.

• (1650)

This program is an illusion of action, Mr. Speaker, because it only adds to Canada's declining productivity. It takes the most skilled, the most experienced, the most knowledgeable and toughened people who have been in the work force for 20 or 30 years, and puts them out to pasture. What we really need is to get our young people reoriented into new skills and keep the older people working. They want to work, Mr. Speaker, and as a matter of human dignity they should be entitled to and be given every opportunity to work. Instead, their employers are being encouraged to put them out to pasture, albeit in a very mediocre way through this program.

At the most, the program will help some 1,000 employees over the age of 50 go into a leisurely form of early retirement. One thousand persons per year really only represents .1 per cent of all of the unemployed people in Canada. That is the measly amount of assistance that the program purports to give. I think that is an astonishing and appalling condemnation of the over-all policies of the government which have led the country to its knees, economically speaking.

The program will only benefit .01 per cent of our total work force and .05 per cent of the total work force in the age group 50 to 54. Or only one person out of 16,000 or 17,000 people in the work force would qualify for the benefits extended by this bill. As I said before, the program presents the illusion of action and it is most unfair to the other thousands and thousands of Canadian workers who will not be eligible for its benefits.

Finally, no accountability is shown by the governor in council for the basis on which the designated areas are selected, so the situation is wide open to abuse through political patronage. We do not want to see that happen, but if past experience is any indication it certainly will and that is most regrettable.

There must be more accountability, Mr. Speaker, and the provisions on reporting should be tightened. The quarterly report submitted to this House should include detail on the amount of information that is available as the basis for the position taken—

Mr. Caccia: Mr. Speaker, I rise on a point of order. I wonder whether the hon. member would permit a question?

Mr. Siddon: Mr. Speaker, I would prefer to take it at the end of my 20 minutes.

As I have said, there is no evidence that this program is part of an over-all industrial development plan. This is like prescribing an aspirin for a terminal illness. Until this government comes to grips with the need for an over-all development plan, the statistics on unemployment will continue to escalate. We need a plan that stresses opportunities for our young people and training for the unemployed and the unemployable.

Clause 16 will encourage people to moonlight or go into other types of marginal business by allowing them to keep 40 cents on every dollar earned in those pursuits. If they should take retraining, they will have to deduct the compensation received for taking the retraining program from any benefit received under the labour adjustment benefit plan. In fact, this proposal encourages people in their senior years to earn income on the side and not to upgrade their skills to keep up with the technological structuring that we are all concerned about these days.

We need to provide an industrial development plan which will put the focus on secondary industry and upgrade the extent to which we extract value from our natural resources. It must put emphasis on getting the megaprojects going. This ties in to taxation policy and the attitude of the government with respect to foreign investment. We must stop this attack on foreign investment and realize that people who come to Canada and take some risks by investing in capital and plant will produce jobs for Canadians. Many of us would rather see people coming here and investing in the future of the country than have them lending money to Canada at preferred rates of interest without taking any risk in the future of the country. The attack on investment from outside Canada must stop.

The attack on the small business sector, especially as reflected in the job-destroying budget of the Minister of Finance (Mr. MacEachen)—as it was called by one columnist—and the whole thrust of the government intervening, regulating and overbearing on the private sector must stop. Changes in policy must be made in these areas before we can talk about bringing justice to those who have worked for decades. These people seek dignity. They want to go off every day with their lunch bucket, earn a living for their family and pay their income tax cheerfully. In this way they can feel they have a stake in the country and can make the choices that are in their own best interests.

It is obvious that there is not a shred of evidence that this program will be properly integrated with a long-range survey aimed at increasing and improving our productivity. It does not reflect any sense of the human worth of people who have been trained and who have worked hard and long in order to build this country to the height of prosperity and affluence which we enjoyed until a year or two ago.

There are some in this House, Mr. Speaker, who believe that robots and technology will take work away from humankind. We often hear the statement that in future we will only have to work ten or 20 hours a week. If we ever reach the point where everyone can work for government shuffling paper, and there are machines for making all the paper and all the products, then we will be in a state of stagnation. It is only human effort and ingenuity which will allow us to grow and develop as human persons and expand the opportunities and demands for trades and manual skills.

Make no mistake about it, Mr. Speaker, the demand for trades and human vocational skills will be with us for centuries. If the human spirit is to be preserved, men and women must have something constructive and creative to do. They must feel free to enjoy the rewards of their efforts. Those who say that computers and technology will take over are wrong. In fact, we cannot take solace in more programs, more bureaucracies and regulations as substitutes for real employment. Real employment is the production of goods that Canadians need; but, more important, if this is to be a healthy and growing economy it must produce more of the goods that are needed by the rest of the world.

This proposal flies in the face of entrenching the productivity of the nation. It merely reflects the government's total lack of competence to determine what the real goals of a nation which our potential ought to be. Instead, a three-layered bureaucracy is proposed which would have people apply for benefits either through their employers, their unions or directly to the Labour Adjustment Review Board as set out in Clause 4 of the bill. They may have to wait for many months until their

application is processed by a board of five people. Some of the criteria applied to their application will be, for example, whether they were laid off from a designated industry and whether the work force was reduced by 10 per cent or 50 employees. That is the task of the board, Mr. Speaker. It seems elementary. Why do we need a board to decide whether people have been laid off in designated industries? Contrary to the hopes of the NDP, the designation will not be made by the board; it will be made by order in council on the basis of political considerations. Why do we need a board to decide whether or not the work force has been reduced by 10 per cent or 50 employees in a designated industry or region? It makes no sense.

• (1700)

Once the board has judged upon applications by employees, it will decide whether or not they shall have leave to submit applications. I have been to the Soviet Union, and that is the way it works there—every bureaucrat is backchecked by another bureaucrat; every board is backchecked by another board; one must obtain permission in order to apply for benefits which the government allows. Bill C-78 is advocating that employees must first go before the Labour Adjustment Review Board. If they have the stamina and the patience to wade through mounds of paper, applications and criteria then the board might give them leave to apply for permission to receive benefits from the Canada Employment and Immigration Commission. Then, of course, they must submit other applications, after all this bureaucratic rigmarole, to the Canada Employment and Immigration Commission.

Now, what does the commission want to determine? First, it wants to determine whether an employee is a Canadian citizen; that should take approximately 30 seconds. Then it wants to know whether he or she is less than 54 years of age but not more than age 64; that should take another 30 seconds. It wants to know whether or not the employee has exhausted his or her UIC benefits; the office and the records are there, so it should take about 10 minutes. Then it must determine whether or not there are prospects for alternative employment. At that point, 50-plus-year-old men and women are sent down to line up and apply for other jobs. This is the illusion of the entire program. In fact there is a paltry $10 million maximum to help some 1,000 senior employees at the most. The greatest number of applicants, after going through this rigmarole and applying to the commission, will be sent to line up and file applications for employment. If the commission cannot decide on the relative merits of a particular application, the bill provides that it can be referred to a board of referees.

As well, in the amendments to the Canada Labour Code the bill provides for the establishment of a joint planning committee to analyse the criteria under which the adjustment program shoulds be initiated, and how many and what type of employees should benefit. Thus there will be four separate boards, bodies and commissions involved in spending $10 million. My estimate is that a good third of this amount will be spent on paper work and bureaucracy. It will be a further waste of taxation resources that can only be earned by the production of products which the country can sell and the people need. Bureaucracies, boards and commissions handing out government money and taking productive people out of the work force run totally contrary to what we are trying to achieve in the country.

I should like to refer to a couple of inventories of recent applications for unemployment insurance. In 1981, in my riding applications for unemployment insurance benefits rose from 7,900 to 8,900, or a total of 1,000. In the last month alone, the Employment and Immigration Commission office staff in my riding had to work overtime and on weekends. Approximately 30 additional staff members were required because unemployment insurance applications rose from 1,100 in January, 1981, to 1,400 in January, 1982. Also I should point out that applications rose from 1,200 in December, 1980, to 1,600 in December, 1981. The proposed legislation does little to solve the escalation of unemployment, caused primarily by the policies of government. There have been over 2,000 lay-offs in the mining industry since the November 12 budget, and we expect another 5,600 by the beginning of summer, for a total of 8,000 mine workers being laid off permanently or taking early retirement. In many cases they do not want to go on early retirement because it is contrary to their sense of dignity; they want to work. What is the point of going on early retirement in a community such as Sudbury? What can one do? Why are we letting young people sit around drawing unemployment insurance benefits? Why are we not retraining them, upgrading their skills and redirecting them into new and challenging forms of employment? Instead the government talks about removing the most productive segment of the work force. I cannot understand it. It is a condemnation of government that all it comes up with is alphabet soup gimmicks as solutions to very grave and serious problems confronting the nation.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Blaker): Order. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Algoma (Mr. Foster)—Communications—Reception of television signals from CanCom satellite; the hon. member for Peterborough (Mr. Domm)—Metric Conversion—(a) Forced implementation. (b) Prime Minister's views; the hon. member for Central Nova (Mr. MacKay)—Airports—Calling of tenders for advertising concession.

GOVERNMENT ORDERS

[*English*]

LABOUR ADJUSTMENT BENEFITS ACT

MEASURE TO ESTABLISH

The House resumed consideration of Bill C-78, to provide for the payment of benefits to laid-off employees and to amend the Canada Labour Code, as reported (with amendments) from the Standing Committee on Labour, Manpower and Immigration, and Motions Nos. 1, 2, 5, 6, 7 and 8 (Mr. Kristiansen) and Motion No. 10 (Mr. Caccia).

Mr. Sid Parker (Kootenay East-Revelstoke): Mr. Speaker, I welcome the opportunity to speak on Bill C-78. First I should like to say to the government member, who mentioned this was a humanitarian bill, that if the government brings before the House a bill which will create employment, then it could be called a humanitarian bill.

During discussions at committee stage there were representations from the Canadian Labour Congress, the United Steelworkers of America, the Canadian Trucking Association, the Canadian Manufacturers' Association, and The Railway Association of Canada. Virtually every one of them condemned the provisions of the bill. In fact, the CLC went so far as to indicate that the government is not offering medicare but a death benefit.

Bill C-78 is to provide for the payment of benefits to laid-off employees and to amend the Canada Labour Code, but I should like to add the words, "in designated areas where the government sees fit". Basically this is what the bill identifies. We in the NDP have put forward 13 amendments to the bill at committee stage and on the floor of the House; the Minister of Labour (Mr. Caccia) has put forward approximately ten. This clearly indicates that the bill was very poorly drafted and has not had the benefit of consultations with labour, management and other related groups.

The qualifications for receipt of benefits are very stringent. In order to qualify a person must first be a Canadian citizen or permanent resident; this sounds logical. Also he must have been laid off as a result of non-cyclical factors, where the total lay-off equals 10 per cent of employees or 50 employees. Can one imagine the discrimination in the bill? If it is not 10 per cent or 50 employees, some residents in that designated area could receive those kinds of benefits and yet others could not. What about those who have been employed for ten years out of the past 15 years working for 1,000 hours each year? One employee could be sick during one of those ten years and not complete his 1,000 hours of work. We in the New Democratic Party suggested an amendment that instead of 1,000 hours per year, there should be an average of 1,000 hours per year for ten years. That amendment could not be accepted because the minister and the committee chairman indicated that it was a money matter and was not something we could discuss. This is without doubt a discriminatory clause. I do not see why one of two workers working in the same industry for the same amount of time and who happened to be off work for one year

out of the ten should be disqualified. I ask hon. members whether that is humanitarian. What about exhausted unemployment insurance benefits?

• (1710)

Mr. Caccia: Would the hon. member permit a question, Mr. Speaker?

Mr. Parker: Mr. Speaker, as soon as I have completed my speech, I will be prepared to answer questions.

Mr. Caccia: Read Motion 13.

Mr. Parker: What about a person having exhausted unemployment insurance benefits with no prospect of employment or one who is able to find only a low-paying job? In addition to all of these restrictions surrounding qualifications, the procedure for applying benefits seems needlessly bureaucratic.

Mr. McDermid: You want to make it more bureaucratic.

Mr. Parker: First, an application must be inspected by the Labour Adjustment Review Board. Second, if cleared, the application is then sent to the Employment and Immigration Commission, which may conduct its own investigation. Finally, a third investigation might take place if the commission deems it necessary to refer the application or any question arising to the board of referees. What a horribly complex system to impose upon Canadian workers denied the right to a job!

Mr. Siddon: Typically NDP.

Mr. Parker: I have asked the chairman of the committee and the minister how much money is going to be set aside so that these things can be carried out. I have not yet received an answer. Is the amount $10,000; $10 million; $20 million; or $30 million over the next three years? I have not been able to get that answer.

For immediate release on January 19, 1981, we found the announcement that a $350 million special industry and labour adjustment program would go into effect. In the body of that release we find the following:

> The designation of communities, for the community-based portion of the special adjustment, will be made by cabinet with the first designations within the next few weeks. Communities will be designated for one year with a maximum of two six-month extensions. It is estimated that at any point in time five or six community designations would be in place.

Since that time we have not heard of extra allotments to this program. The answer given by the minister was that times have changed and we are going to designate larger areas.

The Canadian Labour Congress, the steelworkers and various delegations put forward very clearly that communities have asked for full corporate disclosures of all information and data relevant to the decision by a company to shut down its operation. That is not too much to ask, is it? Is it too much to ask of a company that has been established for many years in a community? Is it too much to ask for a corporation or company to relay why it is shutting down and why the reasons

should not be investigated? Those are some of the concerns that came forward.

I want to talk for a moment about the representations made by the trucking association. I asked them about their hours of work. I realized they could not answer in hours per day or hours per week, but surely to goodness an industry as large as that serving all of Canada should be able to identify a monthly scale. I was told by representatives of the trucking industry that truckers could work as much as 260 hours a month and that they could ask for extensions on top of that. The railways are doing a similar thing. Workers are required to work 11 hours a day and yet we have over one million people unemployed. At the same time industries are allowed under the Labour Code to let workers work excessive hours. If the Minister of Labour is really concerned about employment and if he really wants to do something humanitarian, he should meet with companies and unions to find a way to solve this dilemma. Workers should be working hours of work that are in the 1980s, not those worked in the 1890s.

That is something productive that could happen. In my riding of Kootenay East-Revelstoke, 200 IWA workers were laid off in the Canadian forest industry by Crows Nest Forest Products Ltd. Right next door construction is going on by Crows Nest Resources. Do you think that the parent company has made an attempt to give the long-term employees an opportunity to work within the resource sector of the company? To this date the unions, Canada Manpower, management and myself, as a Member of Parliament, have been calling upon the parent company to try to relocate lumber workers in the mining areas. They are qualified to run machinery. I am sure they are qualified to carry on those kinds of jobs. But what is the Minister of Labour doing? He is bringing in amendments to the Canada Labour Code and bringing forward extensions to the Unemployment Insurance Act which will provide mobility for people to move from province to province. But what about people in a province who have homes, are unemployed and looking for work? They want work, not benefits. That is the message we were getting loud and clear from the various groups.

The steelworkers talked about Uranium City and its problem. Before Christmas our members in Uranium City were told without prior indication or warning that Eldorado Limited would be permanently closing its Beaverlodge mining operations as of June, 1982. For the work force of 850 this meant that their jobs, homes and the whole community would be written off. Not only was there no prior indication of the shut-down, but some 45 new miners and their families had just moved into Uranium City and were still in a company orientation program. Those kinds of things are going on. We are not having the kind of consultation that should occur in order to ensure that we have an industrial strategy which will keep workers employed in the future.

The union together with the community have asked for full corpporate disclosure of all information and data relevant to the decision by the company to shut down its operations. On the basis of his public statement, the president of Eldorado is apparently of the view that his simple figures of $60 in production costs and $25 in current quoted prices per pound of product is sufficient information for the people. Anything more can wait for the publication of the company's annual report. We on this side do not feel that is sufficient.

The Sydney steel mill, Sysco, has suffered chronic problems ever since it was abandoned by Dosco in 1967, its previous irresponsible owners, and the mill has suffered long-term job losses as well as short-term lay-offs and recalls. Part of the reason has been loss of markets and part technical change. The government is well aware of the problems of Sydney steel. It has been aware of them. It knows about the expenditures that must be made. But the government is now coming in with patchwork policies to try to cover up for the mistakes it has been making over and over again.

● (1720)

With regard to the railways, it seemed odd to me that the government would be bringing about the same kind of talks as the trade unions, management groups and workers; but the conclusions of The Railway Association of Canada were that it understands the conflicting recommendations made to legislators as they attempt to maintain realistic labour standards. Legislated improvements which are not the result of real productivity improvements, however, will come at the expense of the employees. Rather than benefit the terminated employee, the proposed Labour Adjustment Benefits Act may ultimately lead to further erosion of the employees's wellbeing. The Railway Association goes on:

> It is for these reasons that The Railway Association of Canada remains convinced that the proper role for government is to create an economic environment where business can grow and prosper.

That was typical of the comments of virtually every delegation which came before us.

There was one personal representative from Sept-Îles. It was a pathetic thing to see that worker come before the committee and talk about the unemployment there, the loss of homes, and the attitude of the government in offering them programs such as this which are only stop-gap measures against a very serious unemployment problem. The Canadian Labour Congress offered some adjustment programs which put forward the following points, and I think the minister should take a look at them. They said:

> One year advance notice of plant closures and major lay-offs and six months for lay-offs of less than 50 employees.

Is that so much to ask for on a major shutdown?

> Major lay-offs and plant closures must be justified in hearings before a job protection board. A single member board, appointed by the government after consultation with the parties affected, would have powers under the Inquiries Act to examine the reasons for the full or partial closure.

Is that too much to ask? Surely to goodness, when people have worked long hours and years for a company, it is not too much to ask a board under the Inquiries Act to examine the reasons. The next recommendation reads:

> Compensation payments to communities affected by lay-offs payable out of a special fund financed through employer contributions. The job protection board would make recommendations concerning payments out of the community

adjustment fund. The rules governing the establishment and administration of the fund and respecting entitlement for assistance would be made by regulation.

Is that too much to ask in a community where the workers have worked long and diligently, invested their money, their lifestyle and their youth in those communities, only then to be told by the government that this is a humanitarian bill; that if they take their pension a little bit early, and if they happen to work over 1,000 hours every year for the past ten years, they could qualify if they can pass all of these various provisions. The recommendations go on:

In addition to proceedings before the job protection board, no lay-offs may occur until negotiations take place between the employer and the union or, where there is no union, a committee of employees, to discuss ways of avoiding a loss of jobs. During such consultations, the employer shall make available all relevant financial information concerning the lay-off.

Again, is that too much to ask? Why should the government come in with programs to bail them out when they have not even identified why the lay-offs are taking place?

Where lay-offs cannot be prevented, an agreement must be signed between the employer and the union or committee of employees covering all terms of the lay-off before terminations may proceed. The Minister of Labour shall make regulations setting out minimum amounts to be paid to terminated employees as relocation allowances.

In cases where employees are on strike or locked out at the time the employer announces his intention to lay off, the above-mentioned negotiations remain mandatory before any action can be taken.

Standard hours of work must be lowered through collective bargaining; to facilitate this, the Canada Labour Code must be amended to provide that all overtime work is voluntary and to increase overtime pay to 2½ times the regular rate.

Is it too much to ask of a company, if they insist on the overtime, that they must pay two and a half times the rate? Not only do we lose out on overtime hours, but that employee is only paying his contribution to the unemployment insurance fund. If extra jobs are created, extra funding would come into the program.

Some more recommendations are:

Severance pay of at least one week per year of service, or portion of a week's pay for each portion of a year worked, with no service requirement.

A levy-grant system to ensure that all employers contribute to the cost of retraining workers.

Changes in pension legislation to improve vesting rights and ensure portability of pensions.

Those are constructive suggestions which the minister should look at very seriously.

The approach to the adjustment assistance bill taken in C-78, supplemented by the illusory employment measures announced recently by the Minister of Employment and Immigration (Mr. Axworthy), falls far short of what is needed in this country. Those were the comments made by the Canadian Labour Congress. On and on it goes. I want to say that I thought the committee put a very constructive effort into improving the bill, but it is not good enough. I am recommending to our party that we do not support this legislation because it is limited, discriminatory and not in the best interests of Canadian workers.

Labour Adjustment Benefits

[*Translation*]

Mr. Antonio Yanakis (Parliamentary Secretary to Minister of Labour): Mr. Speaker, I am pleased to take part at the report stage in the debate on Bill C-78, an act to provide for the payment of benefits to laid-off employees in times of undue economic difficulties in a designated industry; that is, when an industry is undergoing significant economic adjustment of a non-cyclical nature by reason of import competition or by reason of industrial restructuring implemented pursuant to a policy or program of the Government of Canada to encourage such restructuring, or when the economic adjustment is resulting in a significant loss of employment in the industry in Canada generally.

[*English*]

Since my hon. colleagues have already addressed themselves to the portion of the bill concerned with the payment of benefits to laid-off employees, I will restrict my comments to that part of the proposed legislation concerned with the amendments to the Canada Labour Code. Mr. Speaker, I draw the attention of hon. members to Clause 31, which proposes the repeal of Section 60 of the Canada Labour Code. The earlier legislation states that:

Any employer who terminates, either simultaneously or within any period not exceeding four weeks, the employment of a group of fifty or more employees employed by him within a particular industrial establishment, or of such lesser number of employees as is prescribed by a regulation made under paragraph 60.2 (b) that is applicable to the employer, shall, in addition to any notice required to be given by him under Section 60.4, give notice to the minister in writing of his intention to do so at least

(a) eight weeks before the date of termination of the employment of the employee in the group whose employment is first terminated where the group of employees whose employment is to be terminated does not exceed one hundred;

(b) twelve weeks before the date mentioned in paragraph (a) where the group exceeds one hundred but does not exceed three hundred; and

(c) sixteen weeks before the date mentioned in paragraph (a) where the group exceeds three hundred.

(2) A copy of any notice given to the minister under subsection (1) shall be given forthwith by the employer to the Department of Manpower and Immigration and to any trade union certified to represent any employee in the group of employees whose employment is to be terminated or recognized by the employer as bargaining agent for any such employee; and where any employee in such group is not represented by a trade union, a copy of such notice shall be given to him or posted forthwith by the employer in a conspicuous place within the industrial establishment in which that employee is employed.

Section 60.1 states:

An employer who gives notice to the minister under section 60 and any trade union to which a copy of such a notice is given shall provide to the Department of Manpower and Immigration any information requested by it for the purpose of assisting employees to whom the notice relates and shall co-operate with that department to facilitate the re-establishment in employment of those employees.

These actions of the Code require amendment because they are no longer adequate to cope with contemporary industrial needs. In the past it has been implicitly assumed in government policy that the Canadian economy is able to accommodate and adjust to disruptions, dislocations and costs caused by closures and relocations of enterprise. Unprecedented numbers of plant closures and large scale permanent lay-offs of workers have recently focused public attention on this issue and have

brought into question the serious burdens placed on workers in such situations. Owing to his growing concern with this matter, on March 9, 1978, the Minister of Labour (Mr. Caccia) appointed the commission of inquiry on redundancies and lay-offs under the chairmanship of A.W.R. Carrothers to study these problems. His recommendations, published under the date of April 5, 1979, laid the basis of the proposed legislation before Your Honour today.

• (1730)

I would like to give a rough summary of the Carrothers recommendations. First, there was a recommendation that, through legislation, redundancy management be recognized as a shared responsibility and that "effective joint consultation" be required. The commission argued that the right to be consulted should be applicable to both uionized and non-unionized employees. In the case of non-union operators, it was recognized that a mechanism to provide employee representation would have to be established.

Second, on the matter of notice, the commission proposed that a "notice of intent to introduce a change" should be required. At this time, the manpower consultative services of Employment and Immigration Canada would be available to assist the parties. The purpose was to ensure consultation before a fixed plan of lay-offs was established. Under present provisions in the Canada Labour Code, this is not the case. If "notice of intent" were established, the commission proposed that present notice requirements be reduced.

Third, the employers and employees should be prepared to resolve the impasse with respect to lay-offs or face third-party intervention. The commission chose not to recommend processes for the resolution of impasses in the belief that prescribed procedures would inhibit consultation, and that ad hoc intervention should be in reserve.

Fourth, employer and unions, or a committee of employees created for the purpose, should establish standing "work councils" to meet on a regular basis for continuous joint manpower planning. It was not proposed that this be a legislated requirement.

The government, when considering the precise form which the legislation should take, took the recommendations of Mr. Carrothers one step further. The government realizes that there is a problem when one employee is laid off; but whether such a laid-off employee is one of 50 or 300, the government proposes in the new Section 60(1) of the Canada Labour Code that all lay-offs involving 50 or more employees will be treated equally; that is to say, the employer shall give notice to the minister, in writing, of his intention to terminate employment at least 16 weeks before the date of termination of employment of the employee in the group whose employment is first terminated. Subsection (2) provides that written notice of termination be given to the Minister of Employment and Immigration (Mr. Axworthy) and the trade union representing any redundant employee.

Implementing Carrothers' previously summarized recommendation of notice through Section 60.1(1) will ensure that the Canada Employment and Immigration Commission will have access to the information requested for it to be of assistance to laid-off employees since it requires that:

> An employer who gives notice to the minister under section 60 and any trade union to which a copy of such notice is given shall give the Canada Employment and Immigration Commission any information requested by it for the purpose of assisting any redundant employee and shall co-operate with the Commission to facilitate the re-establishment in employment of that employee.

Unfortunately, Mr. Speaker, the time is insufficient to enter into the thorough discussion merited by Sections 60.1(2) through 60.3. I recommend them for the hon. members' perusal with the thought that they go a long way to effecting the recommendations made by the Carrothers commission and will prove to be a great boon to the workers of Canada.

Some hon. Members: Hear, hear!

Mr. Jim Hawkes (Calgary West): Mr. Speaker, after so many days of committee hearings, it was a pleasure to be able to return to the chamber, not to discuss a bill which may not be an important bill, and I will make a case for that as time progresses today but, rather, to discuss what is certainly an important problem. I believe we have a piece of legislation which is still far from adequate, but perhaps somewhat better after the committee's examination of it. For those who may be listening to us today and have an interest in this problem of lay-offs, the transcripts which were largely generated by the witnesses who appeared before us should be of considerable interest. Obviously, they are obtainable from the Clerk of the House of Commons upon request.

Some weeks ago, I stood in this chamber and asked, first, the Minister of Industry, Trade and Commerce (Mr. Gray) what he thought of the impact of the massive lay-offs on the health of Canadians. The Minister of Industry, Trade and Commerce stood in his place and told me that I was off on some sort of wild goose chase and that lay-offs did not lead to health problems which should be of concern to him and his government. That flew in the face of the fact that the Minister of Industry, Trade and Commerce comes from Windsor, Ontario; and if he had simply read his daily newspapers over the last year and a half, he would have seen that a special mayor's committee laid out in the public domain the fact that social agencies and health agencies in Windsor had experienced a tremendous increase in the volume of requests for their services.

An hon. Member: He can't read!

Mr. Hawkes: Someone from across the chamber shouts, "He cannot read!" I do not know if that is correct or not, but certainly the minister does not seem to read his local newspapers. He does not seem to understand his own constituency and the difficulties for human beings which have been caused in that Windsor area by massive lay-offs.

• (1740)

Later that same day was the first opportunity that I had to speak in this chamber about the issues which Bill C-78 brings to our attention. In *Hansard* for that day we find the Minister

of Labour (Mr. Caccia) making an interjection in the middle of my presentation to this chamber. That interjection is very simple. He said: "Nonsense, sheer nonsense". That is what the Minister of Labour said in this chamber on that day. That interjection was in response to a part of my presentation to this chamber in which I was indicating some of the statistics available to the public related to the social service costs and health costs of massive lay-offs.

In committee I brought to the attention of the Minister of Labour the fact that the statistics I was using on that occasion had come from the Carrothers report. That report, mentioned just a few minutes ago by the Parliamentary Secretary to the Minister of Labour (Mr. Yanakis), underlies the piece of legislation which we are exploring here today. It behooves me to take a minute or two to read from page 39 of that report so that the public record shows clearly and unequivocally what is contained in at least one page of that report.

Quoting from that report, they tell us that when unemployment goes up 1.4 per cent—and we have seen that kind of rise in Canada in the last year—there is an increase in suicides of 5.7 per cent. Admissions to mental hospitals increase 4.7 per cent for each 1.4 rise in the unemployment rate. Admissions to prisons go up 5.6 per cent with that same rise in unemployment. There is a rise in homicides or murders of 8 per cent for every 1.4 per cent rise in unemployment. The mortality rate as a result of cirrhosis of the liver goes up 2.7 per cent, and the mortality rate as a result of cardiovascular renal disease will go up 2.7 per cent. The total mortality rate on average will go up 2.7 per cent from a 1.4 per cent increase in unemployment.

If those are the figures which we can expect to find in a nation, these rises of 3 per cent to 8 per cent from some of the indicators of social stress and distress, we will find the same, only magnified, in those communities which experience sudden massive lay-offs.

If the Minister of Industry, Trade and Commerce were here to listen to this debate, or if he takes the time to read *Hansard*, or if he has read his local newspapers in the city of Windsor where there have been so many unfortunate Canadians laid off in the automobile plants, he would find that these effects are real and significant. They not only cause harm to people, but lead to increased mortality rates. More people die in those kinds of circumstances than would normally die if those circumstances were not present.

The importance of that in this piece of legislation before us lies in what the legislation does not deal with. As we look at the legislation, there are two principles which are enunciated. One deals with the fact that there shall be benefits for designated people who have been laid off. These benefits shall be of a financial nature. I guess it is easiest to think of them as an early retirement. There shall be for older workers some kind of security provided. That is a step forward.

The victims of government policy and an economy which is not allowed to perform the way it should by a government that does not seem to know what it is doing or the harm it is causing should have something from society on which to fall back in order that they can buy adequate food, have adequate shelter and live a life of dignity.

I do not think any member of this chamber could seriously argue with the principle of this bill. It is a valid principle, one which I hope all members will support. If we had seen a bill dealing with a desire to help in that way, pure and simple, I suspect it would have had rather quick passage in this chamber and in committee. The witnesses we heard did not quarrel with the need for Canadian society to help these kinds of victims.

Instead, we got a different kind of omnibus bill. We have provisions in this bill which we cannot separate. Members of this chamber will have to vote on both principles, and we only get one vote. It is the second principle which causes me difficulty. It is the second principle on which we heard a great deal of testimony.

In this country today there are in excess of one million people unemployed. We have been told by Statistics Canada that over the last year 400,000 people have been lost to the work force. They have given up looking for work. They know there is no work to be found in their communities.

In summary, we have skilled, caring Canadians who are not allowed to make a contribution to society because we do not have an economic system in place which encourages their participation. If you say to yourself with a great deal of clarity that what this country needs is a bigger pie with more jobs, more opportunity for young, old and middle-aged people, and you look at the first part of Bill C-78 which talks about the responsibility of employers in relation to lay-offs, you have to ask yourself some questions.

Whether you are a labour union leader, a member of this chamber, employed by a business subjected to lay-offs or an employer, you have to ask yourself whether there is a cost involved if society adopts this bill. The answer should come very quickly. Yes, there is a cost involved. You then have to ask yourself who pays the cost. That is where it starts to become a little unglued, a little less clear than it might be. The early retirement benefits or labour adjustment benefits are to be picked up in large part in the long term by society in general. But in the short term, a specific employer must give notice and pay full salary for a period of time, be it ten, 16 or 20 weeks. Therefore, it must be considered by that employer as a cost of doing business.

● (1750)

This might sound reasonable, as it is in many cases, but it also has a down side. The minister said in committee that he did not care or was not concerned about this. I was disturbed even more when he said that. This down side can be illustrated within the following context: ask yourself if there is any employer or owner of a business who would willingly lay off employees rather than expanding his business and hiring new employees. The reason a businessman can expand is because his business is strong and whatever he produces is in demand and being used by society. As his commodities become more popular, he has to produce more and therefore hire more people to make these items. This is what the business climate

in Canada should be. A business which is growing, expanding and providing more jobs for more people is what any businessman would like to have.

Let us contrast this with the situation of an employer who must reach the difficult decision to begin laying off people. Why would he decide to lay off people rather than hire new employees? Of course, the reason is that business is poor. He has to make this decision after carefully studying the situation and realize that if he continues to pay people to do a job which does not need doing, if he has to pay employees money for 16 or 20 weeks for doing nothing, it may well be the straw which breaks the camel's back. That increased expenditure may drive the firm into bankruptcy, and no one in that firm will have a job. That is the cost of doing business.

Are we putting forward a piece of legislation which will increase the bankruptcy rate and thereby increase the unemployment rate? If there is even a threat of doing that in these present economic circumstances, we should be very, very cautious.

There is another hidden cost which is perhaps somewhat more difficult to understand. This involves a businessman deciding upon whether he wants to build a new business in Maine or Massachusetts, for example, or in southern Ontario or Montreal. He wants to employ 100 people but must reach a business decision on behalf of the shareholders as to whether he should build in Maine or Montreal. Knowledgeable businessmen will consider the business climate in which they will be and consider the costs involved. If they find that the Canadian government has gone out of its way to make it more expensive to produce goods in the long term than they can be produced south of the border, they will decide to build the factory and thereby create jobs in Maine or Massachusetts instead of Canada. That is the reality.

Perhaps I speak with some passion on this issue because during the past year and a half I have seen people become the victims of an overnight change in federal government policy. Since October, 1980, when the National Energy Program was introduced I have seen people who started a small welding shop with 20 employees, or someone in an oil-related business, or pensioners who invested in an oil rig become victimized by an overnight change in policy. The experienced people in those businesses who knew the results of the government policy started laying off people immediately because they knew that if they did not cut their expenses rapidly they would be facing bankruptcy.

As I travelled through my riding today, I found that those people who reacted quickly may only have half of the employees they had a year and a half ago, but they are still in business and still have jobs for some people. On the other hand, those less experienced businessmen who failed to react quickly, went bankrupt and have no employees.

I urge the Minister of Labour to consider carefully the weight of my argument before we enshrine into law the principle which may cost us jobs at a time when the government is being criticized because not enough jobs are being created. Over a million people in Canada are unemployed, and we should be careful about passing any piece of legislation which may make it more difficult for them to obtain employment.

Miss Pauline Jewett (New Westminster-Coquitlam): Mr. Speaker, after listening to the debate this afternoon, with the exception of the two members of the NDP and a couple of Conservatives who have spoken, I could not help being struck by the fact that this legislation does not even address the problem of unemployment in Canada. If it does, it is only so marginally that it is almost embarrassing that the government would even want to bring this legislation forward. There does not even seem to be any provision to enhance the bill in such a way as to remove the very causes of unemployment in our society.

When I hear the minister responsible for economic development, who, I assume, speaks for the government, say that it is the government's policy that there is nothing very much wrong with Canadians continuing as the hewers of wood and drawers of water and it has to phase out even further established Canadian industries, which provide by far the best employment opportunities in Canada—not the resource sector—I cannot help wondering if any member of the government realizes that the unemployment problem is simply not being addressed.

I would like to make specific reference to the inadequacies of this particular measure at eight o'clock. May I call it six o'clock?

The Acting Speaker (Mr. Blaker): The Chair has been asked to advise hon. members that other amendments pursuant to Bill C-78 have now been considered by the Speaker.

Madam Speaker has ruled as follows; she examined the remaining motions in amendment to Bill C-78 and wishes to inform the House of her decision concerning the grouping and voting of these motions.

Motion No. 11 standing in the name of the hon. member for Kootenay West (Mr. Kristiansen) causes the Chair some difficulty in that it appears to be going beyond the scope of the bill when it calls upon the board "to investigate the expected social and economic impact of intended termination of employment". Beauchesne's Citation 773(1) states that an amendment is out of order if it is beyond the scope of the bill. Therefore, on that basis one would presume that the motion may be out of order, but subject to the usual consideration that the hon. member may wish to argue the case.

● (1800)

Motion No. 12 standing in the name of the hon. member for Kootenay West appears to relax conditions and qualifications respecting the receipt of benefits. In this regard it appears to go beyond the royal recommendation as referred to in Beauchesne's Citation 773(7).

The Chair would be prepared to hear argument on the acceptability of these two motions at the appropriate time.

Motions Nos. 13 and 14 should be grouped for debate but voted on separately.

Motions Nos. 15, 16, 17, 18 and 19 should be debated and voted on separately.

Motions Nos. 20 and 21 should be grouped for debate but voted on separately.

Motions Nos. 22 and 23 should be debated and voted on separately.

I think it might be a courtesy to hon. members if at eight o'clock this evening the Table had an adequate supply of copies of this ruling for hon. members to have in hand.

Pursuant to the suggestion of the hon. member, I will call it six o'clock. Accordingly, I do now leave the chair until 8 p.m.

At 6.01 p.m. the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

[*Translation*]

Mr. Deputy Speaker: When the House rose at 6 p.m. this evening, the hon. member for New Westminster-Coquitlam (Miss Jewett) had the floor.

[*English*]

Miss Jewett: Thank you, Mr. Speaker. We are debating Bill C-78 which is an act to provide for the payment of benefits to laid-off employees and to amend the Canada Labour Code. It sounds pretty good, particularly the first part—an act to provide for the payment of benefits to laid-off employees. Yet when one looks at it closely one sees that this year it will benefit at the most, from my estimate, 350 and not 850 employees. This, in a society where, in January, 1982, 1,096,000 Canadians were unemployed, or 9.5 per cent of the labour force. If you add to that the hidden unemployed which in January, 1982, is estimated at 745,000, you will find that the number of unemployed constituted 15 per cent of the Canadian labour force. When you look at lay-offs—and I wonder if members of the government were really looking at lay-offs when they introduced a measure like this which is supposed to benefit those who are laid off—you will see that in 1978 there were 75,000 lay-offs and that since then the numbers have increased both in quantity and severity, until in 1980 there were 183,000 lay-offs. Then, between September, 1981, and January, 1982, the number increased to 277,000, and in the last month alone, December, 1981, to January, 1982, there were 89,000 lay-offs. That is about 3,000 lay-offs per day in this country.

In British Columbia the unemployment and lay-off situation is far more serious than I think the government realizes—perhaps because it has no members from that province. In January, 1982, the number of unemployed totalled 129,000 and the unadjusted unemployed rate was, therefore, 9.8 per cent, which is 0.3 per cent higher than the Canadian average.

If one includes the 63,000 not included in the official figures, the unemployment rate in British Columbia jumped to 13.9 per cent, just below the national average of 15 per cent. The IWA estimates that in January, 1982, 30.6 per cent of its members in British Columbia were unemployed. This figure contrasts sharply with the IWA estimate for October, 1982, of 17.5 per cent. On the coast, 37.8 per cent of members are unemployed, and in the interior the figure is 17.8 per cent.

In terms of lay-offs, the situation is equally, if not even more, serious. In my constituency of New Westminster-Coquitlam, British Columbia Forest Products laid off over 250 employees. MacMillan Bloedel, in its Jardine division, laid off 80 employees in September, 60 of them indefinitely, while its sawmill division laid off 400 employees last year. Lamford Cedar also laid off 110 employees in September for an indefinite period of time. This is the magnitude of lay-offs in the one federal constituency of New Westminster-Coquitlam.

• (2010)

At the same time we find that the consumer price index increased to 14.3 per cent in 1981 in Vancouver, the highest increase of any urban area in Canada. In the more general situation, costs for non-food items such as housing, transportation and energy, have risen much higher than the average consumer price index. The average industrial wage in British Columbia has increased to 12.2 per cent, while the CPI increased to 15.5 per cent last year. As a result, workers have suffered a loss of purchasing power amounting to $581 per year.

The economic circumstances in British Columbia, and in Canada as a whole, are extremely serious and demand attention on the part of the government. This is where Bill C-78 comes in. Perhaps it was not intended to address the overwhelming unemployment problem, but it does not even effectively address the question of lay-offs and of providing benefits to laid-off workers. It is intended to provide assistance to laid-off workers who are 54 years of age and older. As I said, by its title it sounds as if it may do a great deal, but in fact Bill C-78 applies only to a very few laid-off workers in a very few industries in a very few regions. Actually, it does not apply in British Columbia at all. Another subject which concerns me very deeply is that it does not touch, or barely touches, women in the labour force who are 54 years of age or over.

Let us look at the numbers. There are the designated areas in Quebec of Sept-Îles, Port-Cartier and Schefferville where the unemployment and lay-off problem is extremely serious. Of 566 laid-off workers in Sept-Îles, ten are between the ages of 54 and 65 and are, therefore, eligible for benefits under Bill C-78. In Schefferville, 16 of 286 laid off workers are eligible, and nine of the 109 management personnel laid off are eligible. In total, only 35 out of 961 are eligible for benefits under Bill C-78.

The total number of people across the country who will be eligible to receive benefits were estimated this afternoon at only 850. It would appear to me—and certainly I stand to be corrected—that 500 of those 850 are already receiving benefits

because labour adjustment benefits are at present being paid to a few textile and clothing workers and to footwear and tanning workers under separate regulations. According to the Department of Labour, the base figure for the number of people receiving benefits under these two programs is 500, less the number of new people who will be receiving benefits under the program in 1982, the figure will be 350. This is in a society where there are 1,096,000 unemployed and where lay-offs are taking place at the rate of 3,000 per day—350 individuals 54 years of age and older will receive benefits from the program. It seems absolutely ridiculous that the government would embarrass itself by bringing forward such a piece of legislation. It must be an embarrassment to the government. Furthermore, the benefits under the present programs for textile and clothing workers and for footwear and tanning workers are 66 per cent, whereas under the new legislation they will be 60 per cent. Even these workers will receive less.

Not only are the numbers extremely tiny of those who will benefit from the program, but there will not be any of them in British Columbia because the act is quite explicit that an industry may be designated only if it is undergoing significant economic adjustment of a non-cyclical nature—and presumably this would not affect the major industry of British Columbia—or by reason of import competition or industrial restructuring implemented pursuant to a policy or program of the Government of Canada. That is to say, the Government of Canada has already to have initiated some program to assist in industrial restructuring. Since there is no Government of Canada program which affects the British Columbia lumber industry, no one in British Columbia 54 years of age and over and involved in that industry will benefit from the program should it be enlarged in numbers. When only 350 will receive benefits, it is almost too silly to talk about. In any event, should the numbers be enlarged, no one in British Columbia, the way it is presently worded, will benefit from the program. Furthermore, women will not benefit from the program. This is one of its great inequities. It is no wonder that "he" is referred to throughout. As I read it, very few women will benefit.

For example, one is required to have been in an industry for ten of the previous 15 years in order to qualify. This is very unlikely for large numbers of women. Furthermore, one is required to have worked 1,000 hours in every one of the years. This knocks out immediately a woman who has taken off some time to have a child. I do not think the government even thinks or realizes that 40 per cent of the work force is women and that over half of them are women with children. It does not even realize that they are in the economy and of course are suffering as much as men from unemployment.

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

Miss Jewett: I will be glad to accept a question at the end of my remarks. The government does not realize that women are suffering as much from unemployment, particularly if we take into consideration the number of hidden unemployed. The bill barely touches upon women in the labour force.

My colleagues have and will continue to enumerate further serious limitations in the bill, but it would seem to me that if the government were really serious about the increasing number of lay-offs, it would extend the bill far more broadly than what I estimate to be the 350 laid-off people it will cover this year. Also it would make the regulations sufficiently flexible, particularly on the 1,000 hour regulation, so that women will at least be eligible. Also it would take a serious look at the resource sector—particularly the forest industry in British Columbia and elsewhere—which has not had the benefit of any special government planning. It would look at the 30 per cent unemployment rate there and at the incredibly high number of lay-offs, and would adapt the bill to suit other parts of the country and other sectors of the economy. If the government does not do something along these lines, the bill will remain what it is at this very moment—not even a band-aid but a laughingstock. That is how it strikes those of us in this corner, and that is how it will strike all Canadians who learn about it.

• (2020)

Mr. Berger: Mr. Speaker, will the hon. lady entertain a question?

Miss Jewett: Certainly.

Mr. Berger: Mr. Speaker, in examining the bill we find it provides benefits for persons aged 54 who have worked 1,000 hours—

Miss Jewett: Every year.

Mr. Berger: —in ten out of the past 15 years. The hon. member indicated, and I would note, that 1,000 hours a year, I believe, is five months and that this would disqualify many women who might have had to leave the labour force in order to give birth. How many women does the hon. member know who give birth after the age of 45?

Miss Jewett: Mr. Speaker, that is a pretty silly question, but the answer is quite a few.

Hon. David Crombie (Rosedale): Mr. Speaker, I appreciate being able to speak at report stage of this bill. It gives me an opportunity to deal with some of the matters that were dealt with in committee. It might be useful if I tried to focus for a moment on the philosophy of the bill. From the many speeches that I have heard from the far end of the House one would have thought that what was being dealt with here was a large bill dealing with industrial strategy.

Mr. Orlikow: That is what we need.

Mr. Crombie: It may well be what the hon. member says we need, but there are certain specifics that can be done for people who are disturbed as a consequence of economic dislocation. This bill helps them do that.

In the Dodge report that dealt with labour markets in the 1980s there is a rather significant statement. I think it is worth

putting on the record. I hope it will do two things: First, that it will remind the government that that is the philosophy behind the bill and therefore urge the government to do more; and second, that it will remind those who are not going to support the bill that there is something being done today, however small it might be.

The Dodge report reads:

> Throughout the 1980s a decade already bearing the mark of uncertainty, there will be a need to focus more heavily on measures to facilitate the process of adjustment so that expanding industries in areas have access to the labour, including the skilled labour they require and so that workers in declining industries and areas do not bear undue costs. The benefits of adjustment are considerable and they accrue to society as a whole. Governments should therefore not be reticent about providing compensation to those individuals who are adversely affected by the process.

That is what this bill is about. It is a very small specific practical thing that it does, but that is the philosophy behind it. I might say that the committee itself was able to broaden the bill. I gather other speakers have mentioned this already, but it was one of the few times in a long time that I, as a Member of Parliament, bave been able to provide some argument for changes that indeed, if not accepted initially, were accepted before the bill came back into the House for report stage. It may well be, as the hon. member for New Westminster-Coquitlam (Miss Jewett) says, that it does not help very many people, some 850. It may not be important to that member, but if you happen to be one of the 850, it is very important. But more than that, we are hoping that the government, by receiving support, is going to designate more areas and more industries as they get hurt in terms of dislocation over the 1980s and 1990s, and therefore more people will be helped.

It seems to me, Mr. Speaker, that this bill should be understood at two levels. It is the first attempt in any significant way that I know of that the government has understood the necessity of the 1980s and 1990s in relation to who should pay for the technological change that we hope we will experience. Second, it at least gives some specific compensation to people who are already hurt now. That is important.

On this side we were very concerned at the outset with the definition of industrial restructuring. How is a community or an industry designated for industrial restructuring? In our view, it is important that industrial restructuring be understood to include technological change. It was the view of the Minister of Labour (Mr. Caccia), his deputy minister and staff, that industrial restructuring implied technological change. But all representations that dealt with the question of industrial restructuring were uniform. They did not see clearly that industrial restructuring included technological change. There is a change in Clause 2 of the bill under the heading "Interpretation" which reads:

> "industrial restrucuturing" includes technological change;

That is an advance, not for today's delivery but for other people to understand what the philosophy of the bill is and therefore be able to argue later on that because the bill is that broad, there is other legislation to be brought forward based on that bill and the acceptance of the philosophy.

Labour Adjustment Benefits

A second area with which we concerned ourselves was the establishment of the labour boards. In our view, and it is still our view—and we were not successful about this—that it would be easier and better had the implementation of the administration of the program been carried out by the Canadian employment commission. That would seem to me to have put the people applying for the benefit through one process rather than two. Indeed, it was clear from the remarks made by the deputy minister of labour that the only reason we have two systems is that someone over there decided to put the job definition with labour rather than with the Minister of Employment and Immigration (Mr. Axworthy). I am sure that you know, Mr. Speaker, that the people who will get support and help from the bill do not care if it is done by the Supreme Court. They would like it done efficiently, clearly, quickly and understandably.

I hear the Minister of Labour saying if we had amended it, it would go to the Supreme Court, and we probably would not have had it accepted. We hope that our fears are wrong, but as the Minister of Labour has pointed out time and again, it will be simpler and it will make it easier. If that is true, it will be the first time in the history of the federal government in this century that adding yet one more board, commission or special purpose body will make it easier for people to get the benefits.

The approach that says "Hello, I am from the government and I am here to help" is increasingly being met with skepticism. It seems to me that that would have been one change on which we could have insisted. We believe very strongly that what we have here is going to be an administrative problem that will not be of benefit to the recipients of the adjustments.

We also dealt with an amendment offered by the New Democratic Party, which we supported in the committee, with respect to a change in the 1,000-hour requirement. It seems to us unnecessary to stick rigidly to 1,000 hours per year. We think the average is appropriate.

We also dealt with the question of reports to Parliament. Anyone who attended the committee hearings would know that everybody agreed there is great difficulty with the various programs being offered by the various departments of government. We could find ourselves lost in a sea of paper with no one remembering who helped whom last. It is important that we have a more rapid reporting system that would impose some discipline on those who are administering the various programs so they could have some coherence about what they are doing and we would not get mixed up with three different programs from two different departments.

• (2030)

Now, Mr. Speaker, there were four or five changes, not the least of which was a motion which was accepted to broaden the representative nature of the Labour Adjustment Review Board to include employer and employee representatives. That is a good change; we supported it in committee and will now. We also had a good discussion in committee on the broadening of responsibility of the joint planning committee, which we support. That change was very significant in my view and, I think,

in the view of all members of the committee, Mr. Speaker, because it allows the joint planning committee not only to deal with the question of looking for ways in which to cushion the shock of unemployment, but also to look at programs which could obviate the necessity of lay-offs in the first place. That was a good advance and it was carried by the committee unanimously.

We are also pleased that the minister is bringing forward the suggestion made by my friend from Montreal that we should include the CPP deductibility in terms of the calculation. That is a good change. I could go on with two or three others, Mr. Speaker, but what we wanted to say is clearly this. The government's efforts in this bill, which is essentially an early retirement bill, are welcomed by those of us in this party because we recognize the government is trying to take its first—however small and timed—step into a field which is going to be very important for technological change and its consequences, which takes us into the twenty-first century.

I spent a considerable part of my remarks on second reading of this bill, Mr. Speaker, chastising the government for not understanding it. I would like to change that in one connection. The Minister of Labour understands it but I am not so sure—all right, I will be kind. Clearly, though, the Minister of Labour demonstrated in committee that he understands what he is about. We wish the bill could have provided bigger and broader benefits for more people, but to reject the bill on the basis that it does not do everything you want is, I think, irresponsible. So, speaking for my party, Mr. Speaker, we will be supporting the bill.

Some hon. Members: Hear, hear!

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I have listened with a good deal of interest to the hon. member for Rosedale (Mr. Crombie), and the reason his party proposes to support this bill is that it is a small step in the right direction. Mr. Speaker, this country is facing tremendous problems. We have over a million unemployed; thousands of jobs in Ontario and Quebec, the manufacturing heartland of this country, are being lost every week. Instead of a modern antibiotic to deal with the epidemic, the government proposes to use a small mustard plaster.

Almost half of our one million unemployed, Mr. Speaker, are people between the ages of 15 and 24. What makes the situation serious is that unemployment is no longer confined, as it was for so many years, to the traditional slow growth areas of Canada such as Atlantic Canada and eastern Quebec where, unfortunately, people have become used to having large scale unemployment for years. It now cuts a wide swath right across our manufacturing industry. In the last year we have lost 240,000 jobs, and, according to the Canadian Manufacturers' Association, in the next six months we are going to lose 100,000 to 150,000 more jobs. Does the government have any employment policy? If they have, they certainly have not shown it to us.

I am sorry the hon. member for Laurier (Mr. Berger) is leaving because just a couple of days ago the Minister of State for Economic Development made a speech in Victoria and it was recorded in *The Globe and Mail* as follows: "Ottawa is going to stop propping up manufacturing industries that have not been able to make a go of it". Then he went on to illustrate the kind of industry he meant: Textiles, clothing, footwear and a number of others. There are probably 300,000 workers in those industries, most of them in Ontario and Quebec, so the minister joins some of the theorists working for the Economic Council of Canada in saying that those industries have to go, but he does not give any indication at all that the government has devised any plans for alternate work for those people. Many of those workers live and work in one-industry towns in which industry closures will mean economic suicide.

Now, Mr. Speaker, we have already seen the beginning of this. The Minister of Industry, Trade and Commerce (Mr. Gray) announced new quotas for the footwear industry, which means it will go the way of our radio and television industry. What we have is a government which has adopted, quietly and without admitting it, Reaganomics. The most important problem in their view is to deal with inflation, and the way to do that is to keep interest rates high. The fact that we have had that for five or six years and we have restricted the money supply, and all we have had is higher inflation and more unemployment, has not cut any ice with the government. So they will continue these policies. Dealing with inflation is more important to them than trying to do something about unemployment. They will keep interest rates high and keep government expenditures down, and that, Mr. Speaker, is precisely what President Reagan is doing in the United States.

So we have that policy from the Liberal government, and what do we hear from the Conservatives? Well, here is the finance critic for that party, the hon. member for Etobicoke Centre (Mr. Wilson), making a speech in Toronto a couple of days ago where he said he supports the economic policies in the United States such as free enterprise, a greater reliance on the private sector and government cutbacks. These are important programs, he says, and the Conservative Party should be following them. It is something we would do, he says, if we were the government. Well, Mr. Speaker, let me just put on the record a couple of paragraphs about what Reaganomics has done to the United States. We know that it means they have more unemployed in the United States than they have had since the Great Depression. We know President Reagan has predicted a $90-billion deficit. What we have not talked so much about is what his cutbacks in social programs means to the American people. According to a study by the North Carolina Senior Citizens Federation:

> —reduced aid to the elderly will result in "hundreds of deaths, and thousands of people suffering severe hardship, and irreparable physical or mental damage." This is because, under President Reagan, the federal government is reneging on many decades-old commitments to older Americans and because the budget cuts destroy or weaken the so-called safety-net programs critical to their very lives: social security, medicaid, food stamps, housing, energy assistance, and social services. Indeed, these cuts mean—together with the termination of the Community Services Administration—that there is no "safety-net" and no guarantee that the needs of 6 million elderly poor will be met.

• (2040)

It continues to state:

—programs that directly aid children have been cut with special severity: nutrition, education, and health programs. Child nutrition programs—including School Lunch, School Breakfast, Summer Food, and the Child Care Food Program—have been cut from $4.3 billion to $2.8 billion or 34.9 per cent.

I would like to know if those are the kinds of programs the Conservative Party is supporting. Our members in the committee which dealt with this bill in detail co-operated in the discussions and moved some amendments. A few amendments, the less important ones, were even accepted by the government. Of course, we tried, as did the Conservative members, to make it a better bill.

Mr. McDermid: I thought they were all important.

Mr. Orlikow: However, the fact is that this bill will deal with such a small percentage of the people who are really in need that, in our opinion, the bill is, to a large extent, a fake. It is a camouflage. It is an attempt by this government, as Liberal governments have done so often in the past, to give the appearance that it is doing something when, in fact, it is doing virtually nothing for the hundreds of thousands of people who have lost their jobs and the tens of thousands more who are likely to lose their jobs in the next year or so.

Let me deal with just a few of the shortcomings of the bill. The bill, for example, does not deal with the unemployed workers who have been laid off because of a recession. At the present time, they comprise the bulk of the unemployed people. Thousands of workers in the automobile industry have been laid off in the city of Windsor, which is represented by three cabinet ministers.

Mr. Waddell: Only until the next election!

Mr. Orlikow: I hope the hon. member for Vancouver-Kingsway (Mr. Waddell) is right in saying that those three ministers are only here until the next election. Thousands of auto workers have been laid off, and the possibility that they will be coming back to work in the auto industry in the near future is very slim. They have been laid off because the automobile industry is in a recession. A large part of the reason the automobile industry is in such difficulty is the high interest rate policy of this government, which means that Canadians who are working cannot afford to buy cars because they cannot afford to finance the purchases. That is one of the problems.

Let me illustrate another problem. In order to qualify for assistance, a worker must work in a designated industry. The decision as to which industries will be designated, of course, is left entirely to the government. The reasons the government would designate an industry are not quite clear. However, even if a worker works in a designated industry, in order to qualify he must have worked for ten of the last 15 years and must be 54 years old. Studies have indicated that the turnover rates in industry show an average job tenure of seven to eight years. This means that most workers who work in Canadian industry would not qualify because they have not worked for ten of the last 15 years in the industry. We suggest that that is too restrictive. However, again, the government wants to keep the numbers of those who will qualify small.

I would like to discuss benefit levels proposed in the bill. As the hon. member for Rosedale said, we are making a start for the first time. What kind of a start are we making? The benefit levels of the few people who qualify are limited to 60 per cent of the insurable earnings, according to the unemployment insurance regulations. I think the steelworkers' union has made a very reasonable suggestion that the benefits should not be 60 per cent, but 75 per cent, and not just 60 per cent of the unemployment insurable benefits, but 75 per cent of the actual earnings.

There is another important reason we feel this bill does not meet the bill. We say that the termination notice is too short. All across the country, there are companies for which workers have worked many years, and these workers are being laid off on very short notice. Some of these workers are miners who have worked in Sept-Îles and Schefferville, Thompson, Leaf Rapids and Uranium City. Because the ore body is worked out, or because of the recession, or because of a slowdown in the economy, the worker loses his job. We do not believe that a termination notice of four to 16 weeks is sufficient. We believe that the termination notice in these kinds of cases should be at least six months.

When a worker in a one-industry town loses his job, his difficulties are infinitely greater than those of the worker who lives in one of Canada's cities, because that worker may find another job in the same industry. If he cannot find another job in the same industry, he will at least be able to move to another city or to another area where there is more economic activity and where he can find a job. He can usually sell his home. For most Canadian workers, the equity they have in their homes is the only equity which they have ever been able to accumulate. What is happening in towns like Thompson and Leaf Rapids in Manitoba, towns like Sept-Îles and Schefferville in Quebec, towns like Uranium City in Saskatchewan, and towns like Sudbury in Ontario? The workers are losing their jobs. They are from these one-industry towns. They are not likely to get their jobs back. They are finding that they have to move. They are finding that they cannot sell their homes. They are having to start all over after years of living in one city or in one town and years of working for one company, through no fault of their own.

We say that the company has usually been able to look after itself. Over a period of years, the company has, quite properly, been using our tax laws to get back, through depreciation allowances, the investment which it put into establishing the mine; not so the worker. The worker is left completely helpless. He is left with nothing. We say that if we are serious, if the government meant to do something real for the workers for whom it claims to have a concern, the termination notice would be at least six months.

The minister and the government have made a great deal of the fact that under this bill, for the first time, we will have established joint labour management committees, as the gov-

ernment calls them, joint planning committees, which will be able to give some thought and consideration toward planning how to help the workers relocate. That is a worthy objective. However, we have looked at the bill and the unions have looked at the bill and they see that the joint planning committees have no real power. There is no adjustment fund from which the workers could draw benefits until they could make the transition.

We felt that if the committees were to do the job, they should have the right to complete disclosure of the finances and assets of a company. When I had the temerity to move that kind of amendment, it was greeted with shock and pain by all the Liberal and Conservative members. They could not believe that anyone would make that kind of suggestion. If we are serious, and if we really want the workers to feel that they have some rights and that they have been given some consideration, why should workers not have the right to know everything about the financial situation of a company?

Yesterday's and today's news tells us that the United Auto Workers and the Ford Motor Company have reached an historic agreement in their contract negotiations. The companies, beset by fallen sales, buffeted by competition from foreign cars, have called on the workers to take quite substantial reductions in their hourly pay rates and other benefits. Cognizant of the fact that tens of thousands of their members are now unemployed, the unions have had to give serious consideration to the proposals of the Ford Motor Company. We do not know the details of the agreement. We do know that in its recent agreement with the company, the union has been able to get the right to look at the financial structure and the assets and to get information about the future plans of the Ford Motor Company. I understand that Ford has made the commitment that it will not move any of its existing operations, such as engine parts or anything else now being produced in the United States, to another country, as has happened in recent years. That is real planning, real joint labour-management discussions and negotiations. As far as we can tell, the joint planning committees proposed under this bill will have no real power.

● (-1)

We have heard from unions which represent the workers in some of these cities which have been designated. Sept-Îles and Schefferville have been designated to benefit under the ILAP program.

Because of the recession, the iron ore mines in Quebec and Labrador are not selling the same tonnage as they did years ago. Thousands of workers have been laid off. This is a one-industry area. Not only do the workers not have jobs, they cannot sell their homes. The area has been designated under the ILAP program for which $350 million is supposedly being appropriated. The union tells us that the committee which has been established has made a number of recommendations, most of which have been ignored by the government.

Sydney, Nova Scotia, and the steel mill there have been designated to be helped. Sysco has had persistent major layoffs since 1967. There is little evidence that the provisions of this bill will help Sydney. The steel mill is the major employer in the area. It needs an infusion of capital of major proportions in order to be competitive and to continue to operate. There is no indication from the government that it proposes to do that. Many older workers are retiring, and the younger workers are leaving because they cannot find permanent employment. The town continues to decline.

Windsor is facing major problems. We can go over this city by city. Even when this bill passes, it will provide very little help. The hon. member for Rosedale admitted that this bill will provide some assistance for the tens of thousands of people who have lost their jobs and the thousands who will lose their jobs in the next year or two. It is a step in the right direction. However, as I said earlier, it is so small and so hesitant a step that we believe we ought not to vote for the bill because, when passed, it will create an impression which would be false, namely, that much will be accomplished when, in fact, very little will be accomplished.

Mr. Ian Waddell (Vancouver-Kingsway): Mr. Speaker, I would like to take the opportunity to make some remarks on this bill in particular and unemployment in general as, I am told, this bill tries to address the problem of unemployment. The hon. member who spoke last and the hon. member for Rosedale (Mr. Crombie) before him mentioned that the bill takes a small step in the right direction. If anybody should know about small steps, I suggest it is the hon. member for Rosedale and I because we take small steps every day.

While the hon. member for Rosedale may be happy with this small step, I am not. As pointed out by the hon. member for Winnipeg North (Mr. Orlikow) at this time with one million unemployed, this bill is a disgrace. At a time when 500,000 young people between the ages of 15 and 24 are unemployed, this bill is a disgrace. At a time of unemployment in the maritimes and Atlantic Canada of over 16 per cent, this bill is a disgrace. At a time when a portion of the forest industry of British Columbia is out of work and a time when numerous auto workers are out of work because of a lack of government policy and other reasons, this bill is a disgrace.

How can one vote for a bill that does so little to address a really big unemployment problem in this country? People know that every day in the House of Commons the members of the NDP are always complaining and asking questions about jobs. They ask what we would do. That is a question that demands an answer. Instead of bringing in a bill like this to help a small proportion of the unemployed, dealing with the problem in a small way, we would deal with it in a big way and really tackle the unemployment problem.

It is not that difficult. It is really a political question. It is a question of will. Do you really want to tackle unemployment or not? The one-party system in this country, the Liberal government which has been in office far too long, decided some time ago and has continued with the policy—at least it has been straightforward and consistent—to govern the country in a way which basically consists of being hewers of wood and drawers of water.

Senator Olson told the students at the University of Victoria exactly that the other day. He was not misquoted. He told them that the Liberal policy is, basically, to sell our unprocessed resources, that in the long run that is our best hope for a healthy economy.

You can have an economy that works in such a way. You can get prosperity for some people. You will have ups and downs in the world market. When the world market is up, you have a good percentage of the population working. However, there will always be an unemployment problem in Canada. This will always be a colony. We will never be masters in our own houses if we do that. It takes political will to make a change in the system.

I have asked myself what can be done. I would like to answer that. We have to stimulate the economy now. The government could bring in a bill to do that. It could force our banks and other lending institutions by law to lower interest rates immediately on consumer loans. That could be done. Second, we could fire the Governor of the Bank of Canada, Gerald Bouey, whom the hon. member for Broadview-Greenwood (Mr. Rae) calls Bouey XVI, whose policies do not take into account the interests of the people of Canada. We could fire the Governor of the Bank of Canada and increase the rate of growth in the money supply. Third, we could apply an excess profit tax on chartered banks and roll back their marginal tax rate from 16.1 per cent registered last year to 55 per cent collected in 1970. The extra federal revenues could then be taken and pumped into housing. Fourth, we could significantly lower personal income tax for low and middle-income Canadians in order to stimulate consumer spending. We could then increase corporate taxes for many large corporations but drop the rate for companies in selective growth industries. That would be an industrial strategy. It is different from the strategy of the megaprojects and the continued sell-out of raw resources.

• (2100)

We could then allow the Canadian dollar to fall slightly in relation to the United States currency to help our export industries and allow a general lowering of interest rates. In this way we could have a made-in-Canada interest policy which would be different from the present Liberal policy.

Mr. Caccia: Mr. Speaker, on a point of order. I wonder if you could address yourself to the question of whether the hon. member is speaking to the bill.

Mr. Waddell: Mr. Speaker, this bill deals with unemployment. It is the government's answer for jobs, and I am indicating how generally inadequate this bill is. That is what I am speaking to, and if the minister would listen to some of our proposals he could change government policy and bring about real jobs in Canada.

Mr. McDermid: Come on. Shame.

Mr. Waddell: The hon. member need not yell out. I will come to them in a moment.

The Liberal policy is a monetarist policy with a few sops, as in this bill, to provide some jobs. It is a high interest rate policy. It is a follow-the-U.S. policy.

The Conservative policy as enunciated by the member for St. John's (Mr. Crosbie), the former finance critic, and the policy as enunciated recently by the hon. member for Etobicoke Centre (Mr. Wilson) are exactly the same. They advocate high interest rates, following the Americans and continuing an economy with substantially high unemployment. The monetarists say that to squeeze out inflation you have to bring the economy into a recession. They will squeeze out recession in the United States on the backs of the black people and poor people in the ghettos, and so on, and they will do it in Canada on the backs of the unemployed. That is the government policy, make no mistake about that, Mr. Speaker. That is what this government intends to do, and that is what the opposition would do as well. It is hypocrisy for the opposition to say anything different in this debate.

The government should also introduce a guaranteed annual income to protect pensioners and workers who are living on fixed incomes from the ravages of inflation. What does this bill do? I approve of the measure which provides assistance to people in the work force who are over 54, because they need assistance. However, what about the 500,000 people between the ages of 15 and 24 who are unemployed? I am told that the Minister of Labour (Mr. Caccia) is very compassionate, so why does he not bring in a bill to deal with that?

There is another direction from which we could approach this matter.

Mr. Berger: Why do you not deal with this bill?

Mr. Waddell: The hon. member asks why we do not deal with this bill. The fact is that we will never get to what we are proposing. We will never get to a full employment strategy. That is what this bill should deal with and that is the difference in Canada right now between the Liberal Party, the Conservative Party and the New Democratic Party. The New Democratic Party proposes a full employment strategy and would not bring in a bill such as this which takes such small steps. We would take bigger steps. As a matter of fact, it would not be a radical proposition to take bigger steps through a bill such as this. I offer this example to the hon. member for Rosedale to consider. In the American Congress some years ago there was a joint effort between the late Senator Humphrey and Representative Hawkins to introduce a bill which took a radical, new attitude for those days. This Humphrey-Hawkins bill, as it became known, stated that people would have a right to a job. This would be clause one in any employment bill: "You have a right to a job." That was a radical strategy; that a person had a right to a job and the government was to find him a job. This was a full-employment strategy. This can be done. I can see hon. members laughing at this but it would be a clear industrial strategy in Canada to start with the premise that everyone is entitled to a job. If a young person said he was unemployed and needed a job, he would be given a job. Why do we not bring legislation such as

that Humphrey-Hawkins bill of the late sixties which was never brought in?

I would like to deal with other aspects of the bill. With respect to the measure concerning those over the age of 54, it is needed because there is a problem in Canada of older workers being laid off. I appreciate the fact that the minister is in the House tonight, and although we cannot deal with it at this time I would like to suggest one possible amendment. In my constituency office I hear of many problems of workers in that age group who have injuries and never receive a pension for which they have applied. I have argued some of these cases myself and found it to be a Catch 22 situation. These people cannot work, but the pension board says they are capable of doing some kind of minor job. But there are no minor jobs for them. I thought the minister would like to know that when considering further amendments.

One possibility we may consider is to guarantee a minimum wage at retirement or for those over 55.

Finally, the government is asking Canadians, businessmen and workers, to show restraint in order to provide more jobs and ultimately beat inflation. I have received many letters from my constituents on this matter, and I want to take this opportunity to say that we perhaps were not wise in Parliament recently when we voted ourselves a salary increase. I would like to say for the record that I think we should reconsider our future takes. I do not know how we can justify telling Canadians to show restraint while we do not show it. I intend to write to my constituents and personally forgo any increases for the balance of this Parliament. It is a small contribution but one which I think all members can make. I do not believe we can call upon labour or business to exercise restraint if we are not prepared to do it. It would be hypocritical to do otherwise.

As I have said and as the hon. member for Winnipeg North has said, it would be hypocritical for us to support a bill that does so little to help the advancement of the unemployed in this country.

Mr. McDermid: Oh, come on.

Mr. Waddell: The Conservative members say, "Come on". I have offered seven concrete steps toward a full employment strategy.

Mr. McDermid: Except to say where the money would come from.

Mr. Waddell: I said where the money would come from if the hon. member had listened. It is a complete program which we are offering to the Canadian people. Unlike the legislation before us, it will meet the problem of unemployment among younger Canadians. We in the House should not be asking why we cannot solve the problem of unemployment. We should be saying how we can solve the problem. I have proposed specific suggestions while the government has introduced a piece of legislation which does nothing. It is a minor piece of legislation which does not deal with the problem of a million unemployed, half of whom are young people. I recommend to the Minister of Labour that he read my speech tomorrow and bring in a bill which would incorporate these suggestions and tackle unemployment in the proper way.

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

Some hon. Members: Question.

The Acting Speaker (Mr. Blaker): May I remind hon. members that pursuant to a ruling made by Madam Speaker earlier today, a number of motions have been grouped. Accordingly, I will be putting the question on Motion No. 1. In accordance with the manner in which hon. members want to deal with that motion, Motions Nos. 2, 5, 6, 7 and 8 will be dealt with as a result of the handling of Motion No. 1. The question is on Motion No. 1. Is it the pleasure of the House to adopt the motion?

• (2110)

Some hon. Members: Agreed.

Some hon. Members: No.

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

Some hon. Members: Yea!

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

Some hon. Members: Nay!

The Acting Speaker (Mr. Blaker): In my opinion the nays have it.

Mr. Deans: On division.

The Acting Speaker (Mr. Blaker): I declare the motion lost, and that disposes of Motions Nos. 2, 5, 6, 7 and 8.

Motions Nos. 1, 2, 5, 6, 7 and 8 (Mr. Kristiansen) negatived.

The Acting Speaker (Mr. Blaker): I will now put the question on Motion No. 10, in accordance with Madam Speaker's ruling erlier today. Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Motion No. 10 (Mr. Caccia) agreed to.

The Acting Speaker (Mr. Blaker): Again pursuant to the grouping of motions made earlier, Motions Nos. 3 and 4, which are to be debated together but voted on separately, will be put before the House.

Mr. Lyle S. Kristiansen (Kootenay West) moved:

Motion No. 3

That Bill C-78, to provide for the payment of benefits to laid-off employees and to amend the Canada Labour Code, be amended in Clause 3 by striking out lines 39 and 40 at page 2 and lines 1 and 2 at page 3 and substituting the following therefor:

"trial restructuring; and".

Hon. Chas. L. Caccia (Minister of Labour) moved:

Motion No. 4

That Bill C-78, to provide for the payment of benefits to laid-off employees and to amend the Canada Labour Code, be amended in Clause 3 of the French version by striking out line 42 at page 2 and substituting the following therefor:

"de l'importation, soit d'une restructuration indus-".

Mr. Kristiansen: Mr. Speaker, I would like to address some comments to Motion No. 3. Our amendment, Motion No. 3, would amend Clause 3 of this bill by striking out lines 39 and 40 at page two and lines one and two at page three and substituting the following therefor: "Trial restructuring; and". Clause 3(2) reads in part as follows:

An industry may be designated generally pursuant to Subsection (1) if the governor in council is satisfied that

(a) the industry in Canada generally is undergoing significant economic adjustment of a non-cyclical nature by reason of import competition or by reason of industrial restructuring—

All Motion No. 3 would do would be to remove from the subclause the words:

—implemented pursuant to a policy or program of the Government of Canada to encourage such restructuring—

In committee, reasons for this change were put forward. The example of the forest industry was given. Certain restructuring is taking place in various parts of Canada. If we were to leave the bill as it is before us, we might bring about gross discrimination against the industry in one part of Canada as opposed to another. Under the forest industry modernization program, the federal government and provincial governments are giving hundreds of millions of dollars to companies in the pulp and paper industry in Atlantic Canada, in the province of Quebec and in the province of Ontario. That is clearly a policy of the Government of Canada and would be seen to be so according to the text of this bill. In relation to the pulp and paper industry in western Canada, the private sector has said that this is the private sector's job, that it does not need the government to tell the industry in western Canada to do what should be its job, and that it would rather have the government spend its money looking after its business, which is to improve stock and forest resources so that those companies will have something to work with. One is not necessarily superior to the other. It is just that the industry in western Canada has taken a different point of view as to what its proper role is.

This bill stipulates the policy of the Government of Canada. It would be grossly unfair to discriminate against an entire region of the country simply because the industry in the west has a view of its own obligations and duties different from that of the central and eastern part of the country.

As the bill reads now, for there to be a general designation of an industry, there must be a significant economic adjustment of a non-cyclical nature, which already tends to make worse many of the major upheavals within the resource industries of the country. Some would say this provision is a further discrimination against western Canada, or, when it states "by reason of import competition", why only import competition? Many people will have even more cause for suspicion of regional discrimination if import competition, industrial restructuring or industrial chaos as a result of import competition is the cause of government assistance. However, if there is restructuring because of export competition, which can happen suddenly as a result of a policy of a government far removed from North America, or perhaps the government to the south of us, we might see gross disruptions and upheavals in the economy and in plants and operations from one end of the country to the other. If that should happen—and it may well happen if the Americans are silly enough at their hearing in Portland next month to put tariffs on the import of Canadian lumber—this legislation would be powerless to come to the assistance generally of the Canadian forest industry simply because of this wording.

Some hon. members may say this matter can be resolved because the bill says, "by reason of industrial restructuring". If that was all it said, they would be correct, but there is a limitation in the bill because it says industrial restructuring only if it is "implemented pursuant to a policy or a program of the Government of Canada". The minister has argued that somehow it would be an amputation if we were to imply that if it is not a policy of the government the government could not go ahead. But how can something be considered an amputation if it extends to the minister authority he does not have within the confines of this bill? It allows him to exercise more flexibility in recognizing a serious situation with which he, the government, and all of us may well want to deal. However, the minister would have his hands tied in terms of general designations under the bill.

• (2120)

It is interesting to note that Clause 3(3) dealing with regional designations, reads as follows:

An industry may be designated with respect to any region of Canada pursuant to Subsection (1) if the governor in council is satisfied that

(a) the industry in that region is undergoing significant economic adjustment of a non-cyclical nature;

That clause does not mention whether it must be in line with the policy of the Government of Canada. If the minister is able to exercise flexibility and his right of political choice to designate an individual region without showing the restructuring flowing from the policy of the government, why can he not do that in the case of an industry? When there is a difference in the two clauses, we must ask why that is so. In the absence of a clear and definitive answer, the peoples' imaginations will soar. We have not been given a logical reason. If government policy is not necessary in a regional sense, why is it necessary in a national sense? This will allow the government and the minister the necessary flexibility to provide assistance whenever and wherever it is needed in the country, where circumstances warrant. We hope that the minister and the government will think again and not get hung up on pride and will seriously consider supporting the amendment which my colleagues and I have placed before them.

Mr. Caccia: Mr. Speaker, while I am sympathetic to the motives of the hon. member for Kootenay West (Mr. Kristiansen) and to the sincerity of his argument, the proposal he is making to delete the last two lines on page 2 would make of the designation of industry, a policy without a government in charge of it. For that reason it should be rejected.

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

Some hon. Members: Agreed.

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

Some hon. Members: Agreed.

The Acting Speaker (Mr. Blaker): All those in favour will please say yea.

Some hon. Members: Yea!

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

Some hon. Members: Nay!

And more than five members having risen:

The Acting Speaker (Mr. Blaker): Pursuant to Standing Order 75 (11), the vote stands deferred.

The question is on motion No. 4. Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Motion No. 4 (Mr. Caccia) agreed to.

The Acting Speaker (Mr. Blaker): The question before the House is on Motion No. 9.

Hon. Chas. L. Caccia (Minister of Labour) moved:

Motion No. 9

That Bill C-78, an act to provide for the payment of benefits to laid-off employees and to amend the Canada Labour Code, be amended

(a) by adding immediately after line 9 at page 4 the following:

"4. (1) Subject to subsection (2), the governor in council may, in any order under Section 3, declare

(a) that the designation of the industry in the order is retroactive in effect and applies as of such day, before the date of the order, as is specified in the order; and

(b) that this act applies in respect of lay-offs from a Canadian establishment in the industry designated in the order occurring on or after the day specified pursuant to paragraph (a).

(2) The governor in council may not specify pursuant to paragraph (1)(a) a day that is more than forty-eight months before the day this section comes into force."; and

(b) by renumbering the subsequent clauses accordingly.

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

Some hon. Members: Agreed.

Motion No. 9 (Mr. Caccia) agreed to.

The Acting Speaker (Mr. Blaker): The question before the House is on Motion No. 11. I would remind hon. members that earlier today the Speaker indicated that the motion might not be in order pursuant to Beauchesne, Citation 773(1) which states that an amendment is out of order if it is beyond the scope of the bill. Does the hon. member for Kootenay West wish to present argument?

Mr. Kristiansen: Mr. Speaker, with regard to Motion No. 11, we would ask to stand this motion until we have time to present further argument, although I shall make some comments now. According to page 25 of the bill, it is clear that a subsidiary body to the commission referred to in Motion No. 11, a lesser body, a committee rather than the board referred to in the motion, would have, by the nature of its existence and duties, exactly the kind of requirement and authority which, it is suggested here, go beyond the scope of the bill. On page 25 the bill reads as follows:

60.13 (1) It is the object of a joint planning committee to develop an adjustment program to eliminate the necessity for the termination of employment or to minimize the impact of such termination on the redundant employees and to assist those employees in obtaining other employment.

(2) Subject to Subsection (3), in attaining its object under Subsection (1), a joint planning committee may, unless the members of the committee agree otherwise, deal only with such matters as are normally the subject-matter of collective agreement—

That is, unless they agree otherwise. That clearly gives them the power, by mutual agreement, to go beyond those items most often found in collective agreements.

The next subclause reads as follows:

(3) The members of a joint planning committee shall co-operate and make every reasonable effort to develop an adjustment program as expeditiously as possible.

I would remind you, Mr. Speaker, that in committee a clause was deleted from the bill which had provided that a joint planning committee would not be allowed to look at some of these questions. If we deleted that clause, which said we could not do what this amendment covers, and if we have already put in, through Clause 60.13 (1), a provision which by its very nature necessitates the investigation of the expected social and economic impact of the intended termination, then if a subsidiary body to the board is given that power and that authority, surely it is not going beyond the scope of the bill to suggest that the board should have similar authority, similar scope and similar powers. I do not argue that, if this were not the case, Her Honour would be correct in reaching the conclusion she has, but with all deference I think that the bill has been misread or misinterpreted. The clear implication of the bill would require exactly the kind of provision that is mentioned in our amendment.

Mr. Caccia: Mr. Speaker, we submit that Motion No. 11 goes so far beyond the principle of the bill that it is quite unacceptable to us.

The Acting Speaker (Mr. Blaker): The hon. member for Kootenay West has sought leave of the House to present written argument to the Speaker, presumably tonight or

tomorrow. Does the hon. member have the consent of all hon. members to do so?

Some hon. Members: Agreed.

Mr. Caccia: No.

The Acting Speaker (Mr. Blaker): The Chair will have to examine the argument made by the hon. member and the citations from Beauchesne.

While that is being done, perhaps the hon. member would like to make some representation on Motion No. 12, where again a caveat has been entered by Madam Speaker today with respect to the admissibility of the motion.

Mr. Deans: Mr. Speaker, on behalf of my colleague, we are prepared to accept the Speaker's ruling on Motion No. 12.

The Acting Speaker (Mr. Blaker): As I understand it, the hon. member for Kootenay West accepts the Speaker's ruling on Motion No. 12?

Mr. Kristiansen: That is correct, Mr. Speaker.

The Acting Speaker (Mr. Blaker): The Chair is left with a ruling to be made on Motion No. 11. I would ask the consent of the House to defer that ruling for a few moments while I check the authorities. I would then seek permission to revert to Motion No. 11 and deal with it.

Some hon. Members: Agreed.

• (2130)

Mr. Kristiansen: Mr. Speaker, I rise on a point of order. I understand that we are grouping Motions Nos. 13 and 14 for debate.

Hon. Chas. L. Caccia (Minister of Labour) moved:

Motion No. 13

That Bill C-78, an act to provide for the payment of benefits to laid-off employees and to amend the Canada Labour Code, be amended in Clause 12

(*a*) by striking out line 25 at page 8 of the French version and substituting the following therefor:

"vités désigné dont l'établissement canadien d'où il";

(*b*) by adding immediately after line 29 at page 9 the following:

"(3) Notwithstanding Subsection (1), where an employee certified under Section 10 would be qualified under Subsection (1) to receive labour adjustment benefits but for the requirement set out in paragraph (1)(*b*), the commission may determine that the employee is qualified to receive labour adjustment benefits if he shows that he is in substantial compliance with the requirement and that he does not meet such requirement by reason only of illness, disability, lay-off or any other good cause whatever.";

(*c*) by renumbering the subsequent subclauses accordingly; and

(*d*) by striking out lines 6 to 10 at page 10 of the French version and substituting the following therefor:

"d'un employé admissible, suspendre ou modifier, si elle estime que les circonstances le justifient, l'exigence prévue au paragraphe (5)."

Standing Order 75(6)

Labour Adjustment Benefits

Recommendation

His Excellency the Governor General recommends to the House of Commons that Bill C-78, an act to provide for the payment of benefits to laid-off employees and to amend the Canada Labour Code, presently before the House, be amended in Clause 12

(*a*) by striking out line 25 on page 8 of the French version and substituting the following:

"vités désigné dont l'établissement canadien d'où il";

(*b*) by adding, immediately after line 29 on page 9, the following:

"(3) Notwithstanding Subsection (1), where an employee certified under Section 10 would be qualified under Subsection (1) to receive labour adjustment benefits but for the requirement set out in paragraph (1)(*b*), the commission may determine that the employee is qualified to receive labour adjustment benefits if he shows that he is in substantial compliance with the requirement and that he does not meet such requirement by reason only of illness, disability, lay-off or any other good cause whatever.";

(*c*) by renumbering the subsequent subclauses and any cross references accordingly; and

(*d*) by striking out lines 6 to 10 on page 10 of the French version and substituting the following:

"d'un employé admissible, suspendre ou modifier, si elle estime que les circonstances le justifient, l'exigence prévue au paragraphe (5)."

Mr. Lyle S. Kristiansen (Kootenay West) moved:

Motion No. 14

That Bill C-78, an act to provide for the payment of benefits to laid-off employees and to amend the Canada Labour Code, be amended in Clause 12 by adding immediately after line 29 at page 8 the following:

"(*c*) an employee shall be considered to have worked 1,000 hours in a year in each year for which he failed to work 1,000 hours because he was in receipt of a disability pension, sick benefits, workers compensation or was on leave of absence with the consent of the employer."

and that the following paragraphs be renumbered accordingly.

Mr. Ian Deans (Hamilton Mountain): Mr. Speaker, I want to speak specifically to Motion No. 13, if I may.

Mr. Caccia: Mr. Speaker, I rise on a point of order. Motion No. 13 stands in the name of the Minister of Labour. I should like to draw that fact to the attention of the House.

The Acting Speaker (Mr. Blaker): I see no problem in that regard. Earlier today the Speaker ruled that Motions Nos. 13 and 14 could be debated together but voted on separately.

Mr. Deans: In fact I was quite prepared to concede that it stood in the name of the Minister of Labour (Mr. Caccia); I would not want to claim credit for it. I should like to draw to the attention of the minister paragraph (b)(3) of Motion No. 13, which reads:

Notwithstanding Subsection (1), where an employee certified under Section 10 would be qualified under Subsection (1) to receive labour adjustment benefits but for the requirement set out in paragraph (1)(b), the commission may determine—

The word "may" is the word which concerns me. I should like the minister to think for a moment about the possible consequences of "may", given the qualification which is then set out in the clause. It continues:

—that the employee is qualified to receive labour adjustment benefits if he shows that he is in substantial compliance with the requirement and that he does not meet such requirement by reason only of illness, disability, lay-off or any other good cause whatsoever.

I suggest the minister should listen; I am not rising to speak because I like to listen to myself at 9.32 p.m.

Mr. McDermid: That is a change.

Mr. Deans: I am rising to speak because I happen to think, despite the fact the hon. member for Brampton-Georgetown (Mr. McDermid) is intervening from his newfound front seat, which no doubt is temporary, that the minister might consider the consequences of the word "may". If an employee goes before the board and is able to prove that he would normally meet the requirements of the act for benefit, and if he were able to show that the only reason he was disentitled from receiving benefit was illness, disability or lay-off during the period under consideration, or any other good cause whatsoever, I contend that the word "may" ought not to be there. Surely the board shall find, in cases where it is proven to the satisfaction of the board that the employee would otherwise be entitled, except for illness, lay-off, disability or another cause which the board determines is a good cause, in favour of the employee. I think the employee is being put in double jeopardy. He must go before the board to try to prove, on the one hand, that there is good and justifiable reason why he should be eligible. On the other hand, having once proven it even to the satisfaction of the board, he must then await the board's determination as to whether or not it will accept the circumstances. There is far too much latitude involved.

If I appeared before the board as an employee, and if I were to show that I complied with the employment requirements of the act, that I was employed for the appropriate length of time to qualify for benefit but that as a result of having been disabled, ill or laid off, in a technical sense, the time of my employment would be reduced to a point where I might otherwise not be eligible; if the board, having heard my argument, were to accept that I was legitimately laid off, ill, disentitled by way of injury or for any other good reason, then it ought not to be a decision of the board whether it may or may not decide to give me the benefit. Surely, having once accepted that I have given justifiable reason and therefore would otherwise be eligible, the board shall grant the entitlement under the bill.

I suggest that it is a simple word change, but if the board were given the authority to make a decision with regard to the evidence I placed before it, there must be a concurrent responsibility on the board to find in my favour, if my argument is sustained, not simply to say in the end, "Yes, we agree with your argument; yes, I think you should be getting the money; however I have decided, since it is discretionary on the part of the board, not to give it".

Mr. McDermid: Can it work the other way?

Mr. Deans: No, it cannot work the other way. Unfortunately it cannot because the requirement on the employee is to give proof. The trouble is that it indicates that the employee is qualified to receive labour adjustment benefits, if he shows that he is in substantial compliance with the requirement and that he does not meet such requirement by reason only of illness, disability, lay-off or any other good cause whatsoever. The onus is placed quite squarely on the shoulders of the employee to prove the good cause. Having once proven that, surely the entitlement should be automatic, not discretionary.

I know the minister is both listening and talking at the same time. I realize ministers develop that rather unique talent immediately after being appointed. However, I suggest that this kind of discretion vested in the board can only cause great hardship in the future. It will cause decisions to be made which cannot be used as precedents because the board will always have discretionary power. For example, it is not inconceivable that in one case an employee could argue that he was disabled but in receipt of workmen's compensation benefits and therefore technically still in the employ of the employer. In so doing, if he could prove to the board that he has a period of employment which would otherwise qualify him for entitlement under the act, he could win because the board might, in exercising its jurisdiction, say, "Yes, I accept it and therefore grant the payment". However, another employee appearing before a differently-structured board with different members could not really use that argument to sustain his case, because the discretion is solely the discretion of the board and the board may or may not grant entitlement.

My argument simply is that that is bad legislation. It does not deal adequately with the concerns of the House of Commons. If it is to set out the criterion under which an employee will receive benefits, once the employee has met the criterion, the benefits should be automatic. I see a head or two on the government side of the House nodding in the affirmative. It should not be discretionary on the part of the board.

Therefore, I ask the Minister of Labour if he would accept that very small word change which would clear up the amendment to the satisfaction of the House of Commons and, in addition, would make it much better in terms of dealing with employees in the future. Will the minister accept the change from "may" to shall?

● (2140)

Mr. Caccia: Mr. Speaker, when the hon. member was making such kind remarks about the behaviour of the Minister of Labour, he was listening to him as well as to some good advice coming from my colleague, the hon. member for Scarborough West (Mr. Weatherhead).

Mr. Deans: I agree.

Mr. Caccia: I listened very carefully to the representations made by the hon. member. But I would like to draw to his attention that Clause 12 begins with:

The commission may determine—

And the paragraph carries all subparagraphs further down on the same page. But the major point in reply to the hon. member is that the word "may" following the words "The commission" gives the commission the full scope to carry out an inquiry without being preconditioned in one direction or another. It is good drafting. Clause 12 is carried with the word "may". It is a way of carrying out the principle into the

legislation in the interests of all those concerned. Therefore, I cannot accept the hon. member's proposal.

The Acting Speaker (Mr. Blaker): Is the hon. member for Hamilton Mountain (Mr. Deans) rising on a point of order?

Mr. Deans: Mr. Speaker, I rise on a point of clarification which I think falls within a point of order. I can well understand the meaning of the word "may" in the operative Sub-Clause 1, that "The commission may determine". But when you get down to a clause which deals specifically with a set of circumstances which must be placed before the board, in that set of circumstances the word "may" is not the appropriate operative word. It is quite clear that the clause reads:

> The commission may determine that an employee who has been certified under Section 9 is qualified to receive labour adjustment benefits if
>
> (a) he is a Canadian citizen resident in Canada—

My concern with it is that an employee could meet every single one of those qualifications as set out in Clause 12(1)(a) through (f). Therefore, Clause 12(1)(a) to (f) could be met in its entirety, except that the employee might not, in the sense that it is set out, be technically employed through that period as a result of illness and whatever else, the other conditions that are set out in the amendment proposed by the minister. It is an amendment, incidentally, which is not one that we find obnoxious or unacceptable. But if you put in two "mays", you are putting those people in double jeopardy. On the one hand, if in the first section the board may find it subject to these conditions and then you go on to say that additional consideration should be given to a specific set of conditions, then I would suggest to the commissioner that the appropriate operative word in the second part is "shall". In the first case, I can appreciate that that you must meet all of those conditions. But having met all those conditions and still having a question as to the appropriateness of the acceptability of the length of time of employment, if the employee can prove that he does qualify under all other terms, then the operative word should be "shall" and not "may".

Mr. Gordon Taylor (Bow River): Mr. Speaker, I would like to deal with this particular point. I had experience with the workers' compensation act in Alberta several years ago. The interpretation act said that "may" means "shall" and "shall" means "may". In making representations on behalf of an employee, I found that "may" did not mean "shall", and "shall" did not mean "may", when it came to actual administration. The board rejected this particular claim. When I wanted to know why, the board said that it had the discretion. I agreed they had the discretion, but the man was injured in industry, and I asked whether they recognized that. The man had a disability. The doctors claimed that and I asked whether the board recognized that. I asked why they denied him the benefits. They answered that they had the discretion because the act said "may". We fought that and eventually won the case. I would point out to the minister that administrative boards sometimes bring in other factors that are really irrelevant. This man I have in mind was an obnoxious fellow. People did not like him, but that should not deny him the right to compensation when he was injured. Therefore, when every condition is met in this particular requirement, surely the board must accept that and pay a claim. Consequently, why does the minister not want to put in the word "shall" and make it mandatory? The words "may" and "shall" do not mean the same thing. "May" is permissive, "shall" is mandatory.

If the individual meets every requirement, then the word should be "shall". Why is the government going to deny the benefit to an employee because of some irrelevant material? That is what we will do if we leave in the word "may" and not put in the word "shall".

I support the amendment.

Mr. David Berger (Laurier): Mr. Speaker, in answer to the hon. member for Hamilton Mountain (Mr. Deans), I want to say that when he makes his comments he is really not aware of the background of this amendment. He did not participate in the committee hearings.

Mr. Deans: What does that have to do with it?

Mr. Berger: I would like to point out to him that there is a basic requirement under Clause 12, to which the hon. member referred, that an employee work 1,000 hours during a period of ten years.

[*Translation*]

The Eastern Townships Regional Development Council—

[*English*]

—which suggests that this be replaced by the word "average". In other words, an average 1,000 hours per year over the ten years in the case of somebody who is sick, laid off or disabled for a certain period of time.

The minister, to his credit, listened to the representations made by all sides in the committee. He has come up with an excellent amendment, which the hon. member for Hamilton Mountain grudgingly concedes.

Mr. Deans: What are you talking about?

Mr. Berger: In this amendment he is giving discretion to the commission to say that notwithstanding the fact that an employee might not have worked 1,000 hours in any one of those years, the commission may determine that the employee is qualified to receive these benefits if he shows that he did not need it because of illness, disability, lay-off or any other good cause whatever. That expression "any other good cause whatever" is extremely broad. I suggest that the word "may" is necessary in order to go along with that broad expression "any other good cause whatever."

The word "may" is extremely fitting when taken in the context of that last phrase.

In addition to that, I would like to point out to the hon. member and to the hon. member for Bow River (Mr. Taylor) that there is a rule in administrative law that a commission that exercises discretion must exercise that discretion reason-

ably. I would suggest that their concerns are entirely unfounded—

Mr. Deans: Come on.

Mr. Berger: —that if a person was able to demonstrate that because of illness or disability he was not able to meet that 1,000-hour requirement and if the commission turned him down, he would be able to appeal that decision before an administrative tribunal in this country and that he would win his appeal. Therefore, in light of principles of administrative law—

• (2150)

Mr. Robinson (Burnaby): Will the hon. member permit a question?

Mr. Berger: Certainly.

Mr. Robinson (Burnaby): The hon. member has referred to an alleged duty of reasonableness on the part of administrative tribunals, and to the possibility that an individual affected by an adverse decision of such a tribunal may appeal. Would the hon. member indicate what his authority is for this suggestion that there is a reasonableness requirement on administrative tribunals? Secondly, would he indicate to whom this rather nebulous appeal would take place?

Mr. Berger: I would suggest this is not a nebulous principle, it is a firm principle of administrative law.

Mr. Robinson (Burnaby): Established where?

Mr. Berger: I would suggest further that an appeal against an unreasonable decision could be directed to one of the courts of the land.

Mr. Deans: Oh, come on. Why do you write ambiguity into the law?

Mr. Berger: Furthermore, I would suggest that the principles we are trying to ascribe to the Constitution of this country by virtue of the charter of rights—

Some hon. Members: Oh, oh!

Mr. Berger: —would tend to enhance such an appeal.

The Acting Speaker (Mr. Blaker): The House earlier gave its consent to a delay by the Chair in ruling on Motion no. 11. It is approaching ten o'clock and perhaps what we might do is to dispose of Motion No. 11 standing in the name of the hon. member for Kootenay West (Mr. Kristiansen).

The Chair has had the benefit of consultation with the Table and examined the provisions of the bill, in particular Clauses 4 through 7. Under those clauses, the Labour Adjustment Review Board is created, the head office established and the powers of the board are set forth. The motion standing in the name of the hon. member for Kootenay West provides, under Clause 8, for a rather considerable extension of the powers of the board and involves, as referred to in the Speaker's tentative ruling earlier today, a power to investigate the expected social and economic impact of intended termination of employment.

The motion is faithful to that general principle and discharges upon the board various rights that seem to the Chair, after consultation, to be extensively in excess of the rights conferred on the board under the bill proposed by the minister. Accordingly, the Chair finds, after due consideration, the motion goes beyond the scope of the bill and is out of order.

Now, hon. members may wish to continue the debate on Motions Nos. 13 and 14 which are now on the floor, and for that purpose I will recognize the hon. member for Kootenay West.

Mr. Lyle S. Kristiansen (Kootenay West): Mr. Speaker, I could not help being amused, although it is not a laughing matter, at the comments a few moments ago of the hon. member for Laurier (Mr. Berger). If he or any member of the House were to visit with working people who have ever had contact with, for example, the Workmen's Compensation Board and suggest to them there is a practice in Canadian law that suggests if a question may go this way or that way, that it go in favour of the victim, he would be lucky to simply be laughed out. In fact, he would be lucky to get out with his head. With the possible exception of the Unemployment Insurance Commission, in which very few Canadian workers would suggest that principle is operative, Workmen's Compensation Board is perhaps the most hated establishment in this land, because it is widely believed that its practice is exactly the opposite, in terms of administration, to that which the member suggested a few moments ago.

On the positive side, Mr. Speaker, I should like to thank the minister and drafters of the amendments for going a long, long way toward meeting the objections and suggestions raised not only by myself but by the hon. member for Rosedale (Mr. Crombie), two or three of the Liberal members of the committee, my colleague, the hon. member for Kootenay East-Revelstoke (Mr. Parker), and others.

While the amendments do not directly deal with the question of the 1,000 hours and whether it should be averaged or required, neither does our own amendment, but it does get around the problem of employees who may find themselves laid off or on sick benefits. In that same spirit I would ask the minister once again to consider the proposal put forward by my House leader a few moments ago, that the word "shall" replace the word "may" in order to make it operative.

The Minister of Labour (Mr. Caccia), Mr. Speaker, is new in that position. This is the first bill he has piloted through the House as minister, and he will soon be dealing with major amendments to the Canada Labour Code, both Part IV and Part V, and it will be necessary for him to have the understanding and sympathy of working people across the country in order to help resolve some of the conflicts which happen in labour relations from time to time. Almost everyone, especially blue collar workers, has had experience with grievance procedures, with the law and with commissions, which is perfectly in line with the principles of British common law that property

rights always take precedence over human rights unless the law is so clear and so exact that there is no room for anyone to rule in favour of property and against the individual. Unless it is crystal clear, then the worker will believe, as his experience dictates, that he will lose because that is the principle upon which our laws have been based. Hopefully, our charter of rights will start us in slightly another direction in order to balance the ledger. However, it is vitally important for the minister, in order to have credibility with the labour force, to make it clear that he understands that attitude and feeling which exists amongst hundreds of thousands of people in the Canadian work force.

Quite frankly, Mr. Speaker, I am not hung up on wording, and the minister has shown before that neither is he if we believe we can solve the problem. With the exception of that one little word I quite agree that the wording as presented by the government is preferable to that submitted by my own party. However, it is important to make it crystal clear to those administering this law that they should follow the intent, and if people are in fact absent and short of that 1,000 hours by virtue of sickness, injury, disability, any good cause whatesoever, they shall be considered to have worked that 1,000 hours, if that is the reason they are short, and be provided with the benefits which this bill provides.

I will conclude with one last and recent example, Mr. Speaker. Just this past year there was a clause in the Canada Labour Code which said in effect—and said it much more clearly than this bill—that if a supervisor refused to work simply because he refused to cross a picket line, he could not be disciplined or lose his job because of that. The Canada Labour Code was crystal clear and it took many months to get justice for those who had lost their jobs, their income, and had their lives disrupted. That was crystal clear. We hope that people in this unfortunate situation will not have to suffer those kinds of delays because of pride and one little word.

• (2200)

An hon. Member: Ten o'clock.

The Acting Speaker (Mr. Blaker): The Chair recognizes that the hon. member for Kootenay West (Mr. Kristiansen) is standing in his place and presumably wishes to continue the debate, but it is now ten o'clock and accordingly I conclude that the House does not wish to have Motions Nos. 13 and 14 put before it.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

Adjournment Debate

COMMUNICATIONS—RECEPTION OF TELEVISION SIGNALS FROM CANCOM SATELLITE

Mr. Maurice Foster (Algoma): Mr. Speaker, on November 24, I put a question to the Minister of Communications (Mr. Fox) concerning the reception of American satellite television signals by local cable television systems in northern Canada. A number of applications are before the Canadian Radio-Television and Telecommunications Commission at the present time to provide local cable television service to many northern communities using the CanCom satellite. The unfortunate part of that whole system is that only four Canadian independent television stations will be received on that system.

My question to the minister was to inquire whether those local cable television systems being established in many northern communities will be able to continue to receive the signals from the American TV satellites, such as the superstations in Chicago and Atlanta and the home box office TV stations.

My reason for putting this question to the minister is that a number of communities in northern Canada have been receiving these American satellite signals in the past, and they have established a cable system and are distributing them to Canadian viewers. Most of them have not been prosecuted in the past, and of course it would be ridiculous for the government to move and do that at the present time, when these communities have no other television available to them. I think the problem will be that when these applications which are before the CRTC at the present time are reviewed, we will find that the installation charge and the monthly service fee will be so high that, without the additional American stations being provided to this cable system, they just will not be able to make a go of it.

It seems to me that if the minister does not change the policy and clarify it in the very near future, there will simply be rank discrimination against the northern communities.

We now have the policy in southern Canada for all of the major cities such as Ottawa, Montreal, Toronto, Hamilton, Vancouver and so on, under which they are allowed to receive the three American networks plus the PBS system from the United States on the three plus one formula; but in northern Canada, there is no such provision. There could be rank discrimination against the cable operators in the northern communities and, beyond that, this would just make the situation impossible for most of these cable operators who have applied to have a package which is appealing enough to sell to these small communities. For instance, there are applications before the CRTC for four communities along the north shore of Lake Huron; that is, Iron Bridge, Spanish, Massey and Nairn Centre. The Northern Cable Services is requiring an installation fee of $200, and a monthly service charge of $15 per month. That will not provide any American channels, whereas, in the south, most cable operators provide the three plus one formula.

• (2205)

I hope the minister will clarify this arrangement and provide the same kind of service to northern communities; that is,

American stations as well as the Canadian independents that are on the CanCom satellite. He should rectify this situation which is wholly unfair and, in my view, not workable as it is now established. I hope the parliamentary secretary who responds tonight will state that the government will be able to remove this impediment to the provision of much better television service to many of the communities in northern Ontario and many other northern areas of our country.

Mr. Jack Masters (Parliamentary Secretary to Minister of Communications): Mr. Speaker, in response to the question raised by the hon. member for Algoma (Mr. Foster), I would like to explain the international understandings which have a bearing on the direct reception in Canada of television signals from U.S. domestic communications satellites.

Both Canada and the United States, as members of the International Telecommunications Satellite Organization, are obliged to consult with IntelSat if they should wish to use their domestic satellite systems to carry communications traffic to or from points in the other country. The two countries would have to demonstrate that any use of non-IntelSat facilities for international telecommunications services would not cause significant economic harm to the IntelSat global satellite system which was established specifically to carry international traffic.

The other arrangement is the 1972 exchange of letters between Canada and the United States under which the two countries have agreed to restrict the use of their domestic satellites for traffic between the two countries only to special circumstances, such as a major technical failure or a temporary shortage of domestic satellite facilities.

It should be noted that all current Canadian and U.S. commercial satellites are classified under regulations of the International Telecommunications Union as constituting fixed satellite services in which radio communication is carried between earth stations at specific fixed points. These are not broadcasting satellites which by definition carry signals intended for direct reception by the general public.

However, the Minister of Communications (Mr. Fox) has made it clear on several occasions that the federal government's major concern is to solve the underlying problem which is giving rise to the unauthorized reception in Canada of U.S. satellite TV signals.

Over the last year very substantial progress has been made in developing a multichannel television service on our ANIK satellite system to meet the basic viewing needs of rural and remote residents who lack the access to television that most Canadians take for granted. Of course, I am referring to CanCom.

CanCom offers a very wide variety of North American programming, both Canadian and U.S. Concerning the wider question of access to U.S. channels, the minister has indicated in the House that it is in the interest of all Canadians that there should be an equalization of viewing opportunities across the country. CanCom is only the first step in this process. The minister has received many requests to open negotiations with the United States to allow reception of certain U.S. signals in rural and remote communities. This matter is being given very careful consideration within the context of an over-all broadcast strategy currently being developed by the federal government. The objective of the government is definitely to improve service for underserved Canadians in a way that contributes to a healthy environment for the future of the Canadian broadcasting system and serves those communities best.

METRIC CONVERSION—(A) FORCED IMPLEMENTATION (B) PRIME MINISTER'S VIEWS

Mr. Bill Domm (Peterborough): Mr. Speaker, I take this opportunity to bring to the attention of this House and the people of Canada that they are being misled by the government in many of the statements pertaining to the implementation of metric in the retail food stores of this nation.

First, I would like to point out that the acting executive director of the Metric Commission has made the statement over national television that no stores in Peterborough were closed while it was a pilot centre during the implementation of metric. That is clearly not the case. Stores were forced out of business because they would not buy metric weigh scales.

Second, I would like to point out that it has been circulated through the Metric Commission, with the knowledge of the ministry, that 68 per cent of the Canadian people support the implementation of metric in the retail food stores. That is clearly not the case. Ministers also go to press conferences and say that the majority of Canadians support metric. We know from a Gallup poll which was taken in November of 1981, which the same Metric Commission is suppressing, that the majority of Canadians are opposed to forced metric in the retail food stores. This Gallup poll which came to my attention clearly documents that fact.

● (2210)

The Minister of Consumer and Corporate Affairs (Mr. Ouellet), who is also the minister responsible for the Metric Commission, when asked a question on January 14, 1981, if there would be fines, confiscation of equipment and imprisonment, answered, as reported in *Hansard* of January 14, 1981:

> we shall not resort to the methods the hon. member would have us use.

In other words, there would be no fines, no confiscation of equipment and no imprisonment. Later I will go on to prove that that is not the case as it applies today.

On April 23, 1980, I asked the same question of the Minister of State for Small Businesses and Tourism (Mr. Lapointe); if he intended to sit idly by while the government forced metrication on the people of Canada. The minister replied as reported in *Hansard* on April 23, 1980 that:

> The government has no intention of imposing the metric system *manu militari* and that it has always been the policy of the Liberal party and government of taking care of the people first, not regulations.

To put the record straight, I would point out an article that appeared in *The Calgary Herald*. The headline read, "Merchants given metric warning". The article quoted an official of Consumer and Corporate Affairs in Calgary as saying:

"We won't come down like a ton of bricks on the first day (but) there might be a couple of prosecutions to wake people up," said Mac Cooper, Calgary operations supervisor for the federal Department of Consumer and Corporate Affairs, Weights and Measures.

I would like to read from the *Winnipeg Free Press* dated January 9, 1982. the headline on the editorial page read, "Misleading on metric". The article went on to say:

The Metric Commission, with the backing of the federal government has the unquestioned power to dictate to Canadians that they will henceforth measure their groceries in kilograms rather than in pounds.

Moving on to *The Globe and Mail* of February 4, 1982, the headline read, "Civil Servant is suspended after protest". Imagine, Mr. Speaker; a civil servant who spoke out against metric in the city of Kingston lost four days pay and an additional ten days pay because he persisted in the principle of freedom of speech and spoke out against forced metric in the city of Kingston.

Let us review some of the businesses. In Kamloops, British Columbia, Gary Cooper said that it will cost him $60,000 to convert the scales in his six stores in British Columbia. An article in the *Kamloops News* dated December 9, 1981, quoted Cooper as saying:

"There's no turning back now because we're talking about the law of the land"

The article went on:

Cooper said metrication is always something that is imposed from above. "Even Napoleon was unable to get his people to accept metric. He had to impose it."

Another article appearing in the Hamilton *Spectator* referred to the forced implementation of metric. This particular grocer had been in business for many years. The article stated:

But now, with no sign of reprieve and only weeks remaining before metric conversion becomes law, the aging couple stands a millimetre away from closing their store.

Another article describes a merchant who was willing to face jail. Mac Tackaberry in Kingston is determined he will not be bullied by the federal government and he is prepared to pay the $1,000 fine if necessary and serve the jail sentence that goes along with it. At least there are people in Canada who feel this issue needs full parliamentary debate and should not be handled through regulations that are passed through an order in council without the opportunity for Members of Parliament to debate this method of implementation.

An article appeared in the Daily *Mercury* dated January 21, 1981, with respect to a merchant in Fergus, Ontario, under the headline "Metric conversion forces retailer to close his doors early". The article states in part:

● (2215)

The move to metric will force a local meat market out of business.

We in the city of Peterborough have lost our only independent dairy. It employed some 40 people. It has been in business for 67 years. The proprietors said:

We invested in the future of our dairy until the metric system came into effect. This made our equipment obsolete, our cartons and glass bottles were no longer of any use.

As of March 1, 1980, when metric was forced on the city of Peterborough this dairy closed its doors and is no longer in business. This was a small family business. The letter from which I have just read was signed by Harold Moncrief, John Moncrief and Gord Moncrief of Moncrief Dairy.

I am a little tired of the government telling the people of Canada that there shall be no force. The Minister of Consumer and Corporate Affairs has made that statement, as has the Minister of State for Small Businesses and Tourism.

When will this government start telling the people of Canada the truth? There is no voluntary movement to metric in the grocery stores of this nation. This is forced metric against the will of the people, and it is forced without a consensus of Parliament and contrary to the wishes of the people. If the government would release the secret Gallup poll taken for the government in November of 1981, we would see that the poll clearly documented that the people of Canada do not wish metric. Why is that the case? They do not wish metric because they do not wish it by force. They do not mind it by choice, but there is a great difference in metric by force and metric by the choice of the people.

The United States has decided not to force metric on the people of the United States. The Americans have abandoned their metric board. They fired all its members by act of Congress to be effective September, 1982. Britain is totally back to miles an hour on the highway and pounds in the grocery store. The British are back to Fahrenheit at the weather bureaus of their nation. Let us not have any of this nonsense about the whole world going metric. The fact of the matter is that the whole world is not going metric, unless by choice.

Only Canada is going metric. Canada is a free country—we think—but the people have lost the right to choose. The Metric Commission is dictating to the Government of Canada the implementation time-frame against the will of the people and without a consensus, and the government will not even release the results of a Gallup pool paid for by the people of Canada which indicated that the people do not wish metric at this time.

Mr. Gary F. McCauley (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Mr. Speaker, I would like very briefly once again to address the concerns of the hon. member for Peterborough (Mr. Domm) with regard to the enforcement of regulations made under the Weights and Measures Act for metric conversion of individually measured foods and scale conversion.

As the Minister of Consumer and Corporate Affairs (Mr. Ouellet) has already informed the hon. member, the enforcement of these regulations will be conducted in a decent and appropriate manner, and we shall not resort to the methods the hon. member has suggested at various and sundry times in the House.

I can tell the hon. member that it will be the responsibility of Consumer and Corporate Affairs Canada to enforce regulations made under the Weights and Measures Act in exactly the same manner as all other such regulations are enforced.

Our well-established inspection practice in all instances involves first informing non-complying retailers of their obligations under the law, in this case to advertise and sell individually-measured foods as required by these regulations. Then we encourage the retailers to take whatever action is necessary to comply with the regulations. Should a retailer not take action to comply with the regulations, then he would be advised in writing that continued non-compliance would result in the initiation of prosecution action.

Mr. Domm: That is force.

Mr. McCauley: Should a retailer be prosecuted for non-compliance with these regulations, I might point out that the highest penalty that could be imposed in such cases would be a maximum fine of $1,000 for each offence. I might also point out that devices would only be seized in those instances where that would be required in the gathering of evidence for enforcement action.

I would also like to assure the hon. member that we do not anticipate that extensive enforcement action will be required to ensure compliance with these regulations. Unlike him, we have every confidence that retailers of individually measured foods will convert to metric as required. Surely, the hon. member realizes that Canadian retailers are good corporate citizens who will obey the law.

• (2220)

AIRPORTS—CALLING OF TENDERS FOR ADVERTISING CONCESSION

Hon. Elmer M. MacKay (Central Nova): Mr. Speaker, fair and proper tendering procedures are very important in this country, not only to the government but to business and consumers. On December 17 when I raised with the Minister of Transport (Mr. Pepin) the issue of the failure to institute proper or any tendering procedures for advertising in airports, he gave me an answer which I thought was rather unsatisfactory. We spoke about tendering for advertising concessions and in the course of our dialogue we also discussed duty-free procedures which are obviously very important in terms of the policy of the department.

There are many incongruities here, Mr. Speaker. I will deal first with the specific question of the Toronto International Airport where over $200,000 per month was lost for two and a half years because FIRA—the misbegotten agency of federal government which has done so much to discourage investment in this country—took that long to decide what should be done with the people who were awarded the duty-free franchise at that airport.

Finally, in disgust, I understand, Duty Free Shopping Group Ltd. of Honolulu, threw up its hands because of the delays. That is amazing when one realizes that Mr. Robert Campeau's organization was able to sell the Harbour Castle Hotel to Hong Kong interests in ten days. It would be nice if FIRA and the Department of Transport got together and did something even remotely like that to settle the duty-free agency at the Toronto International Airport. If they had, they could have saved the taxpayers over $5 million. I suppose it depends on who you are.

Since the minister raised the issue of Sky Shops, I want to refer to what is going on at Dorval Airport. As I understand it, it is long-standing department policy that when someone tenders for a concession—in this case a duty-free one in the Dorval Airport—it is enforced by the Department of Transport. The company is then supposed to pay the greater of a minimum guarantee or of a percentage of sales. I understand that business is such that this is not being done; the company is merely paying a percentage of sales, which is less than the minimum guarantee. Obviously, that particular concession to Thomcor should be terminated. That company is the successor to Sky Shops which, as a matter of passing interest, Mr. Speaker, once sued me for $500,000 for pointing out that one could buy things cheaper on the street than in their duty-free shops. They were pleased to withdraw that suit, with costs. That is in the past, however.

I want to point out again that there is something very wrong in the administration of the Department of Transport. I want to know who authorized this departure from departmental policy whereby a contract, which is tendered on the basis of payment of either the greater of the minimum guarantee or the percentage of sales, is wilfully disregarded. I believe that is also true of the Quebec restaurants and probably of other concessions as well.

If the parliamentary secretary does not have an answer for me tonight, I hope he can find out who authorized this departure from a clearly set out policy designed for the benefit of consumers and in the interests of fairness to the people who tender.

On the subject of Dorval, I have a very great interest in seeing that the concessions in that airport are operating in a healthy and respectable state and, indeed, that the airport is maintained in its present condition. I think it would be a travesty to close this well-used and successful airport, which is making money, for the sake of transferring a lot of these operations to that white elephant, Mirabel, which is costing the Canadian taxpayer about $1 million per month in operational cost deficits alone. But I am wandering off the subject and I apologize for that.

I should like to ask my hon. friend opposite if he can assure me tonight that the government and the Department of Transport will get off their proverbial seats and do something about getting a proper tendering procedure instituted for airport advertising. At the same time, they should take a hard look at what is going on in terms of altering—unilaterally, I suspect—a policy that is very clearly understood and is designed to bring in revenue and ensure fairness when it comes to honouring the contracts awarded by tender. There may be good reason why the Thomcor company cannot pay—perhaps business is bad. If it is an impoverished organization, it is clear the contract

should be revoked and that the concession should be awarded to the next highest bidder or, failing that, it should be retendered. But allowing these irregularities to perpetuate themselves, in defiance of fairness and established policy, does not do the government, the Department of Transport or the Canadian public any good. I would urge the minister to take a very close look at these procedures and report to the House as soon as possible.

• (2225)

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): Mr. Speaker, for the information of the hon. member, Duty Free Shops Limited definitely decided not to take up its contract. The present concessionaire is to continue on an interim basis until a new concessionaire is selected by a new tender call which is expected to be placed in the very near future.

Prior to 1969, very little advertising was sold at airports, revenues were minimal, and there were no standards regarding size and quality of displays or rates to be charged for advertising space. Because the department had very little background in advertising, it was decided to develop this medium through the expertise of an advertising concessionaire. In 1969, the Department of Transport called for tenders for the right to sell advertising at ten Canadian airports.

The concessionaire began operating on January 1, 1970, with a five-year agreement which was renewable for a further five years. The renewal was granted in 1975. During the term of the agreement, the concessionaire was granted additional rights to sell advertising at smaller airports, if he could show that the revenues generated by the company exceeded those which could have been achieved by the department. Within the ten-year period, from 1970 to 1980, the company sold advertising at 13 additional airports in Canada. The company has been granted two extensions of short duration to the original contract. The second extension expires on June 30 of this year. The main reason for the extension was to permit the Department of Transport time to develop linguistic requirements for advertising at airports and to include these requirements in the specifications for the next tender call.

Linguistic requirements have been completed and a public tender for the concessionaire will be announced in the newspapers on February 26 and February 27, 1982. We expect the award to be determined on or about May 1.

The Acting Speaker (Mr. Blaker): The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at two o'clock.

At 10.28 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Tuesday, February 16, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

FOOD AND DRUGS

WARNING ON USE OF ASPIRIN—MOTION UNDER S.O. 43

Mr. Gus Mitges (Grey-Simcoe): Madam Speaker, in view of the fact that the United States Centre for Disease Control has issued a strong warning that aspirin, also known as ASA—acetylsalicylic acid—should not be given to children with chicken pox or for any influenza-like illness, because such medication can cause Reye's Syndrome, a disease which can be fatal to young children, or leave them mentally retarded, I move, seconded by the hon. member for Esquimalt-Saanich (Mr. Munro):

That the Department of National Health and Welfare take all necessary steps to alert the public and the medical profession about this very serious problem.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

TELEVISION

INTERVIEW GIVEN BY PRIME MINISTER—MOTION UNDER S.O. 43

Mr. Bill Wright (Calgary North): Madam Speaker, last week the Prime Minister (Mr. Trudeau) was interviewed by David Frost for a forthcoming television program which will be called "Frost Over Canada". In view of the Prime Minister's 13 years of mismanagement of Canada's affairs, I move, seconded by the hon. member for Red Deer (Mr. Towers):

That this House recommend to Mr. Frost that the program be renamed "Snow Job on Canada".

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

POLITICAL PARTIES

ADVICE TO MEMBERS OF LIBERAL PARTY—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, Liberal government policies are full of contradictions.

An hon. Member: Nonsense.

Mr. Taylor: The Prime Minister (Mr. Trudeau) tells the working people to tighten their belts and not to ask for increases, and then increases the salary of the president of Canada Post to over $100,000 after only five months on the job. The government brags about free speech in the charter of rights, and then the Prime Minister puts zippers on the mouths of Liberal Members of Parliament. The Minister of Finance (Mr. MacEachen) talks glibly about restraint and then wastes $47 million on statues in Algiers, etc., etc. Therefore I move, seconded by the hon. member for Erie (Mr. Fretz):

That this House urges Liberal card carriers in Ontario and Quebec to tear up their membership cards and send the shreds to the Prime Minister.

If several thousand do this, the Prime Minister might be frightened into withdrawing the budget or, better still, into resigning.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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HOLIDAYS ACT

RECOGNITION OF HERITAGE DAY AS NATIONAL HOLIDAY—MOTION UNDER S.O. 43

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, the hon. member for Winnipeg North Centre (Mr. Knowles) has annually moved for the recognition of Heritage Day and, in his absence—which I now assume will be of a very short duration—I move, seconded by the hon. member for Beaches (Mr. Young):

That this House recognizes the third Monday in February as Heritage Day, congratulates all those who celebrated this occasion, and expresses its earnest hope that the government will soon recognize the importance of this day and declare it a national holiday.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE ECONOMY

PROGRAMS TO CREATE EMPLOYMENT—MOTION UNDER S.O. 43

Mr. Girve Fretz (Erie): Madam Speaker, given that the rate of unemployment in the regional municipality of Niagara is a shocking 15.6 per cent, nearly double the national average, I move, seconded by the hon. member for Central Nova (Mr. MacKay):

That this House urges the Prime Minister to proceed with the immediate creation of two new programs to create employment in key sectors of the economy by stimulating domestic housing construction and by launching a program to enable private enterprise to hire young Canadians so that these deplorably and tragically high rates of unemployment can be brought to a more reasonable level.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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METRIC CONVERSION

CONDEMNATION OF COMMISSION'S EDUCATION PROGRAM—MOTION UNDER S.O. 43

Mr. Chuck Cook (North Vancouver-Burnaby): Madam Speaker, I rise under the provisions of Standing Order 43 on an urgent and pressing matter. It is urgent, because every day that goes by means more waste of money. The education department of the province of British Columbia has conducted a massive test of over 90,000 British Columbia school children in grades four, eight and twelve, and has determined that their knowledge of metric is sadly lacking. Indeed, the grade four students, who have been taught nothing but metric, still indicated, by a 60 per cent majority, a preference for imperial measures. Therefore I propose, seconded by—who else?—the hon. member for Peterborough (Mr. Domm):

That this House condemns the public education program of the Metric Commission and demands its recall for further consideration, as it has proved to be expensive, ineffectual and completely discredited.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

[*Translation*]

BILINGUALISM

REQUEST FOR RESIGNATION OF MEMBER FOR WINNIPEG-ASSINIBOINE—MOTION UNDER S.O. 43

Mr. Dennis Dawson (Louis-Hébert): Madam Speaker, pursuant to the provisions of Standing Order 43, I seek the unanimous consent of the House to move a motion related to an urgent and important question which, I feel confident, will gain the support of the House, particularly of the hon. member for Joliette (Mr. La Salle) and the Leader of the Opposition (Mr. Clark).

For the second time in ten days, we have heard the Leader of the Opposition repudiate the remarks of the hon. member for Winnipeg-Assiniboine (Mr. McKenzie) who is waging war against bilingualism just as he had against democracy in South Africa. Considering that the Leader of the Opposition claims to support the bilingualism policy and to have the Progressive Conservative caucus under control, I move, seconded by the hon. member for Sainte-Marie (Mr. Malépart):

That the House urge the Right Hon. Leader of the Opposition to stop uttering fine words and act immediately by asking for the resignation of that hon. member whose anti-French bias is already well known, just as his predecessor, the Hon. Robert Stanfield, had done in a similar case, namely that of the former mayor of Moncton.

Madam Speaker: Pursuant to the provisions of Standing Order 43, presentation of such a motion requires the unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1410)

[*English*]

THE JUDICIARY

SUGGESTED APPOINTMENT OF WOMAN TO SUPREME COURT OF CANADA—MOTION UNDER S.O. 43

Mr. Peter Elzinga (Pembina): Madam Speaker, in our 115 years of existence as a country no woman has ever been appointed to the Supreme Court of Canada, even though qualified women have served with distinction in the superior and supreme courts of the provinces since 1969. I therefore move, seconded by the hon. member for Kingston and the Islands (Miss MacDonald):

That in filling the vacancy that now exists in the Supreme Court of Canada, the government redress the imbalance of 115 years of Canadian history by appointing a qualified woman to the Supreme Court of Canada.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

POLITICAL PARTIES

ECONOMIC POLICY OF PROGRESSIVE CONSERVATIVE PARTY—MOTION UNDER S.O. 43

Mr. Doug Anguish (The Battlefords-Meadow Lake): Madam Speaker, I rise under the provisions of Standing Order 43 concerning statements made by the finance critic for the Conservative Party during the weekend in Toronto and yesterday in Montreal, in which he praised the discredited and heartless economic doctrine known as Reaganomics as "something that we would be doing if we were a government", and agreed with the high interest rate policy of the federal Minister of Finance (Mr. MacEachen). I move, seconded by the hon. member for Selkirk-Interlake (Mr. Sargeant):

That this House thank the hon. member for Etobicoke Centre for finally clarifying his party's stand on this important issue, even though it contradicts his leader's call for expanded government programs, such as housing, and urges his colleagues to take note of this clarified position and drop their hypocritical opposition to MacEachenomics which is really just a made-up-in-Canada form of Reaganomics.

Mr. Clark: Where were you for the vote?

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

CANADA POST

INCREASE IN CHARGES FOR USE OF MAIL BOXES—MOTION UNDER S.O. 43

Mr. Hal Herbert (Vaudreuil): Madam Speaker, my motion is on a matter of urgent and pressing necessity and is proposed under Standing Order 43. Many persons living in towns and not eligible, by Post Office regulation, to have the benefit of home mail delivery, are now being subjected to a 200 per cent increase in the charge they must pay for the use of a convenience box to pick up their mail at the post office. I therefore move:

That the Post Office be instructed to discontinue forthwith the usurious charge for not having a postman, and further, that the Post Office cease immediately the obligatory charge for a change of address card for persons like myself who have lived in the same house on the same street in the same town for the last thirty-five years.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

CANADIAN RADIO-TELEVISION AND TELECOMMUNICATIONS COMMISSION

REGULATIONS GOVERNING SERVICE TO HEARING-IMPAIRED TELEVISION VIEWERS—MOTION UNDER S.O. 43

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, given that the Minister of Communications (Mr. Fox) promised a year ago that CRTC regulations would be amended quickly to allow Canadian cable television companies to substitute simultaneously an American signal for a Canadian signal where circumstances warranted it in order that hearing-impaired Canadians could enjoy closed captioned programs broadcast by U.S. stations, and whereas these amendments have still not been passed and many Canadians continue to be deprived of this unique and useful communications aid, I move, seconded by the hon. member for Fraser Valley West (Mr. Wenman):

That this House direct the Minister of Communications to expedite promised amendments to the broadcast regulations so that hearing-impaired Canadians may soon be able to enjoy television and the benefits of closed captioned programming which are presently available on a widespread basis in the United States.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ENVIRONMENTAL AFFAIRS

CENTRALIZATION OF DEPARTMENT'S LABORATORIES—MOTION UNDER S.O. 43

Mr. Simon de Jong (Regina East): Madam Speaker, I rise under Standing Order 43. Last week several of my colleagues and I inspected some of the chemical waste dumps in Niagara, New York, that are already responsible for pollution in Lake Ontario. If that is not enough of a scandal, the senior management committee of Environment Canada has accepted in principle a plan to curtail drastically the technical ability of its four testing laboratories by centralizing their work in Burlington, Ontario. I therefore move, seconded by the hon. member for Beaches (Mr. Young):

That this House condemn the creeping Reaganism in the Department of the Environment and that this House urge the minister to reject this proposal that will diminish the effectiveness of the department to work with regional universities and to respond to regional problems and conditions.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1415)

ORAL QUESTION PERIOD

[*English*]

DISASTERS

SINKING OF "OCEAN RANGER"—QUERY RESPECTING MANAGEMENT AND CONTROL OF OFFSHORE DEVELOPMENT

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, my question is directed to the Minister of Transport. As the tragedy of the *Ocean Ranger* and the tragic loss of lives unfolds, there is obvious confusion over jurisdiction between the federal, provincial and United States governments. Would the minister agree that this accentuates the need for responsible ministers in these three jurisdictions to sit down now and work out a *de facto* management system for control and safety of offshore drilling activity, to prevent any further loss of lives?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, this is exactly what the government has been trying to achieve with the government of Newfoundland for several months. I would argue, however, that the third jurisdiction, the United States government, should not be a party to the discussions relating to the management of the Canadian offshore. I agree with the hon. member it is important that we arrive at a negotiated agreement on the management of resources and revenue sharing.

UNITED STATES ROLE IN SAFETY CERTIFICATION

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, if the United States government will not be involved in a meaningful *de facto* way in the operations of offshore drilling rigs in waters which may not be territorial but have been claimed for us under our economic management zones, why was an American coastguard inspection team going to the rig to try to update a certificate of safety which had a two-year validity period and evidently was two months overdue? If there is not some part for them also, what are we supposed to be doing in relation to the safety of oil rigs?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I remind the hon. member that beyond our 12-mile limit, our territorial waters, we are in international waters, and that Canada has a responsibility for fisheries and the management of resources, and the countries in which the ships or drilling rigs are registered also have responsibility under the Canada Shipping Act and under international conventions with regard to the flag of registry of those installations, whether they are ships or drilling rigs. Thus, there is a United States involvement because this particular drilling rig was under the American flag.

DEPARTMENTAL RESPONSIBILITY

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, my question is really directed to the Minister of Transport. Without arguing the point of the Minister of Energy, Mines and Resources and the fact there is a third jurisdiction involved outside territorial waters, the government of the United States, I direct my question to the minister concerning apparent confusion of jurisdiction within departments. I should like the minister to explain just what is his responsibility as Minister of Transport for the safe operation of drilling rigs in Canadian waters, especially in view of the fact that a recent report on the evaluation of search and rescue, dated February 1, 1982, made no mention of offshore drilling activity and highlighted jurisdictional problems within departments. At page 21, referring to departmental responsibility, it reads:

> The resultant split in the functional responsibilities for safety within the CCG does not appear to the team—

That is the study team.

> —to be an effective way to use resources.

At page 30 it indicates even more directly:

> Finally, in the absence of a convincing demonstration that current marine response capability is inadequate and that better marine postures are not feasible—

And I interject here that the whole tenor of this is marine response for pleasure craft and fishermen, and not a word about offshore activity.

> —the team would give lowest priority to the provision of new resources for marine response.

In view of this current report which is being studied and is supposed to go to cabinet on March 17, 1982, will the minister start to exercise some responsibility, so that deaths in the future are prevented and that someone takes control to save Canadian lives and starts to direct attention to the reality out there, rather than worrying about offshore pleasure craft and/or just fishermen?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, under the Canada Shipping Act my department has no jurisdiction over foreign-registered ships past the 12-mile zone; that is pretty fundamental. Thus, as Minister of Transport, I cannot go and inspect rigs or ships in that area.

• (1420)

With respect to seaworthiness of ships or rigs, a general principle in marine transportation, as well as in air transportation, is to accept the system of the foreign country involved. If my hon. friend wants to read the Dubin report, for example, Mr. Justice Dubin repeatedly recommended that we should not try to second-guess the system of another country, particularly if it is one that is as evolved as the United States of America is in this matter. The principle of reciprocity applies here in matters of marine transportation as well as in matters of air transportation.

CANADIAN JURISDICTION AND RESPONSIBILITY

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, what we are speaking about here is the loss of Canadian lives. The principle here is that there must be some

Canadian jurisdiction exercised over a situation that involves the loss of Canadian lives. It was known that a U.S. coast guard commander, who inspected the *Ocean Ranger* two years ago, is quoted as saying that another routine inspection was two months overdue. My question to whichever minister is accepting responsibility is: why was it two months overdue? What was the Government of Canada doing to ensure the safety of Canadian lives?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, there are at least ten different inspection certificates for a rig such as this. Most of those certificates are issued by the American Bureau of Shipping. These certificates deal with safety of construction, the international load line, and a number of other subjects. According to certain reports it appears that the certificate of the inspection that is carried out by the U.S. coast guard had not been renewed before the expiry of the previous one. No doubt this is a matter the commission of inquiry, which the government has announced it will create, will want to examine. At the present time I have no information to provide the hon. member other than what is already public.

Mr. Clark: Madam Speaker, what the minister has confirmed is that the Government of Canada has been exercising no jurisdiction, nor official interest, over the safety of Canadian lives, 83 or 84 of which have been lost. That is what the Minister of Energy, Mines and Resources has said.

DEPARTMENTAL JURISDICTION

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I have a supplementary question for the Minister of Transport. I refer to the document cited by my colleague, a report on an evaluation of search and rescue. Not to get confused here about a conflict of jurisdiction between governments, on the basis of this report there is clearly a very serious confusion within the federal government itself. Will the Minister of Transport give us an assurance now that this confusion will not continue to put more Canadian lives at risk?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, on the subject of inspection, that is not what the Minister of Energy, Mines and Resources said. There has been inspection by his department on that rig.

Mr. Lalonde: Every two weeks.

Mr. Pepin: Every two weeks, I am informed.

On the subject of division of responsibility between departments, I think there is an inevitability about it. The only alternative would be to put everything under the jurisdiction of a single department of government.

There will always be a division of labour between the Minister of Energy, Mines and Resources and the Minister of National Defence and the Minister of Transport on matters of transportation. The implication should not be that there will come a day when everything can be put in one department. The question is really, is the co-ordination among different departments, good enough? Between the Minister of National Defence and the Minister of Transport on the matter of search and rescue there is a good working relationship. That it can still be improved is beyond doubt, and efforts are made to that effect.

The report which has been leaked by a dedicated civil servant, who felt the world was waiting for his brown envelope—

Some hon. Members: Oh, oh!

Mr. Lewis: Very funny.

Mr. Pepin: —at a certain hour last night, indicates only—no, no, this is not funny—that efforts are made to improve that co-ordination. The group in question in the Secretariat of the Committee on Foreign Affairs and National Defence came up with ideas on the subject that are being reviewed now, and departments and ministers will soon be made acquainted with these views.

• (1425)

SAFETY INSPECTOR'S REPORTS

Right Hon. Joe Clark (Leader of the Opposition): I trust the minister did not intend to joke about a situation which has cost—

Some hon. Members: Oh, oh!

Mr. Clark: No, no.

Mr. Lawrence: Well, what was he doing, then, if he was not joking?

Mr. Clark: I say this seriously. I trust the minister did not intend to joke about a situation which has resulted in the loss of 84 lives. I hope the minister will deal directly with the urgency of ensuring that confusion within the federal government, which may have led to this loss of life, will be stopped before it leads to the loss of any lives in the future.

Let me ask a question of the Minister of Energy, Mines and Resources whose inspectors were there for a limited purpose. In answer to a question I asked yesterday about inspection into ballast problems, the minister indicated that he would inform me about the contents of the reports on the inspections which had been carried out. I would like to have that information, but I would also like to know whether the safety inspector from his department was only on the *Ocean Ranger* to assess the safety of the drill hole and was not there to inspect the safety or seaworthiness of the drilling rig.

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): The Leader of the Opposition asked me for information yesterday. I have that particular information, the two reports of the safety inspections which took place in the last month. An inspection takes place every two weeks. If the Leader of the Opposition wants to read these reports I would be happy to table them when we come to tabling of documents.

He will discover that those reports cover a number of issues of a general nature such as equipment, operations—

Mr. Nielsen: What about seaworthiness?

Mr. Lalonde: —covering a wide aspect. The certificates of seaworthiness are issued by international organizations so recognized by the International Maritime Council Organization, IMCO. In this particular instance they were issued by the American Bureau of Shipping, an internationally recognized organization which is responsible for certifying the seaworthiness of ships or shipping installations carrying the American flag.

SAFETY TRAINING AND REGULATIONS

Mr. Sid Parker (Kootenay East-Revelstoke): Madam Speaker, my question is also to the Minister of Energy, Mines and Resources. Yesterday he indicated to the House that the safety of workers on ocean rigs fell under federal jurisdiction and was exercised under the Canada Oil and Gas Act. He indicated that he was satisfied with the work carried out under that act. Surely, then, the federal government must also have been aware that in June, 1980, organized labour in Newfoundland issued a report which said that most workers on oil rigs had no right to negotiate safety issues, and which called for much stronger health and safety regulations, inspection and training on the oil rigs, and also called for the workers to be placed under the protection of the health and safety legislation of Newfoundland.

In view of these problems which have been public for two years, and the recent tragedy, could the minister tell the House what steps he has taken to ensure adequate safety inspections and training, and will he table in the House relevant sections of the agreements with the oil companies dealing with safety, as well as safety training manuals used, and reports indicating what sort of inspections were done and what was found?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, first of all the hon. member raises the question of the unionization of those workers. Obviously that is a decision for the workers to take under the laws of Canada, or the laws of Newfoundland if those laws apply. As the hon. member knows, this matter is before the courts at the present time and I cannot prejudge the conclusions of the court.

We have taken the view, as the federal government, that we have the responsibility and jurisdiction, and we have acted accordingly. Whether the courts will confirm this is not for me to decide at the present time.

• (1430)

As far as the question raised by the hon. member is concerned, for the time being I will merely refer him to Section 8 of the Canada oil and gas drilling regulations which go very extensively into all the requirements which are exacted from applicants who want to go ahead with a drilling program. There he will find all the questions which the one who proposes to drill is required to answer.

Concerning the details the hon. member is requesting, I suggest to him that this would more properly be a matter which should be examined by the commission of inquiry which the Acting Prime Minister and the Minister of Transport announced yesterday.

Mr. Parker: I was not referring to the unionization of these people. I was referring to a report presented by the Newfoundland and Labrador Federation of Labour, dated June 2, 1980, describing their concerns.

INVESTIGATION OF DRILLING RIG OWNERS

Mr. Sid Parker (Kootenay East-Revelstoke): Madam Speaker, my supplementary question is also directed to the Minister of Energy, Mines and Resources. Given the fact that the Minister of Energy, Mines and Resources indicated in the House yesterday and today that he was satisfied that safety laws were adequate in the case of the *Ocean Ranger* and that inspections were adequate, and given the fact that it is unlikely that the minister would try to shift the blame for the tragedy onto the unfortunate crew members, could the minister tell the House if he is prepared to urge that a criminal investigation be undertaken to determine the possibility of criminal negligence on the part of the owners of the vessel with respect to their handling of maintenance, design and training, and to pursue charges if negligence is suspected?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, the hon. member is attributing statements to me which are not quite correct, and I suggest that he look back to the record of yesterday. I indicated that we, as the federal government, had responsibility for the inspection, and that to my knowledge inspections had been carried on regularly and according to the rules. I can confirm today that those inspections were indeed carried out, and today I have the last two reports.

Mr. Nowlan: Not for seaworthiness.

Mr. Lalonde: Concerning the point raised by the hon. member, we have indicated that there will be a full-scale inquiry into this particular tragedy, and out of that inquiry I am sure that conclusions will be reached. If there is critical liability or criminal liability which might be involved, I assume that this will be the subject of a conclusion by that commission of inquiry. At the present time I would not want to prejudge who is responsible or liable in a particular instance. I think it would be very premature to attribute blame to any particular party.

Mr. Parker: I would like to thank the minister for his assurance that he will pursue it and do it with an open mind.

REQUEST THAT ONE MINISTER BE DESIGNATED RESPONSIBLE FOR SAFETY OF WORKERS

Mr. Sid Parker (Kootenay East-Revelstoke): Madam Speaker, my final supplementary question is directed to the Prime Minister. I feel it is necessary to go to the Prime Minister since so many of his ministers are involved in this tragedy through conflicting jurisdiction.

The Prime Minister is aware that in late December seven men died on the St. Lawrence River because of—

Madam Speaker: Order. I am afraid that the hon. member is going into questions which are too lengthy. He has asked two lengthy questions, and I allowed him to do that because he wanted to quote a report, but he must understand it was a tolerance on my part. However, at this particular point, on his third question, he must be brief.

Mr. Parker: Madam Speaker, I will then go directly to the question. Could the Prime Minister tell this House when he will finally take the recommendations of the labour movement and an NDP safety committee which has travelled this country for the last year, and even the recommendations of his own former minister of labour, and bring forth legislation which will make health and safety the responsibility of one minister, dealing with one piece of legislation, with an adequate inspectorate?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I was discussing that matter this very day with the Minister of Labour. I have indicated to him that the provisions of the draft Canada Labour Code would be studied with a view to achieving the end that the hon. member mentions.

Some hon. Members: Hear, hear!

* * *

NATIONAL HARBOURS BOARD

PURCHASE OF EQUIPMENT MANUFACTURED IN JAPAN

Mr. J. R. Ellis (Prince Edward-Hastings): Madam Speaker, the Minister of Transport will be aware that he recently participated in the decision to buy Japanese equipment for Ridley Island, despite the fact that the Canadian bid was $1 million lower and could provide better delivery and better guarantee, and it is the only company in the world, to date, which has built a 60-metre boom. Will the minister table the three memos on which the decision was made?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, my hon. friend is referring, I presume, to the purchase of a piece of equipment called a stacker reclaimer, by the National Harbours Board for the coal development at the port of Prince Rupert. Am I right? As the hon. member well knows, because he has been watching me for at least three days with regard to that matter, this was the object of great preoccupation on the part of the Minister of Transport. I did my best to ensure that the offer made by a company in his riding, called Stephens-Adamson, was fully considered by the National Harbours Board and the consultants of the National Harbours Board. I think he will pay me tribute for having done that.

The decision was based on technology and timing considerations. I have arranged that the consultant and the National Harbours Board would meet with the company to give a full explanation of the decision. Therefore the choice of a Mitsubishi piece of equipment in the case of the port of Prince Rupert is not a reflection on a Canadian firm; far from it. The Canadian firm still sells in Canada and abroad. What happened to the drilling rig off the coast of Newfoundland is not a reflection on the quality of Mitsubishi equipment, either.

REQUEST FOR TABLING OF MEMORANDA

Mr. J. R. Ellis (Prince Edward-Hastings): Madam Speaker, I did not mention any reflection on the firm with regard to the rig which just went down. It happens that they are made by the same company. The fact is that 300,000 man-days of work will not be used in Canada because the National Harbours Board, in conjunction with the minister, made a decision to buy Japanese equipment over Canadian equipment.

The minister says there was a technical disagreement. I again ask him will he not give us the memos upon which the agreement was reached? The management from Stephens-Adamson went to the west coast, and they were not told a single thing.

Hon. Jean-Luc Pepin (Minister of Transport): I can only repeat what I have said.

Mr. Baker (Nepean-Carleton): Be forthcoming!

Mr. Pepin: This was a decision of the National Harbours Board on the basis of recommendations made by their consultant. The timing in this matter is of particular essence, because if the port facilities are not built on time in Prince Rupert, my hon. friend will not take the blame for it; I will be blamed for it. Therefore, in view of that, I decided to follow the advice of the National Harbours Board on this subject.

Mr. Baker (Nepean-Carleton): Give him the memos. That's what he wants.

Mr. Pepin: I made sure that full explanation was being given. I also made sure that the Canadian content in that particular project was very high, and it is 80 per cent at this time.

Mr. Baker (Nepean-Carleton): Three hundred thousand man-days?

Mr. Pepin: Through agreement with Mitsubishi, 53 per cent of the piece of equipment in question will be built in Canada. I extended myself fully, short of second-guessing the National Harbours Board, and I will not do that, particularly in view of the importance of the timing factor.

Mr. Ellis: Show me the memos.

[*Translation*]

HOUSE OF COMMONS

PRESENCE IN GALLERY OF THIRTY-THREE MAYORS FROM MIRABEL AIRPORT REGION

Madam Speaker: I have the honour to draw the attention of the House to the presence in our gallery of 33 mayors from the province of Quebec who, I understand, come from the Mirabel airport area and to whom I extend our welcome.

Some hon. Members: Hear, hear!

* * *

[*English*]

INDUSTRY

CANADIAN CONTENT IN MANUFACTURE OF MINING EQUIPMENT

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, my question is related to a question asked a moment ago, and it is directed to the Minister of Industry, Trade and Commerce. The minister knows that Canadian manufacturers of mining equipment have been quickly losing ground to foreign competitors in supplying our rapidly growing demand for mining equipment. In fact he knows that between 1970 and 1980 the percentage of Canadian-manufactured mining equipment dropped from over 70 per cent to a mere 29 per cent, giving rise to a $167 million trade deficit in 1980, compared to only a $48 million trade deficit a decade earlier.

Will the minister explain why his government has allowed the Canadian content in mining equipment to slip to rock bottom levels over the past ten years? Instead of speaking in pompous platitudes, as he did yesterday, what specific plans is he prepared to announce today in this House in order to rectify the kind of problem we heard about a few moments ago and to substantially increase the manufacture of mining equipment here in Canada?

● (1440)

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, it is true that in 1980 Canada produced $342 million worth of mining equipment and imported $372.4 million worth. When you look at the exports of $205 million, you come up with the figure my hon. friend mentioned. The over-all picture is somewhat more positive than he suggested in light of these statistics.

At the same time, jurisdiction over most mining projects is in the provinces in which they are found. Therefore, we have to work in a way which takes that into account in achieving our objective of having a much higher production in Canada of the equipment used by our mines. A recognition of this development problem, as I said yesterday, is why we convened the Opportunities in Mining Conference in Vancouver last year to begin a process whereby Canadian mining companies can become more aware of Canadian capacities and so there will be much higher purchases of Canadian equipment.

Second, one of the objectives of the office of industrial regional benefits, working with respect to projects on the Canada Lands, and voluntarily with the provinces, and with respect to projects there, would be to achieve a much higher level of Canadian content in mining equipment. This is our objective. I think we are making progress.

CONTRACT AWARDED TO JAPANESE COMPANY

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, platitudes, programs and conferences do not solve problems. In fact the minister has not responded to my question. Why was the situation allowed to deteriorate over the past ten years to the extent that less than one third of our mining equipment is manufactured in Canada? Does the minister condone the kind of contract award that his seatmate just announced whereby the Mitsubishi company of Japan will take a contract away from a Canadian company which was actually the low bidder? Does he condone that? Where are his specific proposals?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, the equipment my hon. friend is talking about, if I am not mistaken, is not, strictly speaking, mining equipment but equipment to enable the loading of coal on ships which take it abroad. At the same time, this is the kind of equipment we want to see built and used in Canada to the extent it is technologically sufficient and available within the time required. We have been working with the National Harbours Board to make sure full attention is given to Canadian capacities.

I might add that my hon. friend's reference to this example does not support his contention that only one third of the content comes from Canada. The Minister of Transport said that over 50 per cent of the content of this equipment comes from our country. We have to do better, and that is what we are working to achieve.

* * *

[*Translation*]

AIRPORTS

TRANSFER BETWEEN DORVAL AND MIRABEL—DATE OF MINISTERIAL ANNOUNCEMENT

Mr. Robert Gourd (Argenteuil-Papineau): Madam Speaker, my question is directed to the Minister of Transport.

At a meeting last year with the members for Duvernay, Laval, Terrebonne, Labelle, the Minister of Communications representing Blainville-Deux-Montagnes and our mayors and councillors, the minister said that an expression of political will would be necessary if there were to be a transfer of activities between Dorval and Mirabel.

Can the minister inform us today, since we have 33 mayors and some 80 councillors from the area north of Montreal, whether that in itself constitutes an expression of political will and, if so, could he inform us when a decision will be forthcoming from his department?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I would be the first person to admit that will plays a very important role, but it is also important to understand the subject. What I mean is that regarding the future of Mirabel we now have two highly contradictory views, one of which is represented, and I would say remarkably well, by the mayors in our visitors' gallery. Next week, I shall probably have as many or more mayors who represent a different point of view. Thus, the Mirabel issue is not a cut and dried case.

I put the problem to my colleagues a few months ago, and I intend to do so again in even more specific terms within the next few days. I can assure our present and future visitors that a decision will be made within the next two or three months, since a consensus has been reached on the need for a decision.

* * *

[*English*]

INDUSTRY

GOVERNMENT POLICY ON CLOTHING, TEXTILES AND FOOTWEAR INDUSTRIES

Mr. Derek Blackburn (Brant): Madam Speaker, my question is directed to the Prime Minister. Recently Senator Olson stated, and I quote:

> We're going to stop propping up mature industries that will never be competitive in this generation, like clothing, textiles, footwear and a number of others.

It appears that our minister responsible for economic development is unaware that there are approximately 300,000 Canadians working in these industries, many of them in the province of Quebec. From all reports some Liberal MPs know and are concerned that we have more than 1.2 million Canadians already searching for jobs that do not exist. Is it government policy to disregard the pleas within its own caucus and the plight of these Canadians and, instead of creating jobs for the people who desperately need them, to start spelling out who is next on its lay-off hit list?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member is showing a little bit of misunderstanding of the policy announced by the government in recent months in the areas of textile, clothing and the shoe industries. Rather than force workers out of work, as the hon. member seems to suggest, we have continued the protection to these industries. At the same time, rather than having the reactionary approach which is so typical in many things of the NDP, we have created a Canadian Industrial Renewal Board to ensure that in an industry where workers are generally paid far below the Canadian industrial average, that industry is reinforced and strengthened in some areas and, in those areas where it is not competitive, that new industries are brought in which would be technologically more advanced and which would provide for higher wages. Something less than $300 million has been allocated to that board, composed of industries and eminent businessmen from the private sector in several provinces, including Quebec, so that this joint task, government working hand in hand with the industry, management, and workers, would provide a much better future for the workers presently employed in those industries.

Mr. Blackburn: I gather from the Prime Minister's answer we can look forward to a very rosy future in those three industries, footwear, textile and clothing. I hope that comes true.

* * *

TRADE

BILATERAL DISCUSSIONS—INQUIRY RESPECTING CANADIAN POSITION

Mr. Derek Blackburn (Brant): Madam Speaker, my supplementary question is to the Secretary of State for External Affairs. In the past few months 20,000 workers have lost their jobs in the clothing and textile industries and countless others have had their jobs reduced to part time. On Thursday, Canadian negotiators are leaving for Hong Kong to start a new round of bilateral trade discussions. Will the minister assure this House that the mandate of these negotiators is not to weaken further the position of these industries in Canada, but to protect their workers by requiring that our negotiators bargain for the maintenance of actual import levels of 1981, or the restoration of the import quotas of 1979, whichever is the lower?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, it is not customary to reveal the exact mandate of negotiators for the Canadian government before negotiations take place, but I can certainly assure the hon. gentleman that the purpose of those negotiators will be to protect the interest of Canadians and Canadian jobs.

* * *

[*Translation*]

AIRPORTS

MIRABEL—INQUIRY RESPECTING DATE OF DECISION

Hon. Roch La Salle (Joliette): Madam Speaker, my question is directed to the Minister of Transport, considering the presence today in our visitors' gallery of a delegation of mayors who are, of course, interested in air transport. The minister has confirmed that he is expecting another delegation next week. More importantly, Madam Speaker, the minister has just told us today, on television in front of thousands of Canadians, that a decision is to be made within two or three months. Can the minister give us the assurance that the decision will be made public not later than June 1?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I have been doing some mental arithmetic. Let us take today's date, which is February 16, and add two or three months, and the answer is obvious: April or May. So I can confirm that what I said earlier was indeed what was implied in the question put by the member for Joliette.

INQUIRY WHETHER FUTURE OF MIRABEL WILL BE KNOWN BY JUNE 1

Hon. Roch La Salle (Joliette): Madam Speaker, considering the fact that in the case of Nordair, for instance, there were a number of extensions, and I see that three months from today would be May 16, I want to ask the Minister of Transport whether he can give the House the assurance, before the group of concerned citizens here today and the group that is expected to come next week, that it will be told what is to be done with Mirabel and Dorval on June 1?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, my hon. friend, who was himself a minister for a few weeks, knows perfectly well that I cannot give him the physical assurance that this will be the case, because it obviously depends on a number of my colleagues who may decide otherwise. As far as I am concerned, and I think I can commit the cabinet as well—assuming that the important thing is to have a decision, and the mayors are going to let me know in a few minutes—I believe I can give the hon. member the assurance that I shall do my utmost to provide an answer within the next two or three months, as I just said.

* * *

• (1450)

[*English*]

FINANCE

BANK FUNDING FOR SMALL BUSINESS DEVELOPMENT BOND PROGRAM

Hon. Jake Epp (Provencher): Madam Speaker, I would like to direct my question to the Minister of Finance but, in his absence, I will direct it either to the Prime Minister or to the Minister of State for Finance. While the November 12 budget seriously eroded the effectiveness of the Small Business Development Bond, it at least gave some hope to owners of small businesses and farmers that there might be some relief from high interest rates. Could the minister explain why it is that while that budget provision is now in effect, the banks of Canada have cut off all funds for Small Business Development Bonds?

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, the hon. member is making very serious allegations when he says that Canadian banks have definitely cut off all funds for Small Business Development Bonds. I think that the situation should be monitored very closely and the Minister of Finance will get in touch with representatives of the banking institutions to check these allegations, and should they turn out to be true, find out the reason for such behaviour.

[*English*]

REQUEST FOR REPORT

Hon. Jake Epp (Provencher): Madam Speaker, I wish those allegations would be checked. If the Minister of State for Finance checks with the banks he will find that, for instance, as of February 10 the Royal Bank withdrew those funds. Canadians have gone to some expense. They have retained accountants to find out whether they are eligible for Small Business Development Bonds. Time has been spent but, more important, this is another aspect of the budget which has just gone by the boards. It is another discredit to the Minister of Finance.

When will we have an answer? Is the Small Business Development Bond in effect? Is there funding and, if there is not, will the government give Canadians an answer tomorrow? Is there money for Small Business Development Bonds?

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, the hon. member who claims to be well informed, seems to forget that by its very nature this bond requires the involvement of our financial institutions through our taxation system. As I said, we will check whether funds are still available and encourage banks to help us maintain in operation the Small Business Development Bond program.

* * *

AIRPORTS

MONTREAL—ESTABLISHMENT OF ENLARGED ADMINISTRATIVE AIRPORT ZONE

Mr. Marcel Roy (Laval): Madam Speaker, my question is directed to the Minister of Transport. It concerns the plans for Montreal International Airport at Mirabel. There will be an impact on the economy, not only of the North Shore but of the entire province. We must know when the decision will be made, so that the mayors will be able to plan accordingly. My question is as follows: Would the government consider creating an administrative area that would cover the airports of Dorval, St-Hubert and Mirabel in order to avoid this political conflict between two areas, since the economic impact will affect the entire province?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, no proposal of this kind is under consideration, but I can assure the hon. member that the problem only concerns Mirabel and Dorval, and that St-Hubert is not in the picture. I am told that things are running smoothly in St-Hubert and

that there are no plans for any transfer to Dorval, if a new division of activities between Dorval and Mirabel is put through. In other words, I am told that St-Hubert is not a problem in the present situation, where we are considering the feasibility of transferring certain routes from Dorval to Mirabel.

* * *

[*English*]

RAILWAYS

CROWSNEST PASS RATE—NATURE OF GUARANTEES SOUGHT FROM RAILWAY COMPANIES

Mr. S. J. Korchinski (Mackenzie): Madam Speaker, I have a question for the Minister of Transport. Now that the minister has announced his intention to upgrade the Crow rate, what iron-clad guarantees has he received from the railways that they will maintain service, rail lines and rolling stock adequate to meet the requirements of grain growers?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, in the announcement I made in Winnipeg the other day it was specifically indicated that the guarantees that the railways would have to give in return for a more compensatory rate would be defined by the "Gilson exercise", as I call it.

Second, these guarantees would be part of the statute that would be passed in this House—next fall, I hope—to replace the present statutory rate. In other words, the obligation of the railways to provide guarantees of service would be in the law which would replace the statute we now have.

ROLE OF MINISTER

Mr. S. J. Korchinski (Mackenzie): Madam Speaker, since the railways have made profits from hauling grain for at least the last 75 or 85 years and have left many rail lines abandoned without adequate maintenance and without adequate rolling stock, I would like to ask the minister whether the Canadian Wheat Board will be using farmers' money to contribute to buying rolling stock, and what clout does the minister have now that he did not have up until now, to force the railways to provide this necessary service?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I have not found too many people in the west who will not accept the proposition that at the moment and in recent years the railways have not been properly compensated. There is agreement on that. People may disagree as to who should pay the difference between what they should receive and what they now receive. The first point is generally accepted.

In the announcement I made on behalf of the government last week, I indicated that the program for branch line rehabilitation would continue at the expense of the Government of Canada as a sort of compensation for what the railways have lost in the past and cannot recover now or in the future.

With respect to hopper cars, I did make a commitment on behalf of the government that a first purchase of 1,280 hopper cars will be made very, very soon. These are the different ways in which the government is moving in an effort to rebalance the contribution the government, farmers and the railways will make to grain transportation.

* * *

DISASTERS

ESTABLISHMENT OF COMMISSION TO INVESTIGATE SINKING OF "OCEAN RANGER"

Miss Coline Campbell (South West Nova): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources. In view of the concern of all members of this House, can the minister tell the House when a commission of inquiry will be set up to look into the tragic loss of lives and the sinking of the *Ocean Ranger* off the coast of Newfoundland yesterday morning?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, we are in the process of finalizing the terms of reference for that commission of inquiry, but I am pleased to announce to the House that the Chief Justice of the Supreme Court of Newfoundland, the hon. Alex Hickman, has agreed to chair that commission. I am sure all members of this House will want to express their appreciation to the Chief Justice for having accepted this very important task.

Some hon. Members: Hear, hear!

* * *

ROYAL CANADIAN MOUNTED POLICE

ABSENCE OF DISCIPLINARY ACTION

Mr. Svend J. Robinson (Burnaby): Madam Speaker, my question is directed to the Solicitor General. It concerns the government's response to the recommendations in the McDonald commission report which was tabled last August. Since the first revelations of RCMP wrongdoing in 1977, not a single disciplinary action has been taken or prosecution commenced by the federal government, making a mockery of the rule of law in Canada. Will the Solicitor General now confirm that the RCMP commissioner received some time ago the reports of former judges Culliton and Potvin on possible disciplinary action, and will he explain why his colleague, the Attorney General of Canada, has taken no proceedings whatsoever on violations of federal law and why, apparently, the RCMP commissioner has now decided not to take any disciplinary action at this time?

• (1500)

Hon. Bob Kaplan (Solicitor General): Madam Speaker, I accepted the recommendations of the McDonald commission and referred matters to attorneys general, federal and provincial, and to the commissioner, to consider whether, in their

prosecutorial discretion charges should be laid and, in the case of the commissioner, whether disciplinary proceedings should be embarked upon. The commissioner has not yet reported to me on the question of disciplinary proceedings, but he has not yet got the results of the decisions made by attorneys general, federal and provincial, on the question of whether charges will be laid. I am in no way critical of the commissioner nor do I consider him dilatory in not responding yet to the recommendation that he consider disciplinary charges.

The attorneys general have their own responsibilities; they are not accountable to me. It was my duty to bring matters to their attention and I did so. I suggest that if the hon. member has concerns about the way they are performing their responsibilities, provincial or federal, he should ask them.

IMPLEMENTATION OF FILE-DESTRUCTION POLICY

Mr. Svend J. Robinson (Burnaby): Madam Speaker, apparently there is one rule in Canada for the postal workers and another for the RCMP, an attitude which was just condemned by the Canadian Civil Liberties Association.

In view of the fact that one of the most serious revelations of the McDonald commission was the fact that the RCMP holds files on over 800,000 Canadians, many of which should never have been opened, when is the minister going to keep the promises he has made on many occasions, to implement a file-destruction policy and put an immediate end to this gross violation of the privacy of thousands of innocent Canadians?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, I have indicated that I consider 800,000 individual files an excessive number to be held by the security service of the RCMP and that many of those files should be destroyed. However, with the prospect of prosecutions or disciplinary proceedings that may well involve matters contained in those files for all I know, and defences may be raised that require production of those files, I felt it in order to postpone any file-destruction policy which I fully intend to implement in due course. I consider it proper to postpone that destruction until the possibilities of prosecution and discipline are dealt with. Considering that hon. members opposite must surely want fair trials to be available to those who become defendants, I think those files should be preserved until then.

* * *

PETITION

MR. LEWIS—LANDED IMMIGRANT STATUS FOR VISITORS FROM NORTHERN IRELAND

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table the one hundred and eighty-first report of the Clerk of Petitions stating that he has examined the petition presented by the hon. member for Simcoe North (Mr. Lewis) on Monday, February 15, 1982, and finds that it meets the requirements of the Standing Orders as to form.

POINT OF ORDER

MR. HAWKES—DELAY IN DISTRIBUTION OF "HANSARD" COPIES TO CONSERVATIVE MEMBERS—STATEMENT BY MADAM SPEAKER

Madam Speaker: I should also like to give the result of the inquiry I made into the request of the hon. member for Calgary West (Mr. Hawkes) for information about the delay in publishing *Hansard* the other day. My information is that a computer broke down in the Printing Bureau when printing French *Hansard* and consequently, according to our practice, the distribution of English *Hansard* was delayed. The *Hansard* was ready at 11.25 a.m. and some copies were put at the doors of the House of Commons. Usually the pages deliver copies to the leaders of the parties in the House and also to members who request them. Eventually we ran out of copies and only some 25 members were able to get a copy of *Hansard* for the question period.

We apologize, but the delay was due to a breakdown in the computer in the Printing Bureau. We hope that will not happen too often.

* * *

PRIVILEGE

MR. WADDELL—ANNOUNCEMENT OF COMMISSION OF INQUIRY INTO SINKING OF "OCEAN RANGER" OIL RIG

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, I gave you notice that I wished to raise a question of privilege with respect to the statements made in the House yesterday by the President of the Privy Council (Mr. Pinard), as reported at pages 14996-7 of *Hansard*, and a subsequent press release dated February 15, 1982 under the authority of the Minister of Transport (Mr. Pepin) and the Minister of Energy, Mines and Resources (Mr. Lalonde).

Yesterday in the House, as reported at page 14996 of *Hansard*, the hon. member for Oshawa (Mr. Broadbent) raised a point of order because an announcement was to be made that afternoon establishing a formal inquiry into the Hibernia matter and was not being made properly, that is, in the House of Commons, giving hon. members an opportunity for reply.

At page 14997 of *Hansard*, after an intervention by the hon. member for Yukon (Mr. Nielsen), the President of the Privy Council said:

> —Minister of Energy, Mines and Resources (Mr. Lalonde) has just told me there will be no announcement today. Under the circumstances, there is no problem.

Later yesterday afternoon, after a press conference, Members of Parliament received a copy of a press release which reads as follows:

> Transport Minister Jean-Luc Pepin and Energy Minister Marc Lalonde today announced that the federal government will hold a formal inquiry to investigate all aspects of the loss of the drilling rig *Ocean Ranger* off Newfoundland early today.

I raise this question of privilege in a reluctant way, Madam Speaker, because in my short experience in the House I have found the President of the Privy Council to be an honest, straightforward, honourable member. Nevertheless, I take the opportunity to raise this question of privilege so that he can clarify his statement to the House. His statement was clearly misleading: it clearly said that there would be no announcement. Then suddenly, two hours later, there was an announcement. I will send it up to you so that you can see it for yourself.

My question is that I and perhaps other hon. members, perhaps inadvertently, have been misled by the statement made by the President of the Privy Council.

Madam Speaker: Unless the hon. member tells the House that he was intentionally misled by the House he does not have a question of privilege. If he feels that he might have been misled inadvertently, then of course he knows that there is no foundation for a question of privilege. If the press release, in his view, was not in conformity with statements made in the House, that is a debatable question and, of course, he may debate it. Even if the hon. member wanted me to look at all of these statements to determine whether there were discrepancies in them, it is not for the Chair to establish discrepancies.

If these statements, in the mind of the hon. member, do not seem to conform with what was said in the House, unless he is prepared to tell me that the minister has intentionally misled him—and he has not done that—I cannot find the basis for a question of privilege.

Mr. Waddell: Madam Speaker—

Madam Speaker: I do not know why the hon. member always rises when I make a ruling on a question. He has to accept the ruling. Once in a while I may allow that he may have a point of order, but the hon. member is in the habit of rising every time I make a ruling.

This is the ruling; there is no question of privilege. I do not see what we can add to that discussion.

Mr. Waddell: A point of order, Madam Speaker. I understood from what you were saying that you were not making your formal ruling but were asking me if I was saying that the minister perhaps had—

Madam Speaker: No, I was not saying that. It was quite clear that I was ruling.

* * *

POINT OF ORDER

MR. FULTON—INQUIRY RESPECTING MOTIONS FOR PRODUCTION OF PAPERS

Mr. Jim Fulton (Skeena): Madam Speaker, my point of order is really a question for the Parliament Secretary to the President of the Privy Council (Mr. Smith). On June 19, 1981, I placed on the Order Paper Motions Nos. 62, 63 and 64 for

the production of documents related to the Amax project. It is eight months since I requested this material yet it has been released to people who are not members of this House, members of the general public. I wonder if the parliamentary secretary could tell me when these documents are likely to be tabled, since the motion has been on the Order Paper for some eight months.

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, I will look into the question. I recall that last week and, I think, the week before, we were prepared to deal with one of the items standing in the name of the hon. member on the day scheduled for the production of papers. He was not here so we did not proceed. I shall have to inquire whether that is the one he refers to. I will look into the matter.

ROUTINE PROCEEDINGS

[*English*]

DISASTERS

TABLING OF INSPECTION REPORTS ON "OCEAN RANGER" DRILLING RIG

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I should like to table two safety inspection reports on offshore drilling operations that were referred to in the House yesterday and today. Unfortunately I have only the English text, but I understand that hon. members want to have this urgently. I would be willing to attach a translation to this text, if the House agrees, as soon as we can get a translation done.

Madam Speaker: Shall it be tabled in one language only?

• (1510)

Hon. Erik Nielsen (Yukon): Madam Speaker that is agreeable, and we thank the minister. Could he tell us whether these constitute the entire number of inspection reports on the *Ocean Ranger*?

Mr. Lalonde: Madam Speaker, in the House yesterday there was reference to two inspections last month. There is an inspection every two weeks. There is a pile of inspection records on all drill ships which have operated off the east coast. I suggest that all other reports should be referred to the commission of inquiry, which has been set up today, and be the subject of evidence, if the commission counsel and the chairman of the commission wish to have access to those documents.

[*Translation*]

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Madam Speaker, I agree with this procedure on the condition that the

French translation is appended to today's *Votes and Proceedings* and that not only the English version is published today.

Madam Speaker: The House has agreed that the documents be tabled in English only with the assurance that as soon as they are available—but no one said that it would be today. I would agree to have this done today, but the assurance has been given that these texts would be translated into French.

Mr. Lalonde: Madam Speaker, we do not intend to publish these papers but simply to table them, and I undertake to have a translation available as soon as possible. The thing is to have them translated as soon as possible.

* * *

[*English*]

EXTERNAL AFFAIRS AND NATIONAL DEFENCE

MOTION RESPECTING AUTHORITY OF SUBCOMMITTEE TO TRAVEL

Mr. Maurice Dupras (Labelle): Madam Speaker, I seek unanimous consent of the House to move, seconded by the hon. member for Kingston and the Islands (Miss MacDonald):

That four members of the subcommittee on Canada's relations with Latin America and the Caribbean of the Standing Committee on External Affairs and National Defence be authorized to travel before March 1, 1982, to Mexico and El Salvador, and that the necessary staff accompany the members.

Madam Speaker: Is there unanimous consent for the motion?

Some hon. Members: Agreed.

Motion agreed to.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 2,250 and 3,007.

[*Text*]

GESTAPO AND NAZI PARTY MEMBERS

Question No. 2,250—**Mr. Blackburn:**

1. How many (a) former (b) suspected SS, SD, Gestapo and Nazi party members (i) entered Canada after World War II (ii) took up permanent residence?

2. Were former SS, SD, Gestapo or German Nazi party members arrested, charged or deported from Canada since 1945 and, if so, how many and what were their names?

3. Are attempts being made to track down and/or prosecute former SS, SD, Gestapo or German Nazi party members living or suspected of living in Canada?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): I am informed by the Department of Justice Canada and Employment and Immigration Canada as follows:

1. Canada did not admit for permanent residence any person who admitted or was suspected of having an affiliation with the organizations mentioned. There is no way to determine the number of persons who may have been admitted to Canada without knowledge of such an affiliation.

2. No.

3. No.

PRIME MINISTER'S RESIDENCE

Question No. 3,007—**Mr. Cossitt:**

What is the name, job description, annual salary, date of appointment and details of any previous government employment of all persons paid in whole or in part from public funds who are employed in connection with the operation of the Prime Minister's (a) official residence at 24 Sussex Drive, Ottawa, Ontario (b) summer residence at Harrington Lake, Quebec from July 20, 1977, to the date the answer to this question is prepared?

Right Hon. P. E. Trudeau (Prime Minister):

Name	Job Description	Annual Salary	Date of Appointment	Previous Government Employment
(a) Prime Minister's Residence				
S. Baptista	Maid	$11,707—12,704	23-10-79	None
H. Bennet	Household Co-ordinator	$26,212—29,168	03-03-80	Secretary of State
J. Deschambault	Chauffeur	$17,599—19,247	03-03-80	Regional Economic Expansion Industry, Trade and Commerce External Affairs Canadian Armed Forces House of Commons
L. Lafrance	Maid	$11,707—12,704	13-06-79	None
I. Lecointe	Governess	$12,175—13,212	14-08-81	None

Name	Job Description	Annual Salary	Date of Appointment	Previous Government Employment
L. Melville	Maid	$11,707—12,704	19-05-81	None
R. Pottier	Cook	$15,506—16,955	05-09-78	None
Y. Vincent	Chef	$24,728—27,517	01-10-75	National Arts Centre
H. West	Senior Maid	$12,815—14,004	01-01-73	Governor General Prime Minister's Residence
(b) Summer Residence				
A. Desjardins	Maid (Part-time)	$ 5,853— 6,952	28-10-76	Revenue Canada—Taxation

* * *

[*English*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if question No. 1,340 could be made an order for return, this return would be tabled immediately.

[*Translation*]

Madam Speaker: The questions enumerated by the hon. parliamentary secretary have been answered. Is it the pleasure of the House that question No. 1,340 be deemed to have been made an order for return?

Some hon. Members: Agreed.

[*Text*]

MR. KENNETH BACKWELL

Question No. 1,340—**Mr. Cossitt:**

1. Is Mr. Kenneth Backwell employed by the Department of Public Works and, if so (a) in what capacity (b) what is his annual salary (c) is he connected with the property management division?

2. Has the Department of Supply and Services or any other government department or corporation given contracts to Mr. Backwell and/or Ultimate Courier Ltd., 880 Wellington St., Ottawa, and, if so, what are the complete details of all contracts or of any other business done with Mr. Backwell and/or Ultimate Courier Ltd. even if not by contract?

3. To the knowledge of the government, is Mr. Backwell the president or an officer of Ultimate Courier Ltd. and, if so, is there a conflict of interest in his being a government employee and doing business with the government simultaneously and, if so, what action will the government take?

Return tabled.

[*English*]

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

[*Translation*]

Madam Speaker: Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

[*English*]

AN ACT TO AMEND THE STATUTE LAW RELATING TO CERTAIN TAXES AND TO PROVIDE OTHER AUTHORITY FOR THE RAISING OF FUNDS

MEASURE TO AMEND

On the Order: Government Orders:

February 10, 1982—Second reading and reference to a Committee of the Whole of Bill C-93, to amend the statute law relating to certain taxes and to provide other authority for the raising of funds.

Madam Speaker: On Wednesday, February 10, 1982, the hon. member for Yukon (Mr. Nielsen) raised a point of order in relation to Bill C-93, to amend the statute law relating to certain taxes and to provide other authority for the raising of funds. The hon. member expressed concern that the bill contained matters based on ways and means motions and other matters of substance, namely, the authority to borrow money. The hon. member claimed that for that reason the bill is an omnibus bill. It was further argued that each of the two features of the bill calls for two different modes of proceeding through the legislative process.

As hon. members will recall, the practice prior to 1969 was to include a provision for borrowing authority in supply bills. Such bills were discussed under a different supply procedure, giving hon. members ample opportunity to debate all aspects of those bills. This procedure was changed with the adoption of the new supply procedures currently in effect which introduced certain limitations into that process. It was for this reason that my predecessor ruled in favour of removing the borrowing provisions from supply bills.

The same limitations in debate do not prevail under the ways and means procedures. Recently the borrowing provisions were included in bills based on ways and means motions, which I do not find objectionable. As I indicated to the House on January 19, 1981, I have no quarrel with the practice of combining in the same bill taxation matters based on ways and means motion with the borrowing authority, provided the notice provision was respected. In the case of Bill C-93, this requirement has been met, I can find no objection to the bill being proceeded with, and I so rule.

GOVERNMENT ORDERS

[*Translation*]

AN ACT TO AMEND THE STATUTE LAW RELATING TO CERTAIN TAXES AND TO PROVIDE OTHER AUTHORITY FOR THE RAISING OF FUNDS

MEASURE TO AMEND

Hon. Pierre Bussières (Minister of State (Finance)) moved that Bill C-93, to amend the statute law relating to certain

taxes and to provide other authority for the raising of funds, be read the second time and referred to Committee of the Whole.

He said: Madam Speaker, this bill implements a number of commitments which had been made to the energy producing provinces. The bill also provides for several technical changes in the federal excise tax system and, as you just said, its purpose is also to obtain new borrowing powers for the fiscal year 1982-83.

Hon. members will recall that last fall, the Government of Canada entered into agreements with Alberta, Saskatchewan and British Columbia on the pricing of oil and natural gas and the sharing of revenue from those resources. The five-year agreements established a price scale for oil and natural gas and provided a sound basis for achieving Canada's energy goals. The bill before the House today consists of three parts. In the first part, the government is seeking borrowing authority for the fiscal year 1982-83. Part II amends the Excise Tax Act by implementing several changes resulting from the energy agreements, as well as technical changes in the federal sales tax system. Part III of the bill amends the Petroleum and Gas Revenue Tax Act according to the agreement concluded by the Government of Canada and the oil producing provinces.

Thus, in the first part, the government is seeking borrowing authority for $6.6 billion. Mr. Speaker, the House will recall that all unused borrowing authority, granted under the Borrowing Authority Act, 1981-82 and in excess of $3 billion, will lapse on March 31, 1982. Without new borrowing powers, the government will be unable to obtain the necessary funds to meet its financial requirements for 1982-83. The new borrowing authority for $6.6 billion will cover budgetary and non-budgetary financial requirements for 1982-83 as estimated in the budget tabled in the House last November. We are seeking borrowing powers now so as to have the authority when the new fiscal year starts on April 1, 1982.

• (1520)

Since this borrowing authority bill is directly connected with the budget, I think it would be useful to review the budget's main objectives in light of the economic situation and thus provide a background for evaluating the merits of the bill. The budget's main theme, as hon. members will recall, was that rapidly rising inflation was the main problem in our economy. Inflation tends to push up interest rates, destroy investor confidence and generally slow down economic activity. This in turn leads to a number of problems: rising unemployment, erosion of real income and borrowers saddled with the burden of ever-increasing interest rates. This has indeed been confirmed by the phenomena we have been seeing in Canada; during the past years inflation has accelerated while labour market conditions have failed to improve. To cope with these problems, the government decided to adopt its present policy of waging a persistent battle against inflation. We must reduce inflation if we want our country to realize its growth potential.

The budget has stressed the need for gradually and substantially reducing the government's deficit. With a lower deficit, the government will be able to cut back its demands on the capital markets and leave more room for other borrowers, while relieving pressure on interest rates. The next tax and expenditure control measures set forth in the budget will prevent the deficit from rising to intolerable levels, thus reflecting the government's commitment to fiscal restraint. I recall, Mr. Speaker, that the government has been able to reduce its cash requirements while at the same time providing tax cuts for the vast majority of Canadian citizens. A substantial drop in marginal income tax rates, changes in the federal tax rebate system and continued indexation of individual income tax—all these measures have resulted in lower taxes for most Canadians. Of course, Canadians who have benefited from various tax exemptions, especially those in the higher income bracket, and also some of the large corporations will be paying more taxes as a result of the budget. However, some tax increases were necessary, and they are mostly affecting those Canadians who are best able to absorb them.

The government has also made an effort to restrict growth of government expenditures. It is always difficult to apply such restrictions, especially at a time when the economy is flagging, since government programs tend to meet a wide range of both social and economic needs which are all equally important. Thus, while keeping its expenditures within reasonable limits, the government did not want to make indiscriminate cuts in its budget. The need for a firm but fair policy to fight against inflation, like the one adopted by the government, has become even more apparent in the light of the events that have taken place since the budget was tabled in this House. Inflation rates similar to those experienced last year are keeping interest rates at high levels and causing a pronounced slump in economic activity. Other countries are having to cope with the same problems, and the recession has also affected the United States, Great Britain, Germany, France and Japan. Like Canada, and almost without exception, these countries have admitted that inflation was at the root of their problems, and they have maintained anti-inflationary tax and monetary policies.

In the United States, where the impact of energy prices has been cushioned more quickly than in Canada, inflation has already started to slow down. Of course, this means that with a higher rate of inflation in Canada, our industry is beginning to be less competitive than American companies. We must therefore make every effort to check inflation, otherwise the Canadian industry will lose some of its export markets for good, all the more as further energy price increases are expected in Canada.

Because of higher unemployment in recent months, certain critics have asked the government to provide massive economic incentives. However, they take no heed of the lessons of the recent past which show that there is no quick answer to such

basic problems as inflation. These critics would have the government show substantial deficits, unmindful of the consequences that this would have on inflation and on already excessive interest rates. This would mean that the government would have to borrow more money on capital markets, which would create additional upward pressures on interest rates. These same critics reply that this would not necessarily occur since the Bank of Canada can increase the money supply and devaluate the Canadian dollar. However, the government believes, as we have often repeated, that such a policy is shortsighted. It would lead inevitably to a much higher rate of inflation, to higher interest rates and to worse unemployment than is now the case.

The reasonable solution is the one we have chosen. We must not only look at today's figures, but we must also lay the foundations of tomorrow's economy. As I have stated, Mr. Speaker, budgetary and non-budgetary financial requirements for 1982-83 amount to a total of $6.6 billion. In addition to forecast financial requirements, we shall need as usual some margin for contingencies resulting for instance, from exchange operations. In the last few years, this contingency fund has fluctuated around the figure of $3 billion and has normally been added to the total borrowing authority requested. This year, however, these $3 billion or what remains of the borrowing authority for 1981-82 if the difference is lower than $3 billion will not lapse automatically at the end of the fiscal year and may therefore be carried forward. The amount carried forward will therefore represent the contingency margin required for the 1982-83 fiscal year.

The provision to the effect that the government may borrow and repay amounts in a foreign currency is of a technical nature. It was included in the last four borrowing authority bills. Throughout the years, Canada has borrowed and repaid amounts in a number of foreign currencies. This provision was, however, added in the last few years to confirm the right of Canada to borrow any amount in foreign currencies. The government intends to introduce in the near future a bill to amend the Financial Administration Act, including a provision to define the power of the government to borrow and repay any amount in foreign currencies.

• (1530)

Once the amendment has been introduced and passed by Parliament, there will be no need for that kind of provision.

Mr. Speaker, I would like to comment briefly on government borrowing operations since the beginning of the current fiscal year, and the extent of borrowing authorities that have been used. The act that granted borrowing authority for 1981-82 brought new borrowing authority for $14 billion. Hon. members will recall that it was given royal assent on April 8, 1981. From April 8, 1981 to February 1, 1982, the government raised a total of $9,700 million in new funds on the domestic markets. Of that total, $9,600 million came from Canada Savings Bonds and $2 billion from marketable bonds, while net redemptions of treasury bonds lowered by $1,900 million the amounts borrowed that I have just been referring to.

The government raised $300 million on foreign markets through private placement of an issue with the Saudi Arabian monetary authority. Drawings had been made earlier in the year on our renewable line of credit with Canadian banks, but they were all repaid. There is currently no drawing in process on that line of credit nor those opened with U.S. and international banks. Taking into account the bond issue in foreign currencies, by February 1, the government will have used $10,100 million of borrowing authority, leaving an unused balance of $3,900 million. This summary of borrowing operations of the current balance of borrowing authorities should provide hon. members with the information needed for their assessment of this first part of the legislation. Clearly we will have an opportunity, during later discussions, to answer more precise questions and supply further data on these various operations, as called for in the Standing Orders, at a later stage of our proceedings.

Part II of the legislation, as I said in my opening remarks, implements the first ways and means motion, dealing with the Excise Tax Act, which the Minister of Finance (Mr. MacEachen) brought down in his budget on November 12, 1981. It provides for three technical amendments concerning the federal sales tax, and also proposes changes to the natural gas and natural gas liquids tax. The hon. members and the public had an opportunity to hear wide discussion of the principles underlying the energy policy of the government of Canada. They are also aware that, thanks to the remarkable work of the Minister of Energy, Mines and Resources (Mr. Lalonde), the Canadian government reached an agreement with the main oil producing provinces. The agreements and understandings required certain amendments to the oil and gas taxes, and further to the income tax on oil revenues.

In the bill, federal tax on natural gas exports has been removed, except on natural gas from Canada lands. The zero rate will be in effect during the period from October 1, 1981, until December 31, 1986; in other words, for the duration of the agreements concluded with the producing provinces. The bill also provides for refunding tax on ethane exported during that period. The tax on domestic sales of natural gas will be set in such a way that the wholesale price including tax and cost of transportation to wholesalers in Toronto is about 65 per cent of the average price paid for crude oil by refiners in Toronto. This will be a strong incentive for conversion to natural gas, while consumers already using natural gas will continue to enjoy substantial benefits.

As of January 1, 1982, the tax rate was 42 cents per gigajoule, and it was raised to 63 cents per gigajoule on February 1, 1982. The legislation as it stands now provides for a rate of 56 cents per gigajoule for the entire year. Thus, the

rate will largely depend on the blended oil price, which in turn varies according to the international price of oil. The following technical changes have been made in the sales tax system. First of all, the excise tax rate has been lowered on wines of all kinds containing not more than 1.2 per cent absolute ethyl alcohol by volume. Small manufacturers can apply for refunds of sales tax paid on machines and equipment purchased for use in their manufacturing operations.

Finally, the penalty on default of payment of federal sales and excise tax will be raised from 1 per cent to 1.5 per cent per month. Hon. members will recall that in his last budget, the Minister of Finance announced a major change in the sales tax system, namely, that the tax would be applied at the wholesale instead of at the manufacturer's level. This change in the Canadian sales tax system will be considered by hon. members at a later date. In fact, last week, the Minister of Finance said that when the bill was tabled we would have an opportunity to discuss in greater detail all the aspects of this major change in the application of the federal tax. Part III of the bill amends the Petroleum and Gas Revenue Tax Act. The tax on oil and gas production revenue which was introduced in the National Energy Program on October 28, 1980, will, or rather has been raised from 8 per cent to 16 per cent as of January 1, 1982. However, taxpayers will be able to take advantage of a new resource deduction on all oil and gas production revenue subject to this tax.

The bill also contains a provision allowing for reduction of tax on synthetic oil production projects during the initial years of production. The bill also provides for a tax on incremental oil revenue, which will be applied to production of oil found before 1981. As of January, 1982, this tax will be 50 per cent of incremental revenue, after deduction of related Crown royalties. Incremental revenue occurs because prices for old oil are higher than the prices established in the National Energy Program announced in 1980. Revenue thus taxed will be exempt from income tax. In addition the same tax will be reduced with respect to wells producing less than 20 barrels per month. This reduction, also known as the adjustment for low productivity wells, will be of substantial benefit to producers in Saskatchewan, where many such wells exist.

Mr. Speaker, the bill also includes several minor technical changes designed to lessen the impact of the tax on oil and natural gas revenue. Although removal of the export tax on natural gas will reduce revenue drawn from this resource, all changes included in the energy agreements concluded with the producing provinces will increase revenue received under the Petroleum and Gas Revenue Tax Act. Thus, the net effect of all these changes will be to reduce the government's financial requirements in the future. The bill will also help bring about a more equitable distribution of the revenue generated by oil and gas production and will provide the industry with sufficient liquid assets while removing the uncertainty that existed before the energy agreements with the provinces were finalized.

In the final instance, Mr. Speaker, the bill constitutes a major component of the government's long-term financial plan, and one of its major aspects as it relates to the energy agreements signed with the producing provinces. I believe that this bill, which implements a number of fiscal changes that have been approved by the provinces and whose purpose is also to seek borrowing authority for the next fiscal year, is fully deserving of the support of this House.

• (1540)

[*English*]

Hon. Michael Wilson (Etobicoke Centre): Mr. Speaker, today I have carefully listened to the minister discuss the direction that this borrowing authority should take, and some of its other, more technical, aspects. Before the minister breaks his arm while patting himself on the back, I just want to ask him to reflect on a few things which are related to this bill and the budget out of which the bill arises.

The budget has put thousands of people out of work. The interest rate policy has been caused over the years by runaway spending and massive deficits. It has forced thousands of people to be laid off and has forced bankruptcies of farmers, fishermen and small-business men. It has caused individual home owners to suffer huge increases in the interest rates on their mortgages. It has caused disruption of their personal budgets as they try to find $200, $300 or $400 to meet their payments. The anger, frustration and anxiety this has caused in the country should be enough to show the minister that he has no grounds whatsoever to justify this display of self-congratulation and self-righteousness. He thinks this is a good bill.

The bill contains the same mistruths as those contained in the budget, the mistruths which do not address the fact that spending is up by 22 per cent. The minister repeated the same statements, the same mistruths which are in the budget, when he said that this is a budget of restraint and that the government has tried to hold back spending. Surely, a 22 per cent increase in government spending while the national economy of a country is growing at a rate of 14 per cent or 15 per cent per annum shows no sign of restraint. The government has been making the same attempt to mislead Canadians by repeating again and again that 12 million Canadians will pay less taxes. Surely by now, all Canadians know that is not true, as people are paying hundreds of dollars more each year through energy taxes, and those are the taxes which they cannot avoid paying. The minister continues to repeat this, even after we have shown his boss, the great deceiver, the Minister of Finance (Mr. MacEachen), that Canadians do not believe and will not accept those mistruths.

Mr. Deans: How about interest rates?

Mr. Wilson: I will come to interest rates in a few minutes, so do not leave the House.

Mr. Deans: Don't worry!

Mr. Wilson: Today we are once again hearing words with no substance. The minister has made a totally irresponsible statement because he has not addressed the questions which should be addressed by any minister who comes to the House to ask permission to borrow $6.6 billion worth of taxpayers' money. That is what was missing from the statement given today.

There were many questions left unanswered, and I will pose some of those questions to the minister. I hope that when we reach Committee of the Whole and discuss these matters, there will be answers to the questions that I will pose; because if there are no answers, there will be no passage of this bill in the House.

Let us focus on the need for this borrowing authority. I think the fundamental question all Canadian taxpayers are asking themselves is whether the government is effectively using the taxpayers' money and using it with care. There is no indication in the budget or in the statement the minister has just given that the government has any understanding of what is going on out there in the real world. It does not seem to realize that people are losing jobs and are being forced to cut back this spending at the same time as this government is increasing its spending by 22 per cent.

The reason for the deficit and for the borrowing requirement which the minister has requested today on behalf of the government is because spending is increasing by 22 per cent.

Mr. Evans: That's nonsense.

Mr. Wilson: I will come to that. The reason for this spending increase and the deficit which that causes is that there has been a 31 per cent increase in revenues which places a tremendous burden on all Canadians. It is slowing down the economy.

The parliamentary secretary just raised the question of the 22 per cent increase in spending. Again and again, I say to the minister from Hamilton Mountain—

Mr. Deans: Thank you! Just a member!

Mr. Wilson: I will repeat the reason I use the figure of 22 per cent. The minister uses the figure of 16 per cent. He knows that the national accounts increase is 22 per cent. He will not deny that. That is in the budget papers in black and white. Any economist, and I believe that the parliamentary secretary is an economist, will say that that is the broadest way of measuring the impact of the government on the economy.

Mr. Evans: True.

Mr. Wilson: He will also note that in recent years the government has used the device of pulling tax or government spending out of the normal public accounts and putting the money off into many little ones, such as the petroleum compensation fund, the Canadian ownership fund, the Syncrude charge fund and the unemployment insurance fund, and all these little funds which are off here on the side. They are still financed by taxes which all Canadians pay. It is the amount of spending in all those funds, plus the amount of government spending, which has gone up by 22 per cent.

If the minister likes to use 16.3 per cent, which is the figure for public accounts, I ask him to be fair and honest, if that is possible, with the people of Canada and to compare the two years on a comparable basis. He knows that in the year 1980-81, the figure to finance the costs of the import subsidy was something like $2.3 billion. He also knows that for 1981-82, that has been taken out. He cannot deny that, can he?

Mr. Evans: It was still on the same basis, though. They were put in both ways.

Mr. Wilson: Then if we take out the $2.3 billion from the 1980-81 figures and compare the resultant figure for 1980-81 with the comparable figure for 1981-82, what do we come up with? It amounts to a 22.3 per cent increase. Therefore, either way one looks at it, whether it is on public accounts or national accounts, there is still a 22 per cent increase. I challenge hon. members of the government, as I challenged the minister on a couple of occasions and as I challenged the Minister of State for Finance (Mr. Busssières), to deny that figure. That is the figure that Canadians believe because they know it is the right figure, and that is the one we will continue to use.

Part of the reason we have been opposing this figure of 22 per cent is that the size of the national economy has been growing by only 14 per cent in this current year. Therefore, people ask what causes inflation. Clearly, if the government is growing 50 per cent faster than the size of the economy, that is inflationary. That has got to put pressure on the resources of this country.

• (1550)

That is why we say there has to be a cutback in government spending. There must be a cutback into the range the minister has talked about for a number of years now, namely, that we must have government spending growing within the rate of growth of the national economy. When has it ever happened? In 1979 when the Progressive Conservatives were in power. Other years it has been way out of whack.

Miss Bégin: When they wanted to cut family allowances.

Mr. Wilson: We never cut family allowances and we still had a figure inside the rate of growth in the economy. The minister should know better than that, if she can understand figures.

There has been no indication in the budget and no indication in the minister's statement on Bill C-93, the borrowing authority, of any attempt to hold back the growth in the spending of the government. It appears to be business as usual.

The minister says they have control of spending, that certain restraints have been put in. What are those restraints? What are the solid indications that this government has any concern at all as to the inflationary impact of the growth on spending that it introduced for this year? There has been no attempt to cut back. When we get to Committee of the Whole, we will

want some indication that there is a degree of concern on the part of the government in this area.

I want to know where the government has cut back in the 1981-82 and 1982-83 figures that it had not anticipated in the 1980 budget projections. I would like to know where the cutbacks have taken place, the total amount of the cutbacks and in which individual departments they have taken place. Then we can judge whether the government means what it says when it says this is a budget of restraint.

I would like to know whether they are embarrassed or worried about the 22 per cent increase. I recall a committee meeting before Christmas when the Minister of Industry, Trade and Commerce (Mr. Gray) was presenting supplementary estimates. He told the sorry story of the Consolidated Computer Company. He came to committee to ask for approval to write off $124 million, the total government involvement in that company. At that meeting I asked the minister who were the people responsible for this loss. I asked him four or five times in different ways. Each time I received fuzzy answers. Finally I said to him, "I guess you do not want to tell me who it was, but let me ask you one question: Did you ask who was responsible? Did you ask who had given the advice which led the government to take this large loss of $124 million?" I had to ask the question four times. Each time I received basically a no answer.

The conclusion I came to was that the Minister of Industry, Trade and Commerce could not care less about losing the $124 million. All he was interested in was finding a way of sweeping that loss under the carpet so that he would not have to be embarrassed in front of the committee or the media. That is the attitude of this government, that is the attitude reflected in the 22 per cent increase and it is the attitude of the minister when he presents this request for $6.6 billion. He is not concerned about the spending increases of the government. He is just asking for money so he can throw more money after the money he has already spent.

What are the cash requirements today? I listened carefully to the minister who said we need this money to cover the cash requirements in the budget of something like $6.6 billion. Since that time the minister has indicated that the deficit will be increased. He indicated that the economy is growing more slowly than it was at the time the budget was put together. The minister indicated there would be more payments of unemployment insurance and fewer payments coming in as revenue as a result of the weak economy. The tax will not be there because the profits are not there. What has happened? Do we still only have $6.6 billion worth of cash requirements, or is there a change in that figure? The minister did not address himself to that.

This also bears on the question of established programs funding. Since the budget we have had two mistakes by the government concerning what those numbers are. I thought we might have had an update on those. What are the current figures on the established programs funding?

I also wonder about the post office. Are we looking at the same figures? I am told that the president of the Canada Post Corporation said this morning, "Those are not my figures, they are the figures of the Minister of Finance. The Minister of Finance never asked us what deficits in the post office the government would have to cover." Let us look at what the numbers are before the minister asks us for borrowing authority for that amount of money.

We have seen the Minister of Employment and Immigration (Mr. Axworthy) using a little sleight of hand, taking some money out of the unemployment insurance fund, all legitimate and legal, shifting it from here to put in programs there. What impact will that have on the cash requirements of the government? We have no understanding, no sense of confidence that the government is on top of the cash requirements it has today.

On December 18—I am sure members on the Liberal side will remember this for many, many years—they sat embarrassed listening to the Minister of Finance withdraw 17 or 18 parts of the budget which affected 52 or 53 areas of the ways and means motions. Surely that has an impact.

Mr. Evans: Withdraw?

Mr. Wilson: Withdraw. They were massive changes.

Mr. Evans: How many were withdrawn?

Mr. Wilson: I ask the minister to consider what the impact of those changes was and what the dollar amount was. Does it still mean the same cash requirements or will that increase? From my understanding of some of those changes, there will be a substantial increase in the amount of money.

Mr. Evans: He gave you that in the House?

Mr. Wilson: I am looking for the dollar amount. He did not reply to the question as to what the change was going to be for this current fiscal year or the next fiscal year. That is the question we need answered. It has not been answered.

Mr. Blenkarn: He won't answer.

Mr. Wilson: Let me ask another question. Because of the changes brought about by the weakness in the economy and the December 18 changes, has the government made any other cuts in spending? Has it cut back any programs to reflect the fact that the budget deficit will be higher? I ask the minister to bring those answers to Committee of the Whole when we meet there.

Let me raise another point. At the end of August, 1981, there was an important agreement to which the minister referred in his statement, the oil and gas agreement with the provinces. There has been a considerable rethinking on the part of people in the oil and gas industry as well as international economists as to the state of supply and demand of the oil and gas industry internationally. What happened in the international markets has a very important impact on the revenues coming to the federal government as a result of that agreement. I had hoped the minister would reflect on the current thinking of the government in his comments today. Surely he understands that the OPEC countries are watching very care-

fully at what prices additional sources of oil and additional sources of alternate energy besides oil and natural gas will be brought on. For that reason we should expect there will be some lower prices than was expected at the time that agreement was signed. That again is going to affect the spending and the revenues of the government.

• (1600)

We have no confidence at all that the deficit—the cash requirement—indicated in the budget of November 12 will hold. We have no confidence because of the flip-flopping of the minister and because of the weakness in the economy which he was not on his toes enough to understand would occur, although it already was occurring right below his very feet. These are the questions which must be answered. It is totally irresponsible of the minister to come to the House today and ask for a borrowing authority of $6.6 billion and give us no answers at all to the questions I have just posed.

When I listen to the minister speak, I do not think there is any understanding on his part of what the government will need to borrow by the end of the next fiscal year. I would like to put the government on notice that there will be no approval for this borrowing authority from this side of the House until we get some answers to these questions.

I do not know where the minister has been. When he comes into the House and ignores the basic questions, it is clear that he has missed the message and the furore which have been the result of the budget. The minister has missed that message totally. Canadians are frustrated and angry and they want answers. To date answers have not been given by the minister. Government spending will increase by 22 per cent at least.

Mr. Thacker: That is before supplementary spending.

Mr. Wilson: That is before supplementary spending. But when we get to the bottom line, Canadians will have to pay 31 per cent more in taxes this year and, over a two-year period, 50 per cent will be the increased tax load on Canadians over all. I refer in this respect to this current fiscal year and the next fiscal year. Canadians want answers. The minister is irresponsible because he has not brought those answers to us today.

Mr. Thacker: Canadians need an election.

Mr. Wilson: Let me quote from the economic and financial outlook of Pitfield MacKay Ross because I think it is an important backdrop to what we are talking about today. Pitfield MacKay Ross say:

> The economy is firmly locked into a very serious recession. In a display of monumental bad timing the Canadian authorities have chosen precisely the wrong time to slam on the fiscal and monetary brakes. In the circumstances we expect the current recession to produce the most severe economic setback of the post-war era.

Mr. Peterson: You want to increase the deficit, do you?

Mr. Wilson: What we are talking about here is the level of confidence in the economy as reflected in that statement and as reflected in the concern of Canadians about the outlook for the economy.

Mr. Evans: Who wrote that?

Mr. Peterson: You want to increase the deficit, do you?

Mr. Wilson: That was written by a firm, the brother of a partner of which is secretary to the Privy Council.

Mr. Evans: McLeod Young Weir?

Mr. Wilson: Pitfield MacKay Ross. Pitfield. The hon. member has heard the name before.

Mr. Cullen: A great Canadian.

Mr. Peterson: Do you subscribe totally to what they are saying?

Mr. Wilson: A question the minister merely touched on but did not really address is the Canada Savings Bonds debacle of last year. We as Canadian taxpayers were asked to support a 19.5 per cent interest rate on Canada Savings Bonds. In October, before the Canada Savings Bonds campaign was well along, we asked in this House whether the rate could be changed. We asked if it could be reduced because, we said, otherwise it would cause tremendous problems. The minister said it could not be reduced. He kept the interest rate at 19.5 per cent. He forced interest rates up and kept them up on other instruments. As a result of that very generous rate, he also sucked an abnormal amount of savings out of the private sector where they would have created jobs and reduced the unemployment level we have today. That money was used for government spending. That decision was very inflationary.

That Canada Savings Bonds move created an enormous debt management nightmare. Canada Savings Bonds were issued in 1978, 1979, 1980 and 1981 and, as a result, the total amount outstanding is now about $20 billion. We had a policy—and this goes back five or six years—of reducing reliance on Canada Savings Bonds in over-all debt management operations because it is effectively demand money, and I believe it was in 1979 that the Conservative government got into a box because of the debt management problem left to it by the Liberal governments of previous years. During the period from, I believe, 1975, the proportion of Canada Savings Bonds to the national debt dropped from 38 per cent to 20 per cent. It got down to a more manageable figure. However, what has happened as a result of the debacle last fall? The proportion of Canada Savings Bonds as a percentage of the over-all debt outstanding is now back up to 38 per cent. We are back to where we started. Canada Savings Bonds are costing us 19.5 per cent and will present to future governments a tremendous debt management problem as they try to manage this great big lump which will have to be renewed each year, year in and year out, at a very substantial cost to the taxpayers of this country. I was hoping the minister would respond to that concern. I thought we might hear some explanation as to whether this is a new policy of the government and whether it is planning to return to the bad old days of a heavy reliance on

demand money, but there is complete silence. Why were there no comments on that today?

I wonder whether part of the answer to this is to be found in the section of this bill dealing with the excise tax and the production tax, or the PGRT. I do not think the minister commented on this. I missed part of his comments, but I do not think he even made reference to this. In the excise tax section of Bill C-93 we see that the maximum tax per gigajoule of natural gas is increased from 75 cents to $4. I do not believe the minister gave us an explanation as to why, but the import of this is that that $4 tax will raise $8 billion in taxes from Canadian taxpayers. What is the reason for raising this tax now? I could understand increasing the tax from 75 cents to $1.25 or $1.50 or perhaps even $2. However, at $4 the ceiling clearly is too high, unless the government has something in its hip pocket with which to surprise us. There is no discussion of the reason. There is no explanation to the taxpayers of this country. The minister ignored this matter—or chose to ignore it—and to me that is the height of arrogance. It is the ultimate insult to the Canadian taxpayers to increase this tax and to give absolutely no reason for doing so. That surely is another question which could be discussed by members of the Liberal Party in Committee of the Whole.

In the 1980 budget these two taxes, the excise tax on natural gas and the production tax—the PGRT—were introduced. At that time members of the Conservative Party opposed those taxes. We said they would be very damaging to the future outlook for energy in this country. We said that the energy security of this country would be severely damaged by the extent of those taxes. We fought hard, but we lost because we have a majority government. However, I would like at this time very briefly to review the impact of the national energy policy and those two taxes on the energy industry in the country today.

• (1610)

Drilling completions are down 26 per cent from 1980 to 1981; exploration spending is down 22 per cent from 1980 to 1981; production per day is down a small amount, 100,000 barrels per day. The impact of this lower spending on exploration and drilling will be seen perhaps not this year, but two, three, four or five years from now. Future generations will suffer from the shortcomings of these policies.

The reason for the setback in the development of the industry is that the cash flow of the industry has dropped by 35 per cent. Money that had previously been spent to develop future natural resources has been translated into government spending dollars which have been wasted. It is just throwing good money after bad with this 22 per cent increase in spending.

In principle we support the Canadianization policy but we cannot support the fundamental approach that has been taken by this government because it has scared money out of the country in a serious way. I will come back to this subject later, Mr. Speaker.

There has been a small increase in the amount of Canadian ownership of the industry but it has been at vast cost to Canadians because of the way it was done. I shall also come back to that subject.

The rigs that have left the country represent about $1 billion of investment that has moved quietly from Alberta to Wyoming, Texas or Oklahoma and other states where those rigs are wanted and will be good for that country. They left this country because there is no work here. At the present time, 73 rigs are down and 187 have left the country, making a total of 260 either sold or shut down. That represents 40 per cent of the rigs that were in Canada on the night the National Energy Program was introduced.

In addition, the Cold Lake heavy oil project has been put on the back burner. About a year ago I said it was cancelled but the minister said it was just postponed. It has been effectively cancelled. The Alsands project is hanging in the balance as a result of the heavy tax load and other circumstances that have changed. These are two major projects and would represent about 10 per cent of our national income if they were to go ahead.

The government has frittered these opportunities away and this will cost jobs in Alberta, in Hamilton, in Toronto, in Windsor, Montreal, Ste. Thérèse and other places in eastern Canada. This is important now that so many people have been laid off, and the conclusion is that it has been a tremendous disaster for the whole country.

For years the Liberal Party and the New Democratic Party have ignored the problem of the deficit. The statements of the Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion, the Minister of Justice and Minister of State for Social Development (Mr. Chrétien), the Minister of Finance and the Prime Minister (Mr. Trudeau) about our policies when we formed the government are still ringing in my ears. They said that we had too great a preoccupation with the size of the deficit; that we had a fixation on the size of the deficit; that we spent too much time concerning ourselves about it. They ridiculed the 1979 budget because we were concerned about living within our means and getting the deficit down to a reasonable size.

I think it is clear to all Canadians today why we felt getting that deficit down was so important; it represents a tremendous weight on the economy of the country and for too many years now we have seen it grow. Some time ago the cost of financing the deficit and the accumulated debt was some 10 per cent or 12 per cent of government spending. In the current year the cost of financing the federal government debt is 21 per cent, so one dollar out of five is dead weight money.

Any Canadian who has seen the cost of financing his own debt, whether it is a mortgage, a loan on a car, a Visa account or whatever, knows the problem of debt load and the cost of financing it. Spending on interest provides no satisfaction; it does not put food on the table, a roof over one's head, a car in the garage, clothes on one's back or anything like that. It is dead weight spending. Canadians now understand that one

dollar in five is spent by this government on dead weight deficits that have been accumulating over the years.

Canadians all across the country are scrambling to get out of debt. They are paying their debts off, any chance they get. But there is a 22 per cent increase in spending by the government which has not learned what it is like to live in the real world where debt has to be financed without raising taxes.

Let us examine what is going on in the United States where they are terrified at the level of their deficit this year and predict that next year it could be in excess of $100 billion. They are trying to find ways to cut expenditures and keep down the size of the deficit. With the normal ten or 12 to one relationship between the United States and Canada, a $100 billion deficit in that country would mean about a $13 billion deficit in this country. Yet there is no sense of our government trying to find ways to save money. That is why I have asked the minister, and I hope he will listen, if he can demonstrate where efforts are being made to cut spending. All we have are the empty words in his speech and in the speech of the Minister of Finance.

I should also like to refer to the spending growth in the United States because I think that is instructive as well. In 1981 it was 13 per cent and in this country it was 22 per cent; in 1982 it was 10 per cent in the United States and 13 per cent or 14 per cent here; and according to forecasts we may even face higher figures.

The federal government is the largest single entity in the country, the largest borrower. When it has to borrow large sums of money it crowds out individuals, small business, medium-sized business, farmers, fishermen and even big business, and these people become afraid of the situation.

I should like to quote some comments made by the Governor of the Bank of Canada. I think it is important that we understand why it is necessary to cut back on government borrowing—so that we can free up the resources of the country that the private sector may borrow. The Governor of the bank said that restraint on investment is felt through various channels, one of which is that the fiscal deficit absorbed savings that could otherwise be channelled by financial markets into financing the expansion of plant and equipment. He said that this could militate against the increases in productivity and income that capital formation makes possible.

What he is really saying, Mr. Speaker, is that borrowing by the private sector—individuals, small, medium and large-sized companies—enables those companies to make themselves more competitive, more productive, more able to employ people and more able to create jobs in this country. Surely the government understands the importance of creating jobs when there are 1.1 million people out of work today. Business survives on long-term capital.

• (1620)

We heard the Minister of Agriculture (Mr. Whelan) talk about the importance of lower cost and stable capital to the agricultural community. Those same words can be used in respect of any sector of the economy. What has happened in recent years, because huge deficits were built up by the government, is that the stability, availability and cost of long-term capital has been thrown totally out of whack. If businessmen, farmers, fishermen and individuals do not have access to capital, it will make for a very disruptive economy.

In order to draw this down to a level which anyone in the House can understand, today we heard complaints about the fact that mortgage money is not available for 20 or 25-year terms. It is my understanding that there are only three institutions which will make five-year money available in the form of mortgages for the purchase of homes. If Canadians are faced with the possibility of buying homes but not knowing what the mortgage rate will be in one year or two years, it is similar to playing Russian roulette; it is a large crap shoot in Las Vegas. They do not know what will be the cost of their biggest asset.

This is why we must have stability in the financial markets of the country. It is not big business people who suffer in this regard; it is people who borrow to purchase homes, or small businessmen who must finance businesses which provide employment for people. If they do not have the benefit of stable financial markets, it will make a very difficult economic environment within which to operate. The real crunch is on farmers, fishermen, small-business men and home owners. We should be concerned about those people. It is very clear to them why the Conservative Party has stressed the importance of keeping the federal government deficit within the bounds of the financial markets of the country and within its financial capacity. Clearly it has not done so for a number of years.

I should like to talk about one other aspect of federal government deficits, and that is its impact upon future generations. We all know that a deficit is simply a deferral of taxes. The government has expenditures of some $70 billion and it has revenues coming in of $57 billion. Clearly tax revenues are not sufficient to cover spending, thus $13 billion of deficit is borrowed. Is it lost forever? Not on your life! What happens when $13 billion is borrowed this year at 15 per cent per annum? In five years' time, in 1987, it will become $26 billion; by 1992 it will become $52 billion; by 1997 it will become $104 billion. One could apply that calculation to next year's deficit or the deficit of the year after. They pile up one on top of the other. Some of us who are in the House today may not be around in the year 2000 to pay the load of these deferred taxes; it will be our children who will pay. The legacy we are leaving for younger people, who are having a hard enough time finding jobs because of the shortcomings of government policy, is that they will be suffering from the shortcomings of the same policy in 1995, 2005, and so on. This is why we must get on top of the deficits of today.

Again I ask the minister why the government is so casual about its attitude toward deficit and spending control. I looked at the home owner renewal program of the recent budget wherein the government very generously provided a guarantee for a home owner if he does not have sufficient income to pay his mortgage payments because his payments are more than 30 per cent of his income. The government said that it would provide a guarantee so that he could borrow. I think Canadi-

ans are too smart for this. They have seen the government doing it year in and year out, and they have seen the impact of a government which now pays $1 in $5 in interest. They know that if they defer some of their interest payments for one, two, three, five or ten years at 15 per cent, 18 per cent or 20 per cent, the same thing will happen to them. But they understand why the government is so casual in presenting such a program; it is the manner in which the government has lived for the last ten years. It encourages the home owner to put himself more and more into debt, as has the government.

I think this is the best illustration we can give to government of why it is wrong to present a bail-out program for individual home owners. Surely it should look no further than at what happened with its own financial position before asking individual home owners to put themselves in the same financial position by deferring debt and expenses for years into the future and by letting them compound at 15 per cent or 20 per cent per annum. It is criminal to ask Canadians to do this. I do not think any home owner will be too anxious to take this snake oil because they know the results.

I should like to talk about some of the problems we are facing and about some of the ways of solving them. We on this side of the House have been asked on a number of occasions what we would do differently or how we would attack the problems of today. I think the difference becomes clearer every day. On many occasions I have referred to increasing attempts by the Liberal government to gain more and more control or power over the big levers of the economy. We have seen how pushing the economy into the dirt, raising interest rates to enormously high levels and forcing cutbacks in the economy have forced people into positions where they must come to the government to ask for help and for programs to tide them over these very difficult times. We do not want to see it done that way. We want to reverse the direction we have been going in recent years. We want to make a change which will return spending power to Canadians and will release the tremendous energy of the free enterprise system. We have confidence in the free enterprise system.

How can we do this? How can we come up with a way which will lead to a reduction in inflation, to an increase in growth in the economy and to more job creation? There are no perfect solutions or comparisons, but I should like to look at what happened in Japan and Germany for some inspiration. During the 1970s, these two countries had the strongest currencies and the lowest levels of inflation of any industrialized country in the world. This is no real surprise because those two factors are mutually supportive. We know that a strong currency is a sign of good government. Canada by contrast has seen its currency drop from a value of $1.03 in 1976 in terms of the United States dollar to 80 cents in the current market. We also saw last year, in contrast to these other currencies, that Canada suffered a massive capital outflow, some six times the levels of the 1970s. I should point out that a large part of that outflow was dynamic equity capital, the capital that creates jobs. It is the entrepreneurial, risk-taking capital that has left the country. To offset that Canada has had to put up interest rates two or three percentage points higher than they should be to attract not the entrepreneurial capital but fixed income. This is passive capital, the capital that does not create jobs anywhere near the extent the risk-taking capital does, the capital that has left the country.

● (1630)

The reason for the outflow of this capital is federal government policy that has been in place for the past two years. We have seen the energy program and what that has done for the country. We have seen the tremendous lack of confidence which investors, businessmen and individuals have in this government on the policies it has been pursuing over the past two years. We have seen the unfriendly attitude of this government toward risk-takers, and capital formation has forced that money out of the country. As a result a tremendous load has been put on all Canadians. Canada has to keep those intest rates two or three percentage points higher than they need be. That is a tremendous burden, not only upon the people who have been forced to take the money out of the country and upon all Canadians who are financing a business or a mortgage, but also upon large companies that are trying to build major projects. The toll is measured in human suffering. It is measured in the loss of a job, bankruptcy or the renewal of a mortgage at ten or more points higher. In addition to this we have the broad slowdown seen in the economy.

Some people have said let the dollar drop. Some people have said let the dollar go and do not worry about the inflationary aspects of doing that. I say that is the wrong way to go. That is the easy way out. It might shield us from those problems for one or two years, but then we will be back to where we started unless we introduce fundamental policies that will get us back on the rails again.

We need those policies today. We should not give ourselves the short-term palliative of letting the dollar drop and letting interest rates drop. If we do that and the dollar drops as low as 75 cents in terms of the U.S. dollar, then we are faced with having to get interest rates back up. What have we changed? We have changed nothing except for a large increase in costs in the imports that are needed in Canada.

We should introduce some policies to restore the level of confidence in the country that will encourage Canadians and foreigners to bring back that money which they took out over the past year or year and a half. We can then revive our dollar, giving us the flexibility to drop interest rates to the level they should be and so they are more consistent with the economic circumstances in this country. That is the direction we should be going. We should take the pressure off our dollar and have our own made-in-Canada interest policy.

How can we do this? First, we have to maximize the involvement of the private sector. The private sector is the sector in this country that creates jobs. If we look at every statistic in Canada we will see that employment growth in the government sector has been pretty well flat over the last ten years. Growth takes place in the private sector. It is in the private sector now where job creation has dropped out of sight

as a result of all the lay-offs caused by the interest rate policy of this government. We have to avoid the direct massive spending programs which the New Democratic Party would have us introduce. They will lead only to more inflation in this country. Let us encourage the private sector.

Second, we have to recognize the anti-investment nature of this budget. It will continue to push money out of the country. That direction must be reversed. We have to reintroduce some of the incentives that were taken away by the budget, incentives that have performed a valuable role over the past five or ten years.

How do we do that? Again, I have to keep coming back to the runaway spending that we have in this country. If we can cut back a little on government spending, more money will flow to the private sector where it will create more jobs, not more taxes.

Next we have to get on with megaprojects. These projects are tremendously important to all parts of the country. Let us have a positive attitude on the part of the Minister of Energy, Mines and Resources (Mr. Lalonde) and get these projects moving. He should not sit back and concern himself too much with legal aspects and the nuts and bolts of negotiations. He should be taking the broader view of what these projects can do for Canada.

We have a crisis in housing. In my view we have to reverse four key budget measures which have done so much damage to the housing industry. We should enhance the capital cost allowance. We have to take a look at the Foreign Investment Review Agency. We should try to change the nature of FIRA. The government is playing a schizophrenic role. We have heard from the Minister of Energy, Mines and Resources and the Minister of Finance. On the one hand, they say we have tremendous capital requirements in this country. On the other hand, they make statements that scare foreign money away. Let us take a look at what our objectives are with foreign investment. We should get our act together. If we have money coming in from other countries, we should bring it in under our terms and encourage it. We should not be discouraging it through these malicious statements being made by members of the government.

Federal-provincial relations in this country are probably at an all-time low today, if they are not already at that point. I would say that is the single, most important element in the lack of confidence of individual Canadians and foreigners who consider investing their money in Canada. When people see that the Government of Canada and the provincial governments cannot get together and agree on some of the basic requirements of this country, people say "Let's try elsewhere". That is one of the reasons so much money left Canada last year.

We have to recognize the tremendous importance and the potential of research and development in this country. Canadians can compete. We have proven ourselves through companies such as Mitel Corporation, Northern Telecom Limited and Canadian General Electric. These companies have competed worldwide.

Mr. Cullen: What about Petro-Canada?

Mr. Wilson: Petro-Canada has not competed yet with the rest of the world. These other companies have competed and they have proved they can do it. We heard in the special committee on the budget that the environment for risk-taking investment—and we have to recognize that research and development entails a tremendous degree of risk—is poor and the budget has made it worse. We have to reverse the measures in the budget which have had that effect. We have to turn them around. We have to get a positive attitude in that industry so that we can see some growth and development coming from that part of the industry.

I see the Minister of State for International Trade (Mr. Lumley) is in the House. One of the other areas in which we should do better is in trade promotion. I congratulate the Minister of State for International Trade on the efforts he has made in improving the profile of the government in that field.

Some hon. Members: Hear, hear!

Mr. Wilson: I think the minister will agree with me when I say that the government's profile was dismal prior to May, 1979. We have to recognize that we still have a long way to go in the manufacturing sector. We now have a $23 billion deficit, up from $3 billion ten years ago. That represents a tremendous loss of jobs and development. The same thing is taking place in the United States, Germany, Japan and so on. We have to change that situation.

• (1640)

So, Mr. Speaker, I believe that if we can turn the atmosphere around and increase the confidence level through a combination of these policies, Canadians will start believing in their country again and that we have and can build a future in Canada. We can increase productivity and see a higher value Canadian dollar, which will allow us to drop interest rates. That combination of factors will result in lower interest rates, lower inflation and certainly a much more productive economic environment. That is the direction we have to go. We have to get hold of ourselves to go in that direction, and I think the combination of policies I have set out will allow us to reach that potential.

Now, Mr. Speaker, the reason I believe Bill C-93 and the minister's statement are so disappointing, so irresponsible today, is that the bill does nothing to rebuild that sense of confidence which has been so shattered in recent years and which is so necessary if we are to attain that growth. We have to have a return of confidence if we are to see a return of capital into this country. The return of dynamic job-creating capital to Canada would allow us to reduce these painful lay-offs which have been so damaging to our economic future. I say to you: Is it any wonder that Canadians, faced with this picture and with the statement that has just been made, are asking themselves why the Minister of Finance does not resign?

Tabling of Documents

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: Order. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Nepean-Carleton (Mr. Baker)—Municipal Affairs—Application of grants in lieu of taxes program; the hon. member for Mississauga South (Mr. Blenkarn)—Education—Federal funding for post-secondary education (b) Level of funding; the hon. member for Skeena (Mr. Fulton)—Mines and Mining—Loan to Peru for copper mining venture (b) Creation of jobs in Canada.

[*English*]

Mr. Lalonde: Mr. Speaker, this afternoon I tabled two documents which were supposed to be the last two safety inspection reports relating to the *Ocean Ranger* drilling platform. I inadvertently tabled the report of January 6 rather than January 21. Consultations have taken place with the opposition parties and with your permission I would like to revert to tabling of documents and have the authorization to table this third document.

Mr. Deputy Speaker: Is there unanimous consent for the minister to revert to tabling of documents?

Some hon. Members: Agreed.

ROUTINE PROCEEDINGS

[*English*]

DISASTERS

TABLING OF INSPECTION REPORT ON "OCEAN RANGER" DRILLING RIG

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Mr. Speaker, I wish to table a document dated January 21, 1982, entitled "Safety Inspection Report on Offshore Drilling Operations", to be added to the two documents tabled this afternoon.

GOVERNMENT ORDERS

[*English*]

AN ACT TO AMEND THE STATUTE LAW RELATING TO CERTAIN TAXES AND TO PROVIDE OTHER AUTHORITY FOR THE RAISING OF FUNDS

MEASURE TO AMEND

The House resumed consideration of the motion of Mr. Bussières that Bill C-93, to amend the statute law relating to certain taxes and to provide other authority for the raising of funds, be read the second time and referred to Committee of the Whole.

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, I rise with pleasure this afternoon to speak to Bill C-93. I must say that I enjoyed listening to the comments of the lonely cheerleader, the Minister of State for Finance (Mr. Bussières), as he attempted to pat himself and his party on the back by outlining the positive nature of seeking authority to borrow $6.6 billion. I must say, Mr. Speaker, that while he went on to indicate that the Liberal way of approaching the financial problems facing Canada is the way of reason, I am certain I speak for all members on this side of the House when I say it appears to us that their approach is the way toward economic treason in terms of combating the financial challenges facing us today.

Since this bill, Mr. Speaker, includes three quite separate areas for consideration, and considering the time constraints placed on us, I am going to focus my attention on only one section of the bill, that having to do with the borrowing authority for $6.6 billion. I think anyone who is appreciative of the financial and economic concerns of Canada today, anyone aware of the assumptions which went into the creation of the budget, will recognize that current money supply is certainly inadequate to meet the government's cash requirements for the 1982-83 fiscal year.

There is, Mr. Speaker, an old song we would all recognize which extols the virtue of the west. One of the lines in that song is "Where seldom is heard a discouraging word". Well, I can guarantee, Mr. Speaker, that that no longer applies today in western Canada, eastern Canada, northern and central Canada. Discouraging words are the words of the day. Words of pessimism, disillusionment, unbelief and anger are the kinds of words you hear spoken throughout our country when it comes to discussing, describing and explaining the economic programs of the Liberal government.

I have just returned from four days in my riding, a riding which is famous for its rather frontier-like mentality. By that I mean an atmosphere of enthusiasm, optimism, faith in the future by people who assume that next year will be better than this year, that the lives of their children will be better than their own lives. It is a real and built-in sense of optimism which has prevailed in our part of Canada for many, many years. However, Mr. Speaker, that atmosphere of optimism and hope in the future has been thoroughly dashed by the

policies of this government, particularly the November 12 budget.

During the last four days, Mr. Speaker, I had an opportunity to meet with a number of young people in my riding. I want to tell you it was very disappointing to talk with them and hear that they plan to drop out of school, that they see little hope in continuing their formal education because people they see with advanced degrees and professional and technical training are unemployed, and there appears to be little room for optimism over future employment. These people are despondent and thoroughly fed up with the kind of economic and political leadership coming from their leaders throughout the country.

I talked with senior citizens also, Mr. Speaker, and the central theme of their gatherings is people discussing and describing today's conditions as they relate to their memories of the 1930s, that in fact these are depression years. They talk about the eventuality of soup lines, about the loss of farms and homes, the kind of discussion they recall from their youth.

• (1650)

I have spoken with miners, loggers and cattlemen. A level of frustration exists in their area of the country which is quite different from other parts of the country. These people are directly attached to the resources of Canada, the grasslands, the mines and the forests, and they know what potential exists in those resources. The mills are closing, the mines are closing, and the cattlemen are unable to make any decent return from their grassland operations. This has resulted in an incredible level of frustration, anger and bitterness directed at governments and political leaders generally.

I spoke with women and heard their tales of woe concerning their attempts to keep their families from falling apart, how they worked to keep some semblance of a home and family life when the main breadwinner had been thrown out of work, and when their children were disillusioned with their school studies. Women have attempted to assist the economics of their family operation by attempting to find work but have been unable to do so.

Again, the level of family strain was reflected in a report this morning in *The Globe and Mail* concerning the city of Kamloops. The report described the unbelievable situation concerning crime rates. In the major population centre of Kamloops, the crime rate is now twice the provincial average. Sexual offences have jumped by 71.8 per cent over last year. Weapons offences jumped by 71.4 per cent over last year. Robberies were up in excess of 10 per cent. The local RCMP detachment, which blames the economy for the increase in robberies, solved only about one in four of the more than 10,000 crimes in a city of less than 70,000 folks. The mayor blamed the economic stresses of the Kamloops area for the increase in sexual and violent offences. Again, this kind of straining of the social fabric of Canadian society is a direct result of the economic conditions in which we find ourselves today.

If one meets with the officials in human resources and the CEICD offices, they will outline the difficulties they face while trying to provide for people qualified for unemployment insurance. They are experiencing backlogs of hundreds and hundreds of cases. People are forced to go to the welfare offices when, in fact, they ought to be receiving cheques from the UIC. A strain is placed on the provincial coffers as a result of federal inaction and inactivity. When one speaks with small-business men, one finds that there is no longer any discussion of expansion of small business. There is no more discussion with regard to hiring and moving into new areas or attempts at new entrepreneurial activities. It is really a matter of survival, just hanging on and praying that those interest rates will be dropping in the next few weeks or months. However, these businessmen know full well, from what they read or hear in the media, that interest rates are likely to go even higher in the forthcoming months.

These are direct human responses to the economic challenges and problems facing us. I suppose another aspect which is becoming more interesting all the time is the underground economy, as people work to do an end run around the traditional economy and move away from the recording of transactions into a cash society, again to avoid the tax man and to avoid being part of the regular economy.

Why do people want to avoid paying taxes? Why is it that most popular bestsellers in the bookstores at this time of the year outline ways and means to beat tax men and avoid paying taxes? The reason is that the people of Canada have lost faith in what the government is doing. They have lost faith that the $6.6 billion which is being requested here today will be well spent in the best interest of Canadians. They feel it will be spent in the best interests of a select group of Canadians.

Mr. Evans: Do you think it could be because tax rates are too high?

Mr. Riis: The Liberals wanted a fiscal policy which supported their tight money policy. Indeed, in this budget we have seen a fiscal policy which does compliment the monetarist policy. Their high interest rates deterred investment in housing, and we all know that accommodation is not being built today across Canada. Just this morning, HUDAC indicated another drop in construction of thousands of units over the same period last year, which again was a year in which housing starts were at an all-time low.

What does the budget do? It makes the situation worse. The budget brings in measures to reduce housing starts further by eliminating the deduction for soft costs and the deduction of interest in excess of investment income. In other words, the fiscal policy compliments the monetarist policy by strangling any potential for accommodation construction in Canada.

Mr. Evans: What in the world are you doing down in that corner of the House?

Mr. Riis: We have a monetary policy in our country which results in increased indebtedness to foreigners.

Mr. Evans: What's he doing in the NDP?

Mr. Riis: We have a monetarist policy which makes it attractive for foreigners to come into our country to invest, and the government brings in a budget which makes it attractive for foreigners to come in to purchase small firms and large firms in Canada. The Liberals like to increase the indebtedness of our country for the sake of reducing the indebtedness of the government. They bring in a monetarist policy which results in unfair and inequitable distribution of wealth. Money goes from the borrowers to the lenders. The budget results in a concentration of corporate ownership. Again, one could say that the Liberals prefer to see an increase in inequality in society for the sake of supposedly greater equity in the national income accounts.

Our government's fiscal and monetary policies are absolutely perverse. We have heard from the previous hon. member that incentive for investment has certainly been destroyed in our country. There have been rather cavalier attempts at destroying incentives here and there simply for the sake of curtailing a number of extreme abuses. Again, there was an attempt at tax reform which was certainly introduced in a rather ad hoc way through the November 12 budget.

We see in the policies of this government a real paradox and hyprocisy. The Liberals proudly display their bookkeeping accomplishments, or, in other words, their reduced borrowing requirements, while the same policies which make such reduction possible greatly increase the borrowing requirements and debts of ordinary Canadians. We have seen a massive transfer of debt from the federal sector to the municipal and provincial sectors. I do not think that the wool has been pulled over anyone's eyes.

I listened with great interest to the Tories who spoke on this borrowing authority bill, and I must say that I hear their howls as rather hollow howls—

Some hon. Members: Hear, hear!

Mr. Riis: —in that just the other day, the finance critic for the Tories said, in a sense, that they support the approach of the Minister of Finance (Mr. MacEachen), that they support the high interest rates, and that if they had the opportunity to be in government they would make them even higher.

Mr. Blenkarn: He didn't say that at all. You know that is not so.

Mr. Riis: He said that they would cut back even more because they pursue the policies of Ronald Reagan in the United States.

Mr. Blenkarn: He didn't say that, either.

Mr. Riis: I will quote him.

Mr. Blenkarn: Quote the whole thing, now.

Mr. Riis: He said, "What we would be doing, and will do once we are in power, is to follow the policies of Ronald Reagan".

Some hon. Members: Oh, oh!

Mrs. Mitchell: Shame on you!

Mr. Riis: I think that makes it pretty clear. I think it clarifies what we in the NDP have been saying for a long time. We have been saying there is very little difference in the monetarist policies from across the way and those of our friends here to the right.

Mr. Kaplan: They've just been saying the opposite.

Mr. Riis: I noticed with interest that the Tory finance critic said that we must pray. God knows, we must pray. He said we must pray that Ronald Reagan is successful because, if not, we will have a tough time selling our policies to Canadians. You bet he will, and they will. They will have a tough time selling Reaganomics to Canadians at the rate they are going in the United States. That is an appropriate term—"at the rate they are going in the United States". Most financial analysts and economists are now predicting that interest rates this summer could be as high as 25 per cent in the United States. With the trends that we see across the way and from our colleagues to our right, our rates will be closer to 30 per cent if that is the case.

● (1700)

It is all right to say that we must hang in on those particular policies. That is okay for some folks, but what about the 1.8 million people who are not working today? What about the hundreds of thousands of people on fixed incomes? Are they able to ride out another two or three years of this policy as we experiment with people's lives to see if this economic policy works?

Our monetary policy has been in place in Canada since 1976. It has been in place because we wanted to bring down the rate of inflation. I ask anyone in this House, has the rate of inflation come down during that period? As interest rates have gone up, so has inflation. Surely we are not prepared to continue with this mindless approach to solving our economic problems, as the Liberals suggest we ought and as the Tories suggest we ought to accelerate.

We have a long way to go. Perhaps the best indication of the serious problems facing us when it comes to investor or consumer confidence is that people know the government is not spending their tax dollars wisely. How do they know? They know that from reading the Auditor General's report for the period ending March 31, 1981. The Auditor General makes a number of interesting comments. Let me quote just a few. He said:

> In my view, the accounting policies which the government follows result in a significant overstatement of reported assets and understatement of reported liabilities.

That is why we say that the deficit is increasing. While at this moment we are asking for authority to borrow $6.6 billion, because of this statement we know full well that that figure will be much higher. The Auditor General went on to say:

> —since many government activities are carried out by organizational entities which are not "departments", significant assets, liabilities, revenues and expenditures are excluded from the financial statements.

That was the point being made an hour ago by the finance critic for the Conservative Party. He indicated that a number of the figures that we heard from the government benches in terms of government spending are in fact inaccurate and that government spending is occurring at a rate much higher than they are prepared to admit.

The Auditor General also said no generally accepted accounting principles are appropriate for governments in Canada. He goes on to say his own office has been presenting its estimates in such a way that he was struck immediately by the fact that our stated objective was incomplete and out of date.

What are the objectives of this government? What are its objectives in terms of spending $6.6 billion? We heard the other day that the government felt it was in the best interests of the taxpayers of Canada and the Canadian economy to invest $100 million in a copper mine in Peru. The 1,500 people in the copper industry who have been laid off will find that hard to understand.

Mr. Fulton: It is 4,000 now.

Mr. Riis: Up to 4,000 when you consider the auxiliary areas. It is hard to understand in my own riding, the copper centre of Canada. We have hundreds of people unemployed. There are hiring freezes in all the mines. A number of small mines are looking toward government support to enable them to open their operations. They find that $100 million at 11 per cent is going to help the Peruvians. It is hard to understand the logic behind that; indeed, there probably is no logic at all.

The one area where we in the NDP differ from the other parties is that we have some viable solutions. I want to talk about the most fundamental solution to our economic crisis today. We have heard a great deal about the need for increased confidence in the economy, that we must send a clear signal out to our domestic capital markets as well as foreign markets that Canada is a good place in which to invest. At the moment that is about as far from the truth as it could possibly be. Who has confidence in the next ten years in our country, or even in the next ten weeks? There is so much indecision, instability, unknown factors, a continuously changing economic climate as a result of government policy, that no one is particularly interested in investing in the future of this country right now. Why should anyone be with the returns one can get on their money from Canada Savings Bonds or simply from putting their money in short and long-term deposits? Why take a risk? Why take a chance when you can be guaranteed returns of 15 per cent and 20 per cent?

Mr. Blenkarn: How about 19½ per cent from the government?

Mr. Riis: Or 19½ per cent from the government, as the hon. member indicates. Why take a risk when you can simply put your money into a secure situation and collect that kind of return?

We can be confident that there are solutions and that we can act very quickly. I ask hon. members to consider for a moment that when our country finds itself in a state of war, in a matter of hours we bring into effect a whole set of contingency plans. Things begin to happen overnight. I suggest it is time to declare war on the economic crisis facing this country, and move accordingly.

Something we must do before all else is to clearly map out an economic or industrial statement, strategy or blueprint for our country which has the co-operation of not only the federal government, but of all provincial governments, local governments, industry and labour.

As we sit here today, it is relatively clear in our own minds what that particular economic and industrial strategy ought to include. It must include three key factors. It must include what I like to call a key input industry sector, those industries supplying input into key sectors of our economy. There are three—housing, transportation and food. I choose those three sectors because that is where between 80 and 85 per cent of investment goes—food, housing and transportation. If we were to identify those three critical sectors as sectors where government investment will be taking place alongside private investment, it would send a clear signal out for all people interested in investing in the future of Canada.

My friends to the right claim that we in the NDP are interested in spending money, always taking money and throwing it away. I would like to challenge that. What we are advocating is not a need to spend money but to invest it. There is certainly a difference. We might class $100 million to Peru as spending money, but $100 million invested in the food industry of Canada would be a financial investment, not financial spending. It is not a matter of additional dollars but a reallocation of funds. The money is there now, being used in rather peculiar ways. What we advocate is that that money be reallocated into areas where we are bound to receive a productive return.

• (1710)

A second proposal in terms of a comprehensive economic strategy would be the strengthening of basic "building block" industries. Many are located outside the country, but these industries supply inputs to other industries which supply final products. I refer to the chemical industry, the creation of telecommunications equipment, the creation of industrial machinery and equipment, the forest industry, mining and small scale power generation. We in the New Democratic Party are not convinced that the economic future of Canada depends on megaprojects. The best investment in our energy future is not necessarily a massive influx of both private and public funds into megaprojects at this point. Putting all our eggs into that one basket in these particular times is taking a great risk indeed. With these "building block" industries we could move into a third area; Canadians would be able to specialize and develop export-oriented industries.

We in this country have a number of strategic economic advantages other countries do not have. We can identify areas

in the energy sector. We can identify areas in the resource sector. We have financial ability. We have human expertise. There is a number of areas in which Canadians have a natural strategic advantage in terms of developing specialized products which serve not only our domestic market but also markets around the world. We have seen that we can compete in a number of areas. Telecommunications is one of the obvious ones. Transportation is another one. Canadians have been world leaders in relation to both rail and aircraft. With a very clearly articulated strategy which would have the support of industry, labour and the three levels of government, I suspect that would send a clear signal out to investors both within Canada and beyond that this is the place to invest money and that such investment would result in long-term and stable returns.

At the same time we could begin talking about reduced interest rates. The fear of many people is that by reducing interest rates, let us say to one point above the inflation rate, the result would be a mass hemorrhage of capital out of our country. Why is there not a mass hemorrhage of capital out of Japan? Why would anybody invest in Japan where interest rates are in the 6 per cent to 8 per cent range, when they can invest in Canada with our interest rates being what they are?

Mr. Evans: Because their inflation rate is 2 per cent to 4 per cent.

Mr. Riis: One of the reasons, of course, is that when we invest in major manufacturing enterprises in Canada and when we invest in our resources sector, we are investing our money not for two weeks or two years, but for 20 years or 50 years into the future. I say that interest rates are simply one factor in that decision-making process. If we in our country can provide an atmosphere of confidence, if we can provide very clear signals that we have a very well thought out and clearly defined and credible industrial strategy, and if we reduce interest rates to one point above the rate of inflation, I suspect investors will be falling all over themselves to get into Canada, knowing full well the returns they can expect.

There is a need for research and development; that is well known to all of us in this House. Why is it that research and development is not going on at the moment? Is it because Canadians are ill equipped to carry on adequate research and development through to production? In many cases we are because many of our best minds are leaving the country, but I suspect that the real and fundamental reason research and development through to production does not occur in Canada is because we have more foreign ownership here than any other western industrialized nation. Why would a branch plant want to conduct research and development in competition with other plants of its mother company or with the mother company itself? If a person wanted to invest in research and development and could put his funds into his head office in Japan or a branch plant in Canada, where could that research and development be expected to take place? Obviously it would not take place in the branch plant. There is no incentive to do research and development in the branch plant. That plant is there to serve a small market.

As the previous speaker said, we lack the incentive to get out and market our resources and the goods we manufacture. Again I ask why a branch plant would want to market its goods aggressively in competition with its own mother company. As long as Canada maintains its international reputation as a country with more foreign ownership than any other western industrialized nation there will be little incentive for research and development. There will be little incentive to open up new markets for our manufactured products.

Therein, of course, lies a challenge to us. We need to patriate more of our economy, but not along the lines of the national energy policy and the move into the oil industry. The theory is good, but what is happening is impractical. I suspect that the national energy policy is ill conceived.

With a clearly thought out economic strategy and a monetary policy to complement it there would be no need for discussions on foreign control and no need for additional government spending, because government spending would be focused in such a way as to make some sense. I will use the example of tourism in our country. There could be tourist activity in almost every corner of the country. A message should go out to the private sector that the federal government, in co-operation with provincial and local governments, feels that tourism is a priority and a key element in our industrial strategy. The private sector would respond if the federal government were to redirect and reallocate funds to tourism.

At the moment the situation is rather pitiful. We should be reallocating existing funds to tourism. The federal government should do its share, perhaps by way of international marketing or providing low-interest loans to certain kinds of entrepreneurial activities. The provinces should be co-operating within that same framework. All ten provinces plus the territories should agree that if the federal government is going to provide leadership in the development of tourism, they will complement that activity and develop infrastructures—in ski areas, for example. The provinces and territories should assist in the development of beachfront marinas and so forth. Local and regional governments could also participate in this same context. They should agree to participate and assist in developing the necessary infrastructures. Then the private sector would come in with the construction of hotels, ski lodges and whatever. With that kind of co-operation and economic leadership coming from all three levels of government, we could provide a creative environment. The clear message that would be sent out to Canadian and perhaps foreign entrepreneurs would result in a very sophisticated tourist industry of which we could all be very proud.

We should apply the same policy to a number of other sectors, particularly where Canada has some strategic edge in terms of national and international competition. That is the kind of solution we in the New Democratic Party recommend for consideration. When we have our discussion in the Committee of the Whole, I hope the Minister of State for Finance will take into consideration the option I have just laid out.

That is the kind of thing that the federal government should be developing at the moment rather than simply following, in a mindless way, certainly not a very independent way, with the support of its Tory colleagues, the policies of Mr. Reagan in the United States.

• (1720)

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, this is a bill that attempts to deal with three totally different measures. It is an omnibus bill and, despite the ruling of Madam Speaker earlier today, I must say in disgust that it is difficult to debate a bill that deals with three principal problems, three types of taxation—borrowing being a form of taxation I suppose—all in one package. I shall attempt to deal first of all with the borrowing authority, then with the excise tax bill and then with the amendments to the Income Tax Act.

If you or I went to our bank or credit union and said we wanted to borrow money, Mr. Speaker, I suspect the manager would ask how we propose to repay it. Yet the minister has come to this House of Commons for the third time this session asking to borrow money, with no plan to pay it back. He came to the House with Bill C-30 and asked for $12 billion; he came to the House with Bill C-59 and asked for $14 billion—and he got it; and today he comes with Bill C-93 and asks for $6.6 billion. That is a total of $32.6 billion in less than two years, and he expects us to give it to him.

It is a disgrace that a government elected in February, 1980, now less than two years into its mandate, should come to the House of Commons to ask for a total of $32.6 billion. Did it tell the people of Canada that when it promised honest, decent, straightforward government? Did it say to the people of Canada that within two years it could be coming to the House of Commons demanding to borrow $32.6 billion? Yet that is what it is doing.

The government brought in a budget which it said was based on equity, restraint and renewal.

Mr. Siddon: Equity for whom?

Mr. Blenkarn: The hon. member asks, equity for whom? For those who make more than $53,000 per year, the tax rate is reduced to a maximum rate of 50 per cent. For the 54 per cent of the people earning $30,000 or less per year, the tax rate is increased. That is Liberal equity!

And what about renewal? Sixty-two members of this party travelled across Canada holding public hearings on the question of renewal. They did not find a single business, business organization, social service agency, trade union or group of any kind anywhere that was prepared to say it was optimistic about Canada, that it would build in Canada or create in Canada because it was enthused about the renewal offered in this budget. The way this government uses the word, "renewal" means renewal of expense, bigger government, more state interference. That is the kind of renewal this government offers. There is nothing to stir the people up, nothing to stir the soul or make people get up and build a country.

I am reminded of what happened in this House of Commons 110 years ago today when a bill was introduced to finance the greatest megaproject this country has ever seen. I refer to the bill to finance the Canadian Pacific Railway. At that time there was a government that had enthusiasm, that was prepared to lead, to offer projects that would build a nation from sea to sea. Today we have a government prepared to ask for another $6.6 billion to put us further into the red, to figure out another move to tax oil and gas wealth—and I shall talk about that later—with its Henry VIII type of tax system. We have a government that has no sense of renewal, no sense of building Canada, no sense of the worth of Canadians. All it does is create an ivory tower for itself.

And what about restraint, Mr. Speaker? In December, 1979, a budget was introduced in this House which indicated in its projections for the year 1981-82 that the Government of Canada would spend, on a national accounts basis, $66.2 billion and would tax from Canadians in the same fiscal year $59.6 billion.

Let us look at the restraint proposed by this government which now asks us for more money. Let us look at what in fact is happening due to the totally inept management of the economy of Canada and the waste and throw-away programs of the government.

The government this year will spend $76.6 billion; this government this year will tax $69.2 billion. But the government of the Right Hon. Joe Clark, the government that had the hon. member for St. John's West (Mr. Crosbie) as its minister of finance, would have spent in total $66.2 billion. If we had MacEachen for fund raising and Crosbie for spending, we would not need to borrow any money; we would have a surplus of $3 billion. Instead, what do we have? We have a deficit that gets larger and larger and carries on without any effort being made at restraint at all. The government asks for another $6.6 billion, and if we look at the records we know that it could have a surplus of $3 billion if it exercised the type of restraint that was evident in the budget planning process of two years ago. There is absolutely no reason that this House, at any time, should consider this type of bill.

When you or I go to our banker to borrow money, we normally show need, Mr. Speaker. I decided to look, as we all should every week, at where the money is in Canada. The Government of Canada has on deposit with the chartered banks of Canada $6.947 billion at the present time. The minister can see that in the Bank of Canada statement of February 11, issued last Thursday. The Government of Canada has on deposit with the chartered banks right now nearly $7 billion.

• (1730)

Does the government need to borrow money? The minister said that the spending requirements for the year will be only $6.6 billion. The government has all the money it needs on deposit with chartered banks. What more money does it need? Why does it need more money when it has that kind of money available right now? Let me point out that when the Govern-

ment of Canada deposits money with chartered banks, it receives on the amount of over $100 million a rate of interest 10 per cent less than the rate of 90 day treasury bills.

The Government of Canada was prepared to pay people 19.5 per cent on Canada Savings Bonds. The same government is prepared to lend money to the banks at 13.4 per cent this week. The government has $7 billion with the banks on which it is prepared to make 13.4 per cent, yet the minister who is supposed to be in charge of financial institutions comes into the House of Commons and says, "I need to borrow $6.6 billion". He does not need to borrow it at all; he has it on deposit at 13.4 per cent. What a travesty, what an error!

This reminds me of the errors in the budget—there have been 25 changes so far, and there are many more to come. Is a $600 million mistake when dealing with the provinces a minor one? The bill is for $6.6 billion, yet the government has nearly $7 billion on deposit in the banks at the same time.

I should like to look at the rationale for giving this government this money. Last year the government came to the House seeking $14 billion. It said it wanted some elbow room or freedom. Out of the $14 billion it still has borrowing authority for $3.9 billion, so it has lots of freedom within which to borrow. It wanted elbow room, so we gave the government more money than it could conceivably need. What did it do? It went out on the market last September and offered Canada Savings Bonds at 19.5 per cent. At the time the government made that offer, all indicators showed that interest rates were dropping rapidly, yet it held the 19.5 per cent offer open for people to lend money to the Government of Canada until November 6. On November 6 it could have borrowed all the money it required, including the cost of borrowing, for approximately 16 per cent. However, this government, which is supposedly careful with our money, entered into a borrowing arrangement to borrow, as the hon. member for Etobicoke Centre (Mr. Wilson) indicated, on-demand money at 19.5 per cent. My calculation of the cost of borrowing that money, including the commissions paid for one year, is 20.5 per cent.

In reorganizing its loan, the government increased interest rates on all outstanding Canada Savings Bonds to 19.5 per cent, for a real cost of about 20 per cent. It could have borrowed the money on November 6 for 16 per cent. It cost the Government of Canada, and therefore the people of Canada, 4 per cent extra on $25 billion for a year. The Minister of Finance (Mr. MacEachen) and the Minister of State for Finance (Mr. Bussières), the man who is in charge of financial institutions, cost Canadian taxpayers $1 billion in that move alone. Now the Minister of Finance is called, "The billion dollar man". Should we give these people the freedom of financial movement in order to borrow $6.6 billion, when the history of their borrowing is such that they are totally irresponsible in their use of the borrowing authority and paid $1 billion more in interest for a $25 billion debt than should have been paid? It is unconscionable to ask the House to support this portion of the bill.

Let me turn to some of the figures. When the government took power on February 18, 1980, for the fiscal year ending March 31, 1980, the total amount paid in interest on the Government of Canada debt was $8.6 billion. This year the "glorious" Minister of Finance is saying that the cost of carrying our debt will be $14.7 billion. Did Liberal members promise Canadians during the last election campaign that the result of their inept management would be to increase interest charges in two years by $6.1 billion per year? Is that what they promised? Do Canadians recognize what they have in terms of inept, stupid and incompetent management? Also the minister went on to say that the interest costs will be $16.5 billion next year and nearly $18 billion the following year. Did he tell Canadians in the February, 1980, election campaign that the country owed $67 billion in that year and that we would owe $92 billion as of February 1? Did he tell Canadians that it would cost them borrowings of $25 billion in two years to support the government? Did he tell them that this was restraint and that it was in the budget program of the government?

The government comes to the House of Commons, and we are really its bankers, because we allow it to borrow money on the credit of Canada. When Liberal members sought office, did they tell their bankers that they would run the debt up by $25 billion in two years? There is no justification for this bill.

I should like to deal briefly with the interest rate policy of the government. Actually it is not an interest rate policy. I have difficulty in even suggesting that it is a policy. It is really a mishmash of effort. We all remember when the Governor of the Bank of Canada said that he would allow an increase in the M-1, that is the monetary targets, to be between 4 per cent and 8 per cent. In order to keep up the exchange rate of the Canadian dollar last year, they cut down the increase in the money supply so that, in fact, it was negative. Of course we wondered why there were huge interest rate increases. The reason was that investment confidence was driven out and hot money at the highest rates the country has ever paid was imported. They passed on that cost in order to keep the exchange rate high and, to ensure that it worked, they deferred our monetary policy to an exchange rate policy.

It is not a government of tight money; it is a government of no money for anyone. It is a government which operates with short-term palliatives, which has no sense of where it is going, which struggles from pillar to post, which has driven out long-term markets for financing so that they no longer exist. It is a government that says interest rates shall be determined every Thursday by some sort of phony auction of Government of Canada treasury bills. It is a government that makes sure there is no long-term money in its budget provisions; a government that destroys one of the few long-term sources that are built into our system, namely, the insurance and annuity industry. With the budget the government makes sure that the insurance and annuity industry will be robbed of a long-term investment cash flow of $1.75 billion this year alone. How much more will it be the following year?

• (1740)

It is almost impossible, if not quite impossible, for a person to obtain a five-year mortgage. The kind of loans people get today are those that bear an interest rate that can be changed on three days' notice. We wonder why there is no confidence in the system. The Prime Minister (Mr. Trudeau) and the minister have both said that this is to counter inflation. Let me tell you, Sir, there is no countering of inflation with this kind of monetary policy. This is not a high interest policy. This is no policy. This is a policy of pillar to post. This is a policy of Thursday interest rates. This is a policy where there is no confidence in the supply of money at all.

We do not know what the rate will be this week. It may be higher, it may be lower. We do not know what it will be next week. It depends on what is going on in the United States. Maybe it will be higher or maybe it will be lower. In any event, there is no confidence.

How can a person invest, build a plant, buy equipment and create productivity in the country? I see the minister responsible for housing standing up. I ask, how can a person build or buy a house? You have to be an idiot to buy a house in this market because you cannot get a mortgage for any length of time. If you do, you play Russian roulette. Think of a young couple who buy a house with an 18 per cent mortgage on it. They think they can pay that mortgage, but they do not know what the mortgage rate will be in August when it comes due. Will that mortgage rate be 22 per cent, 30 per cent or 35 per cent? Who would have thought ten years ago that the government would pay 19.5 per cent for the money it borrows itself? Who would have thought that the rates at Household Finance a short time ago would become today's prime rate at the bank?

People have no sense of confidence in the monetary direction of the country. Does this bill give us that? Does this borrowing authority? Does the government's financial policy do the things that are supposed to be done under the financial policy of the government and does it come to grips with this problem? Not at all. The government leaves the unmistakable impression that it does not know where it is going.

Last Saturday I listened to a young Greek lad speak to a policy panel hearing. He dispassionately and rationally talked about what had happened to the Canadian dream. He is a young economist. He mentioned the inflation caused by the Vietnam war, the changes that happened as a result of OPEC and the international problems with the United States essentially losing track of the cost of gold. Then he talked about Canada. He said that, instead of coming to grips with these international problems, we were making things worse; deliberately making things worse. We were not taking advantage of our resources. We were not taking advantage of the entrepreneurial nature of our people. Indeed, we were driving out business. We were turning away ideas. We were preventing research and development. With our budget, our fiscal policy and our interest rate policy, we were making sure that the country would be less successful than it would otherwise be. Without the government at all, we would be better off. The policies of this government make things worse. That is what we must address.

He mentioned that one of the major causes of our problems was the National Energy Program. Part of the national energy policy is in this bill we have before us. It is a bill in connection with the Excise Tax Act to increase the taxes on natural gas. The minister says that the bill has something to do with an agreement between the federal government and the government of Alberta.

This bill ought to have something to do with fairness, with honesty and with where we are going. That is where the problem comes with the bill. The bill sets out the tax rates on natural gas to January 31, 1982. The bill then goes on to create a new paragraph 25.19 (a) through to (e). In order to figure out what happens, you have to turn over to page 8 of the bill. The bill sets out what can be charged per gigajoule for gas, per cubic metre of methane, per cubic metre of propane and per cubic metre of butane. All of a sudden you see what we are getting into with this bill. Whereas the rate for natural gas was 63 cents a gigajoule, there is now the authority to increase the tax on natural gas from 63 cents to $4. Next we come to ethane. We get the authority to increase the tax from $11.65 to $75 a cubic metre. When we get to propane, we get the authority to increase the tax to $105 per cubic metre from $16. For butane we can increase the tax to $115 a cubic metre from $17.85. This is a Machiavellian type of section. It establishes the limits to which the minister can increase the taxes. This is the first time in my experience that I have ever seen a tax law which says that taxes can be anything up to a certain limit that the minister by order would like to make them. That is what it says. The taxes can be anything up to a limit that the minister wants to order them.

For example, the price of ethane goes up a possible total of 543 per cent. In other words, the minister can put his hand in his pocket at any time and say, "I have decided today that ethane is worth more tax and I can increase the taxes 100 per cent, 200 per cent, 300 per cent or whatever I feel like and not come back to Parliament."

• (1750)

Now, how can we as members of the House vote for a bill which would conceivably allow the Minister of Finance to levy any tax he wants up to a maximum level. We have a tax right now where the rate is 63 cents per gigajoule, or $16 per cubic metre, or $17.85 per cubic metre, and then all of a sudden it can be increased, in the case of pipeline gas, to $4 a gigajoule; in the case of ethane, to $75 a cubic metre from $11.65; in the case of propane, from $16 a cubic metre to $105. This can be done without reference to the House. The minister may increase the tax by order in council.

Now, Sir, if King John at Runnymede had proposed that type of arrangement to the barons, I suspect the same thing would have happened to him as happened to Charlie. I suspect, Sir, that even if Henry VIII had suggested this type of tax arrangement to Parliament, the strongest of the Tudors would have lost his throne. However, we have a government which

comes in the name of Parliament and democracy and says that we should authorize the government at any time to increase the tax on a product such as ethane by 543 per cent, or 556 per cent for propane, 544 per cent for butane and 534 per cent for natural gas. How can we as Members of Parliament vote for that bill? It does not really matter whether you are a Liberal or a New Democrat. No matter what you are, how can you as a Member of Parliament vote for a bill which would enable a minister of the Crown to increase taxes by ministerial order in any amount and at any time he wants to? Now I want to leave that part of the act for a moment and go to that part which deals with the PGRT.

That, Sir, is probably the most complicated piece of statute work that I have seen for some time. Clearly, it is the type of thing that must drive business right out of the country. We talk about encouraging people to come to explore for gas and oil and that type of thing, but we wind up with the most convoluted and complicated clause of a bill that one has ever seen in Clause 3. We wind up with terms such as "incremental oil revenue", "incremental payouts", "incremental production royalties", "incremental resource royalty". I do not know what an incremental royalty is on incremental production. Presumably "incremental" applies to old oil. I do not know, Sir, whether you have ever seen a jar of old oil and a jar of new oil to determine if there is any difference. Old oil is oil which comes from fields discovered some time ago, or even fields which have not been drilled but were discovered prior to the first of this year.

Now if you drill in those fields and get oil, then you pay the 16 per cent PGRT tax on everything you take out, subject to certain deductions for Crown royalties. In addition to that, if there is any incremental revenue—in other words, the price is higher than it used to be—then you pay 50 per cent of whatever that is. In the name of whatever is holy, there must be some method by which the law officers of the Crown can simplify the law or do something, because this tax, in its computation and application, is so complicated that it can only be of benefit to the accounting profession and those who come from Philadelphia and practise law.

An hon. Member: That lets you out, Don.

Mr. Blenkarn: It sure does. The last thing I want to talk about in the time remaining is the criticism which has been hurled across the floor, all too often: What would you do? Well, in our 1979 budget we clearly set out what we would be doing. We clearly set out where we could restrain government expenditures, and we declared—this is on the public record—that we would have spent no more than $66.2 billion this year.

What would we have done? Well, we would not have got into the mess in the first place, and we would now be working our way out of it. We would be cutting back on the overhead of government. They say, where is that overhead? Well, the Auditor General talked about a measly thing like the $50 million spent on excess photocopy costs. We have the minister of propaganda over there and he spends a $100 million.

However, there is a whole host of other things. We know that in our offices, we know it when we go down to the photocopying room, we know it when we order paper around here. We as Members of Parliament know what goes on just in the House, that these things are nice but do they have to be there? We know it when we go to government offices and see a series of people there reading novels, when we do not hear a typewriter going. I have pointed this out to ministers, I have told them that I have been to their offices and did not hear the sound of a typewriter in a half hour while in the waiting room. There is a lot of fat in this government. There are a lot of things we are doing that could be cut back. That is the first thing we would do.

Second, we would turn the budget around 180 degrees. Instead of discouraging business and driving it out of the country as they have done—at least six times as much money left Canada on average last year as did throughout the 1970s—we would be bringing it back in. We would be giving businessmen something to cheer about, something to get enthusiastic about. We would be operating like the government of Sir John A. Macdonald did 110 years ago when he said to Canada that we can grow, we can build and become a nation from sea to sea. That is how we would operate, with enthusiasm, encouragement, with less government and more trust in Canadians.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Blaker): It being six o'clock I do now leave the chair until eight o'clock this evening.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

The Acting Speaker (Mr. Blaker): When the House rose at six o'clock this evening, the hon. member for Mississaugua South (Mr. Blenkarn) had the floor. The Chair will now recognize the hon. member for Grey-Simcoe (Mr. Mitges).

Some hon. Members: Hear, hear!

Mr. Gus Mitges (Grey-Simcoe): Mr. Speaker, I am very glad to have the opportunity to contribute to the debate this evening because the second reading of Bill C-93 gives me an opportunity to voice my very strong opposition to the economic policies being pursued by the government. I believe it is the same overwhelming opposition expressed by Canadians everywhere, by farmers, small and large businesses, home owners, consumers, economists, opposition parties and, yes, even some government members and Members of Parliament; yet the government continues to hold fast to its position, content to remain unaware of what is going on around it in the real world.

What we have before us is legislation which would further implement a budget which is in no one's interests or continued economic wellbeing and, quite rightly, is opposed by just everyone, as I mentioned earlier, including some members of the federal cabinet. For this reason, this bill to borrow $6.6 billion of taxpayers' money is very hard to accept.

We must ask, what does the government intend to do with this money? Will it raise money to help those Canadians who need help, such as our farmers, our small businesses, our home owners, the poor, the elderly and the unemployed? No, in this budget there is very little evidence of substantive relief being offered to those Canadians who need it most.

We hear constant talk from the government about tight money supply and that we must continue to tough it out regardless of what happens. If things get worse, and surely with the government's economic policies they will, the minister says, "So be it, because sooner or later we will hopefully be better off". This promise is not good enough for us. How long do we have to wait? How long do Canadians have to swallow the same old story and continue to watch their economic livelihood and their future fall to pieces?

Mr. McDermid: 1984, election year!

Mr. Mitges: One would think that after seven or eight years of miscalculated economic and monetarist policies, and a policy of deliberately high interest rates, that the government would finally get the message that its policies are just not working and that they will not work in the future. Everyone except the government is in agreement with this point.

All this talk of economic restraint and belt tightening would be easier to accept if the government practised what it preached. While it increases its spending by 22 per cent, increases the deficit and raises taxes, all in the name of restraint, it is quite willing to punish those Canadians who spend, who wish to invest or take risks or save for the future. This, to me, is a double standard. In other words, the Minister of Finance (Mr. MacEachen) is saying, "Do not do as I do; do as I say, and we will all be better off for it". This is really nonsense. What we do have before us is an economic policy which is a blueprint for recession. As if this were not enough, we have a government which is deliberately bringing the economy to a complete halt. It is deliberately creating a recession. I believe the government is prepared to create such a recession and create unemployment, and it has deliberately raised interest rates in pursuit of an absurd and nonsensical policy. At the very least, if the Minister of Finance is going to stick to this ruinous economic policy, he should be prepared to help those Canadians now who are suffering the most from those policies.

Mr. McDermid: That's right!

Mr. Mitges: Yet the minister has stubbornly chosen to ignore these legitimate concerns and calls for relief. It seems to me that the government is obsessed with only one thing; that is, centralizing economic power and decision-making here in Ottawa and wrestling as much power as possible away from the provinces. The Constitution represented the first stage, the political power grab, and the budget represents the second wave, the economic power grab. The government has failed to keep its election promises to lower interest rates, to wrestle inflation to the ground, to fight unemployment, to ensure cheap energy prices, to lower the budget deficit and to help Canadians suffering from economic hardship. The government has completely failed to even address these problems. When we are asked to look at a bill which seeks to borrow over $6 billion—

Mr. McDermid: Billion dollars!

Mr. Mitges: —we have an obligation to look at the government's over-all economic policies.

• (2010)

It is very clear that the Minister of Finance did not look closely at the policies he introduced on November 12 because on a number of occasions since then he has either withdrawn or revised several measures, realizing the mistakes and miscalculations he tried to push on Canadians. How many changes does it take for the minister to realize the budget is a complete failure?

In spite of what the government may say both inside and outside the House, the November 12 budget introduced a major increase in personal taxation. Canadians can expect no less than an average $1,400 federal tax increase in energy costs per family, such as the increased taxes on gasoline and home heating fuels, for each year over the next five years.

We also have a massive increase in federal spending. Government spending is going up by 22 per cent this year while the deficit will remain at $13 billion, higher than the figures forecast by the government.

Not only will Canadians feel the bite of higher taxes in the energy field, but through a series of underhanded tax changes, Canadians will be taxed on many employment benefits such as private health care and dental plans, daycare, the use of car and travel passes, as well as the immediate taxation on retirement allowance, all in the name of closing tax loopholes.

The insatiable drive for more revenue also extends to life insurance policies and registered retirement savings plans. In the case of RRSPs, Canadians can no longer deduct the interest on loans taken out to buy into the plan, meaning there will be a major drop in savings for retirement, not to mention investment initiatives in the economy.

Tax changes toward annuity contracts and life insurance policies strike at the very heart of the principle of encouraging Canadians to work toward their retirement income and life insurance protection. If this provision is retained, it will put Canada in the embarrassing position of being the only industrialized country that taxes life insurance.

For some strange reason the government seems opposed to the principle of Canadians planning and providing for retirement. This development should concern Canadians all the

more because the federal government's own pension plan, the Canada Pension Plan, is in very deep financial trouble.

There are other areas of the federal government's economic policies which have created massive opposition and severe crticism. I am speaking here of the Small Business Development Bond. The government boasts that it has extended the bond program to unincorporated farmers and small-business men. However, the rule changes made this assistance less than what farmers and small-business men had hoped for or what they clearly need.

The bond has been completely emasculated and does not really resemble the previous Small Business Development Bond program before the presentation of the budget. This program has, quite simply, been switched from a development bond to a survival bond, intended only for businesses in desperate financial difficulties. No farmer or small-business man who wants to expand his operation will get a Small Business Development Bond. In fact, he is not eligible for a bond unless and until he is on the verge of bankruptcy.

There is no question that those who face immediate foreclosure need help and need it now, but what about those businesses that are in a position to expand operations and create badly needed jobs? Should they not be encouraged and helped? Not so, says the Minister of Finance. They have been left out in the cold to fend for themselves.

As if these changes were not enough to cause frustration and anguish, it has become clear from what many constituents have said that the banks which administer the Small Business Development Bond are reluctant to process applications because there is considerable confusion on the part of the banks and the government over how the new bond works.

The Minister of Finance has given very little evidence of his willingness to help in solving this problem. A more active intervention here is essential in order to make sure that those who need assistance receive that assistance now. Otherwise we will see more farms and businesses fade into oblivion.

Quite a number of my constituents have expressed to me problems they have encountered with their farm credit applications. While the government has introduced legislation which offers badly needed but very limited financial aid, applications continue in some cases to be processed too slowly. This is very distressing, given the fact that many farmers are in need of immediate financial relief but are going under because of these delays.

The bankruptcy figures speak for themselves. The government's high interest rate policy is driving an ever-growing number of farms and businesses into foreclosure. In the first 11 months of 1981, some 7,261 businesses were forced to close their doors for good, while 258 farming bankruptcies occurred during the same period, an increase of 133 per cent over the first nine months of 1979.

One sector of the farming industry that is particularly hard hit is the beef producer. Rising production costs, increased machinery prices, higher interest rates and depressed beef prices have all combined to force this industry into a depression with very little hope of recovery in the foreseeable future.

With well over 1.2 million Canadians out of work, coupled with thousands of bankruptcies, common sense should indicate that the federal government would see the light and take concrete and positive action to alleviate these hardships. However, the government insists beyond all reason that the road to economic recovery lies in a tight monetary policy so as to bring down inflation and interest rates. But, as I said earlier, this policy simply has not worked. Inflation is over 12 per cent, unemployment continues to rise and interest rates are on their way up again.

On the matter of unemployment, the Minister of Finance refuses to listen to the calls of some of his own cabinet colleagues who ask that the government stimulate the economy and create new jobs. No substantive programs have been announced to help our unemployed.

There is no question the government's economic policies have to be changed to reflect our national and pressing concerns. The budget is already out of date. It was written last fall and placed on the shelf gathering dust until the debate on the constitutional resolution was over. By the Minister of Finance's own admission both inside and outside the House, the figures used are out of date and are therefore inaccurate and misleading.

In conclusion, I urge the Minister of Finance to introduce a new economic policy that more accurately reflects the current economic problems we are now experiencing. Without substantive changes, Canadians will be faced with a detailed blueprint for a depression, a depression as devastating as anything we have seen since the 1930s. I do not think that even this government would like to see that.

Mr. Bill Wright (Calgary North): Mr. Speaker, I rise this evening to speak on Bill C-93, an act to amend the statute law relating to certain taxes and to provide other authority for raising funds. This bill combines the more conventional borrowing authority bill with a number of other amendments to the Excise Tax Act arising out of the November 12, 1981, budget, and amendments to the petroleum and gas revenue tax which implement the Ways and Means motion to amend the Petroleum and Gas Revenue Tax Act tabled by the Minister of Finance (Mr. MacEachen) on January 7, 1982. In looking at the bill, I find approximately three pages on the borrowing authority and approximately 30 pages on the rest. This indicates that perhaps the government is trying to sneak something by us. Perhaps this is in keeping with the way this government operates.

• (2020)

Until about five years ago, borrowing bills were introduced mainly as part of supply. Five years ago it was decided that borrowing bills would be introduced separately. Now we find that included in this borrowing bill are two other amendments to acts. I have looked through the bill, and I cannot find one single link between the borrowing part of the bill and the

amendments to the Excise Tax Act and the PGRT Act. I wonder why the government decided to include those provisions and borrowing authority in the same bill at the same time.

I will deal just briefly with the Excise Tax Act and the PGRT and finally with the borrowing provision in the bill. An excise tax is a tax on a specific commodity, and in this case the commodity involved is energy, oil and gas. The federal government has agreed with the provinces that it will not tax exported natural gas, but that is only in relation to natural gas taken from provincial lands. The federal government retains the right to tax exports of gas taken from federal lands. I wonder why the federal government wishes to retain that right.

The Petroleum and Gas Revenue Tax Act was implemented by a ways and means motion on January 27, 1982, and one wonders what connection that act has with borrowing authority. The PGRT is basically a tax to increase revenues to the federal government. By this tax the federal government will take in approximately $23.1 billion over the next five years. With that amount of additional revenue coming in, I wonder why the federal government will need to borrow.

By the excise tax alone the government could raise up to $8 billion a year. This bill would raise the tax on natural gas per gigajoule from 57 cents to 63 cents, but the bill provides for a limit of $4. If the government were to increase the tax to the limit of $4, it could raise up to $8 billion a year. The government will not have to come back to Parliament if it wishes to increase this tax over the years.

One wonders whether the government is attempting to sneak some of the provisions in this bill by the House. I understand they will be debated in the Committee of the Whole and not in a standing committee. This means we will be able to question the minister, but we will not be able to call witnesses. We could do that only if the bill were to go to a standing committee.

The three pages of this bill dealing with borrowing authority would provide the government with the authority to raise $6.6 billion in Canadian or foreign funds. As I said in my last speech on a borrowing authority bill, I wonder why the government is interested in borrowing in foreign funds.

The financial critic of the New Democratic Party made an interesting speech today. He questioned the policies of my party and suggested they are similar to those of Mr. Reagan in the United States. We agree with Mr. Reagan in many respects. We agree that deficits must be decreased. We agree that there must be control over government spending. We agree that governments spend too much money and that there must be control. However, I wonder whether the New Democratic Party financial critic thinks it might be better if we agreed with some of his party's friends, such as the Cubans. We all remember that millions of dollars were given to the Cubans a few years ago—

Mr. Blackburn: By John Diefenbaker.

Mr. Wright: —until we found out what was happening to the money.

Mr. Fulton: It was John Diefenbaker who gave them the money.

Mr. Wright: Many members of the New Democratic Party agree with some of the policies of Russia.

An hon. Member: That was Joe Clark.

Mr. Wright: I wonder what would happen if any of the members of the New Democratic Party were to visit Siberia. Perhaps that would be a good place for them to go.

Mr. Fulton: Tell us about Jerusalem.

Mr. Wright: Members of the New Democratic Party are having a difficult time selling their policies. That is why the people will never elect them to govern Canada.

Mr. Fulton: Tell us about Sterling Lyon.

Mr. Wright: Some of their policies and the way they say things remind me of some of the religious cults in Canada.

Mr. Blackburn: Are you afraid of us or of the Liberals?

Mr. Wright: No matter what people say about them, they keep pressing on.

Mr. Kristiansen: What tree did you climb down from?

Mr. Wright: I heard that remark. It certainly was not the same tree from which that individual climbed down. Some of the policies of the New Democratic Party remind me of another socialist party called the National Socialist Party of Germany. We all remember the big lie of Adolf Hitler.

Mr. Blackburn: Now we are fascists.

Mr. Wright: One would not have to look very far to see some similarity of policy, since both parties started out as socialist. The New Democratic Party believes in state ownership, centralized control and more bureaucracy. What more would bureaucracy do to small business? I cannot believe the financial critic of the New Democratic Party would even talk about this; he was the small business critic. Small-business men are shaking their heads about the problems they are having these days with government bureaucracy.

Mr. Fulton: They shake their heads because of mental midgets like you.

Mr. Wright: We must also remember that the New Democratic Party is a party which does not believe in property rights.

Mr. Kristiansen: Mr. Speaker, I rise on a point of order. All of us in this place and anyone in political life is used to hearing gibberish from time to time. It often is not meant seriously—

The Acting Speaker (Mr. Blaker): Order, please. If the hon. member has a point of order, would he state it now, please.

Mr. Kristiansen: Mr. Speaker, is it appropriate for one member of the House to say of another member what in any court in the land would be considered libel or slander? Is that appropriate language in the House?

• (2030)

Mr. McDermid: If you cannot stand the heat, get out of the kitchen.

The Acting Speaker (Mr. Blaker): The Chair is not disposed to give legal advice on what constitutes libel and slander.

Mr. Fulton: Mr. Speaker, my point of order is very brief. I should like to point out to hon. members of the Tory party that national socialism has nothing to do—

The Acting Speaker (Mr. Blaker): Order, please. I think it would assist the Chair, if an hon. member wants the floor on a point of order, if he could advise the Chair which Standing Order is relevant.

Mr. McDermid: He doesn't even know where to look.

Mr. Wilson: It is the little green book.

The Acting Speaker (Mr. Blaker): The hon. member for Kootenay West (Mr. Kristiansen) on a point of order.

Mr. Kristiansen: I am not quoting a particular Standing Order but I would suggest to you that the language being used is as unparliamentary as one could use in the House or in any free society. To imply that someone is a Nazi, when it is the friends of that party who embraced Adolf Hitler and slaughtered the people who were in the party that we represent, is libel. I have as much sense of humour as anybody else. If someone wants to slash the guts out of somebody—go outside, that is enough of that.

An hon. Member: What is the matter, you Commie?

The Acting Speaker (Mr. Blaker): Order, please. The Chair promises to pay a great deal of attention to the hon. member's speech which seems to be having considerable effect in one part of the House, but there is no point of order.

Mr. Wright: Mr. Speaker, I should like to remind the House, that some men, like wagons, rattle most when there is nothing in them.

I should like now to come to a part of this borrowing bill that mentions what it is for—to spend money for public works and other purposes. It seems odd that in today's issue of *The Globe and Mail* an article about HUDAC, the Housing and Urban Development Association of Canada, carried the headline, "13 per cent drop in housing starts is forecast". The article states that HUDAC has estimated that the need for housing units in Canada has declined from 220,000 last year to 200,000 and that this is because of the high interest rates that this government has supported.

We must never forget why we have this budget today, Mr. Speaker—it is because the NDP voted to put the Liberals back in power!

Mr. Skelly: A point of order, Mr. Speaker. Let the record reflect that it was the people of Canada who threw that party out.

An hon. Member: Right on!

The Acting Speaker (Mr. Blaker): Order, please. It is not the responsibility of the Chair to comment on an hon. member's speech, but in fairness, if the hon. member keeps on being interrupted by points of order that the Chair cannot really qualify as points of order, then it is very difficult for him. Perhaps this may encourage the hon. member to make further comments.

Mr. Wright: To follow on your comment, Mr. Speaker, speaking closer to the truth might be of more benefit to the hon. member also.

Mr. Riis: Mr. Speaker, a point of order. I should like to know whether the present speaker would entertain a question.

Mr. Wright: Mr. Speaker, I will be very happy to entertain a question at the end of my speech.

The article in *The Globe and Mail* went on as follows:

> The demand figure has dropped primarily because of continuing high interest rates—many consumers have been frozen out of the market because they simply cannot afford houses at current interest rates.

The article goes on to say that the figure of 177,000 housing starts registered in 1981 was inflated by the MURB program which was rushed to completion at the end of 1981. It states that HUDAC expects huge rent increases because a number of rental projects were built under the federal government's Assisted Rental Program, and that half of them had mortgages in the 10 per cent to 11 per cent range which will now go to the 17 per cent to 18 per cent range.

The bad news continues, Mr. Speaker. HUDAC also predicts that the provisions of the recent federal budget will exert upward pressure on rents. The president has stated that rent increases of up to 60 per cent will be common on many of these units. The article states that the low number of housing starts will add substantially to Canada's high unemployment rate. This is contrary to what the Minister of Public Works (Mr. Cosgrove) has stated in the House.

One has to ask why the government needs to borrow $6.6 billion. It has $7 billion in the chartered banks and it has $1 billion in the Bank of Canada. Why does it need $6.6 billion now? Does it have some patronage to look after? We are told that patronage by the Liberal Party amounts to over $2 billion per year—a figure that the Liberals refuse to confirm!

Does the government have some secret loans to cover? Just recently in the House a member asked a question about a loan being made by the Export Development Corporation to Al-

geria for a tower structure which will contain a restaurant and an observation deck. The middle floor will contain many things, including film clips—I expect even a clip of the Prime Minister (Mr. Trudeau) dancing when he was in Algeria last fall. This loan of $47.25 million will cover 85 per cent of the total construction costs.

It is impossible to get any information on this loan, however. The government will not state the rate of interest, the term of the loan, or the term of repayment. The Export Development Corporation states that Algeria has an unlimited line of credit. In other words, it will not tell us how much money it can lend to Algeria but has stated that if Algeria came to the corporation tomorrow for an additional loan, the government would automatically give it.

That is the type of loan the government is giving out to other countries when there are hundreds of thousands of people without adequate housing in this country, people who cannot renew their mortgages, yet we are prepared to lend $47.25 million to a socialist nation.

● (2040)

What does the Auditor General think of the spending of the national government? In his report dated March 31, 1981, he stated:

> The national debt now stands at $82.8 billion. Servicing the debt in fiscal year 1980-1981 cost more than the total of all corporate income taxes collected. It accounts for more than one-fifth of every tax dollar, and its load burdens all the people of Canada like a huge, high interest mortgage.

It is an albatross around the necks of Canadians. Sometimes it is difficult to put this matter into perspective—and I will return to the Auditor General in a moment—but let us look at a situation wherein average Canadians, without taxes and without the payment of various benefits, could perhaps live on $20,000 per year. I use this as an example only, but when Canadians start paying income taxes, taxes on highways and medical benefits, something different happens. If we look at the latest report of the Economic Council of Canada, we find that out of every dollar spent in Canada all forms of government spend 50 cents. If individual Canadians could live on $20,000 without any benefits and then give half of it to government, we assume that they could still live comfortably because the government would be providing other benefits.

Chapter 9 of the Auditor General's annual report dated March 31, 1979, contained perhaps the most serious evidence of inadequate management of human resources from the standpoint of economy and efficiency by reporting the results of performance measurement tests in levels 1 to 4 of the clerical and regulatory occupational groups which consist of some 50,000 employees across government. The test concluded that government employees operate at 60 per cent efficiency. Thus, to return to my point, if average individuals could live on $10,000 per year and the government collected $10,000 per year, we assume that individuals would be receiving $10,000 in benefits, but in actual fact the Auditor General may be correct when he assumed that we are only receiving 60 per cent efficiency out of the $10,000. This means that we are paying $10,000 to governments to provide certain benefits, and we are only receiving $6,000 in the way of benefits. In effect, 20 per cent of the $20,000 to which I referred is being wasted. It is another example of government inefficiency.

If one looks at government revenues and expenditures, one finds where the money is going and what is happening. One finds that government revenues are 16 per cent less than its expenditures. As the Auditor General stated, the government is not spending money efficiently. This is something to which we must address ourselves over the next number of years. Why do Canadians have to live with high interest rates? The Minister of Finance rose in his place time and again to say that it was due to inflation and that we must reduce inflation. As I have stated previously in the House, there has been a massive outflow of long-term capital over the last two years. If one examines the national accounts balance, one finds there has been an outflow of $17 billion in long-term capital in the last two years. During the same period there has been an inflow of $16 billion in short-term capital, money which will remain in Canada for a period of anywhere from 30 days to one year. In the investment business it is commonly known as hot money. Hot money moves around, based on high interest rates. If our rates are higher than those of other countries, it will flow in; if our rates are lower, it will flow out. In effect the government is hiding the true reasons. It has created conditions whereby investment in Canada has been discouraged and the outflow of capital has been encouraged.

What can the government do? It could encourage investment in the country. The United States was built upon foreign capital, yet it controls its resources at the present time. Canada is a young country and needs foreign capital. Government officials travelling abroad have to defend it and say that Canada really wants foreign capital, but when they come to the House of Commons they fall in behind the government line which says that we want to control our own destiny and to nationalize all energy companies. What else could the government do? It could allow the dollar to float.

The Minister of Finance stated that a decline in the dollar would be inflationary. What does he think high interest rates are if not inflationary? In 1976 the government brought in the current policies, and the Bank of Canada carried them out. The government could reduce interest rates by 3 to 4 percentage points, which we on this side of the House have recommended. The government could encourage the export of various commodities such as natural gas. The province of Alberta estimates that it could export surplus gas of up to $2 billion per year. This would help the western provinces; but since the government does not presently have any seats west of Manitoba—and in the next election it will have none west of Ontario—it decided that it did not want to help western Canada.

At present the Bank of Canada holds approximately 20 million ounces of gold valued at $8 billion. Some of that gold could be sold off to provide support for our dollar. Certainly the situation is not hopeless. One must ask how many more firms must go bankrupt before the government comes to its

senses, or how many more farms must fail before the government wakes up.

• (2050)

We do not need a budget that contains a multitude of economic tax changes. We need a budget that is a blueprint for the future, not a maze. There are many fiscal and monetary measures that take time to implement. A decrease in the deficit takes time. While the dollar could decline, it will not decline immediately, it will decline slowly if we implement some of the measures we suggest. There will be a higher cost for imported goods. Everyone understands that. But in addition to that, there will be an increased amount of exports, which would be of benefit to Canadian manufacturing firms. That is understood by many Canadians. Why the Liberals do not understand it, I will never know. It takes time to reduce inflation. We understand that, but we must start to do something. There are things we can do immediately, such as providing a real housing program. The housing program we have now provides nothing.

We need 100,000 rental units next year. The government is providing help for 15,000. We have over 1.2 million people who will be renewing their mortgages over the next two years, and the government is going to help fewer than 50,000 of them; that is very little help. If the government were to provide real incentives for housing we would see higher employment, therefore lower unemployment. The president of HUDAC stated today that because of government policies there will be a loss of jobs this year to the tune of 90,000. That is an astounding figure, and it is shocking that we have to live with higher unemployment in the coming year.

An opinion has been put forth by the government, supported by the NDP, that the banks are responsible for these high interest rates. Let us see who makes the high interest policies. From where do they come? Your interest rates and my interest rates are decided by five people. These five people are the Governor of the Bank of Canada, the deputy governor of the Bank of Canada, two directors of the Bank of Canada and the deputy minister of finance. From where do all these decisions come? They come from the other side of the House. Those are the people who implement these high interest rates.

As we look to the future, the next couple of years do not look very prosperous for Canadians. This government has brought forward a budget that does not help ordinary Canadians. If government has brought forward a borrowing policy of $6.6 billion, and we do not know what it is going to do. If government comes forward with two other pieces of legislation in the bill. Why are these two pieces of legislation joined together when there is no link? Obviously there is something the matter with what the government is presenting. I would be surprised if any legal mind in government employ could find a legal link between these pieces of legislation before us now.

In conclusion, we in the Conservative Party would like to hold out some hope for people that life will not be all downhill. But what we see coming from policies across the floor are higher interest rates, higher unemployment, no growth, more bankruptcies and more farm failures. In the short term it looks like disaster. But we hope at the next election people will decide that they have had enough of this Liberal government.

Some hon. Members: Hear, hear!

Mr. Riis: Mr. Speaker, I trust that I will be permitted one quick question. If so, I would like to ask a double decker question. Assuming interest rates will rise in the United States, does the hon. member for Calgary North (Mr. Wright) suggest that he would encourage an upward lift of interest rates?

Mr. Epp: Is this question period, Mr. Speaker?

Mr. Riis: Second, would the hon. member change the Governor of the Bank of Canada if he had the opportunity?

Some hon. Members: Oh, oh!

Mr. Wright: Mr. Speaker, would the hon. member repeat his question, please? I did not hear it.

Mr. Riis: Mr. Speaker, I would be very glad to repeat the question. If the hon. member had the opportunity, would he change the Governor of the Bank of Canada? Second, assuming the interest rates in the United States increased, would he advocate a drop in the interest rates?

Mr. McDermid: That is four different questions.

An hon. Member: Those are not the same questions at all.

Mr. Wright: Mr. Speaker, the question put by the hon. member for Kamloops-Shuswap (Mr. Riis) begs another question. Would be give me the opportunity to do something about this?

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Ray Skelly (Comox-Powell River): Mr. Speaker, what we have here tonight is recognition, and that is the first step to a cure. It is unfortunate that it came at the end of a speech rather than at the beginning. I think with a little work with our finance critic we could bring the member from Calgary right around.

An hon. Member: The finance critic has left you.

Mr. Skelly: Not so, we have good depth in the caucus and lots of opportunities to bring new talent onstream, which unfortunately is not an option for the fossilized remnants of the former government members, who are not quite as lucky as we are.

Tonight I want to talk about the borrowing authority bill before the House. First I should outline some specific things, which this particular legislation, along with the entire government's financial policy, has meant to people in my riding. They reflect the millions of other Canadians who are not faring well under the present government's economic strategy.

Since February, 1980, we have seen that problems have increased in this country. Unemployment has become more severe. People have lost homes because they can no longer handle high interest rates. The compounded effect of taxation and increased energy rates are wreaking hardship on people. Everything culminated in November when the Minister of Finance (Mr. MacEachen) presented a budget. The budget relates to borrowing authority. Unfortunately, the budget did not in any way address the real economic needs in this country.

I have had the pleasure of sitting in this House during the time when two other budgets were presented. I felt there were some positive things in those budgets. The over-all thrust of these budgets were criticized, but nevertheless there were items that showed recognition of the problems and suggestions were put forward to address the problems. The last budget of 1981 completely failed to address the needs of Canadians. I think that view is a unanimous one across Canada. I suspect the government acknowledged its failings when it presented the transitional measures. Members of the government caucus recognized the failing when they start writing letters to the Prime Minister (Mr. Trudeau) advocating that some real measures to help Canadians be taken. It is interesting that the government can continue on a tack of self-destruction.

• (2100)

When I look back to the Thirtieth Parliament and what was happening in my area of the country, and I am sure it was happening everywhere, I note that the government thought that the answers to the economic problems of the people of Canada at that time were wage and price controls. Of course, that translated directly into wage controls. That program led to absolute chaos and reduced labour relations to a terrible state. It turned an enormous number of people against the government, and I am surprised—I guess I should not be surprised after watching this happen so many times—that a government could continue the mistakes of the past when everyone in the House, certainly on this side and perhaps some members on the other side, realizes what the outcome of those failed policies is going to be.

Another aspect of this bill is that the Minister of National Revenue (Mr. Rompkey) feels that he can grind more out of the working people of this country with these absolutely ridiculous proposals to tax these benefits which are designed to induce people to move to remote areas in order to harvest our natural resources. A complete disaster, Mr. Speaker, for which they will eventually pay the price at the polls.

Looking at their high interest rate policy for a moment—and I will deal with this in more detail later—I find that there are many cases in my riding of individuals who are faced with losing everything they have ever worked for. I know members on that side are receiving mail identical to mine, and I do not understand why there is not more from the backbenches of the government to the effect that we have had enough, it is time we changed the policy. However, for the time being, believe me, they are getting this mail because we are getting copies of it and it is harmful. Those people are experiencing the same problems we are.

But we come tonight, Mr. Speaker, to the borrowing authority and again we find a consistent theme. I am not sure, along with many others, where we are headed. Possibly during this debate we will hear members on the other side come up with some idea of where they think we might be headed. I see the Minister of Employment and Immigration (Mr. Axworthy) is in the House, and perhaps that is as good a place to start as any. He is of course well aware of the events taking place in the Comox-Powell River riding and other areas of British Columbia and, I understand, other areas of Canada. Something like 60 per cent of the forest industry is unemployed in that area. As a result, we have a situation where there has been a tremendous demand on unemployment insurance. The fishing industry has been saddled with tremendously complex regulations and punitive and discriminatory measures taken against fishermen in those regulations. The end result is that there are enormous claims and the offices are not able to deliver unemployment insurance. Because people are required in some cases to wait three to four months for unemployment insurance, the burden has shifted. These individuals have been laid off, their income and savings are gone, they have nothing with which to pay rent, and many of them have nothing with which to buy food. In the end they apply for social assistance. In British Columbia unemployment insurance offices were telling people, "We cannot help you. It will be two to three months before your UIC claim can be processed. Go to the welfare office".

So, Mr. Speaker, essentially what happened is that this minister and his department were incapable of developing a program which the House felt was necessary, and the burden fell squarely on the province of British Columbia to deliver welfare. Unfortunately that burden in those offices was so great that to get a hardship cheque to put food on the table was taking three weeks. I had a man appear at a meeting in Campbell River who said he had not eaten for two days. His wife was in the hospital in Nanaimo and he had to leave his kids with a friend in Port Hardy because, as he said, he was down here in Campbell River sitting on the doorstep of the welfare office to get a cheque to feed his kids. He said, "I have never been out of work before and never collected unemployment insurance".

I can assure you, Mr. Speaker, when it comes to having a chance to evaluate this government's performance by going to the polling stations, you know where he is going to be, and there are people like that in many of the ridings of the members opposite. It is time they did something. However, it is not just the unemployment insurance program. There are many other programs on which we will have to get cracking to see that they have adequate funds for staff resources, proper training, and distribution of those resources so they can serve the people of this country.

Returning to the subject of fishermen, the fishing industry in my riding is one of the basic resources and basic sources of employment. Many of the fishermen have worked at this all

their lives; that is the only thing they know. Some are well on their way to the point where they will never be able to work at another task because fishing is all they have ever done. And because of what I would suggest is incompetent management of the fisheries resource, we would have to go back to the plan put in place by Jack Davis as they key to it. They felt they were doing people a favour by reducing overcapitalization of that fleet. In fact, they turned around and created a capitalization nightmare where it cost an enormous amount of money to buy licences. Those were, of course, financed on the assumption that interest rates would not rise beyond all reason. Those people, because of openings and closings and the strategies of the Department of Fisheries were forced to upgrade their equipment; bigger boats, faster motors, greater capacity. Essentially, they had to borrow money to enhance the capability of their vessels. More capitalization, more borrowing in order to stay in an industry that was being managed in a very poor and inefficient manner.

Having done that, the government then decided it was time to jack up fuel costs. Some of those vessels run 400 or 500 miles along the coast of B.C., they are very fuel intensive, if you will, and the cost of that fuel has risen significantly. Their return grows smaller and smaller each year. Then we have the real kicker, namely, interest rates. So what happened, of course, when the market for fish turned down, is that many of the fishermen were faced with foreclosures. The bankers appeared on their doorsteps and said, "We are going to have to foreclose on your vessel". The fishermen knew the banks were not going to get anywhere with that program because no one would buy a fishing vessel off the coast of British Columbia today. If you cannot fish, what is the point of having a high price boat? What the banks could do is to take away their opportunity to earn a living, and many of them are at a point in their lives when they have no other options.

So the banks said, "We will not take away your method of earning a living and we will not foreclose on you if you will put your house up as collateral". Now they have their house and fishing boat. Some of them went so far as to say, "Give us a co-signer, too, a friend with collateral behind you". And the fishermen, in order to stay in business, did it. Well now, there sits the bank with the government's high interest rate policy, with the home, the fishing vessel and the assets of friends and relatives on the line. In fact, the banks have now started to foreclose because the bank has an opportunity to retrieve their investment. People are now losing everything they have ever worked for, their fishing vessels, their homes, and friends and relatives are being badgered to pay outstanding debts. The consequences of that, Mr. Speaker, are going to be very serious. If it keeps on being as bad as it is, I think they will be asking for more than serious consequences at the polling stations.

● (2110)

If there is any doubt, I would suggest that any hon. member opposite, or the Minister of Fisheries and Oceans (Mr. LeBlanc), should pick up the phone to call any bailiff who would say what they are doing, straight out. An interesting thing is that many fishermen did not have a good season this year. These fishermen went down to the unemployment office, but the regulations for obtaining unemployment insurance are so complex that one almost needs to be a Philadelphia lawyer to interpret the UIC regulations for fishermen. However, these fishermen are waiting three or four months for unemployment insurance benefits. Many have been put on welfare and many are having great difficulties by being forced into this position. The consequences are extremely serious. A very important resource is being poorly managed and a group of people are being very poorly treated. It is time that the government put up a fund so that these people can be at least protected from losing everything for which they have ever worked. This should be done, whether the government does it through the minister responsible for the Unemployment Insurance Commission, through the Minister of Fisheries and Oceans or the Minister of Finance.

I would like to speak for a few moments only about some of the things that this borrowing authority, putting aside government spending, could do for Indian communities. In my riding there are 18 basic Indian communities. Again, they face problems much like any of the others. I would select maybe two bands from the coastal Indians as examples to illustrate what the government could be doing instead of what it is doing right now.

It is my understanding that the government has developed an envelope system. The word is that the government has put $26 million into a social affairs envelope and has tried to hold the line on costs. At the other end of the process there is an Indian band at Bella Coola which draws a budget together at the beginning of the year. The band said it needs $1.8 million to run the band, and they are not fooling. That is their basic bottom line cost. That provides basic necessities for people on social assistance, because the government policy is not designed to help Indians create economic development or to put people in those communities to work. That is basically the amount of money required to hold them at the subsistence level. Many bands are budgeting at that level. However, the band at Bella Coola included provision for some economic development and housing development, and they arrived at a budget of $1.8 million. As this budget filtered through the system with no consultation and no real consideration, it joined the district budget in Vancouver with 51 other bands. It then joined the B.C. region, went to Ottawa, and Ottawa said it would chop $25 million off the region, just "bang". "Make it do", is what Ottawa said. When it came back to British Columbia, it went to the region, and the regional manager was stuck with accepting a budget which was $25 million short, and trying to feed people, build houses for them, and provide education for their children. It must keep the regional manager awake every night of the week to try to figure out how he will do that while dealing with human lives and misery. However, then it went down to Bella Coola, and the regional manager and the district manager eventually said to the chief and the 500 people who live at Bella Coola in the band and in the village, "You have to get by with $1.3 million".

What will happen? Most of their population is under 18 years of age, and they will be forming families in the next few years, and the demand for housing will simply skyrocket. Their children have never graduated from high school. It has been a terrible situation. The education system is not acceptable. They have developed a band school, but there is no funding for it. They cannot meet the payroll for the teachers. The teachers will leave and the kids will lose this year.

However, there is another interesting matter for the minister responsible for unemployment insurance. It might pay if he were to take a look into this matter tomorrow morning. In Bella Coola there are many people with pending unemployment insurance claims. The band was counting on the fact that it would not have to pay welfare to those people who did work. However, there are unemployment insurance claims which have been pending for three or four months. This band is roughly 300 miles up the coast of B.C., and those people had to be paid welfare until their UIC claims were processed or until the band ran out of money. Right now, the band can no longer pay welfare, and its budget was to last until the end of the fiscal year. Now they cannot meet the payroll of band officers, and they can no longer pay schoolteachers to educate their children. They cannot even pay welfare to the people who are unemployed. Those people have no income, and in some cases there is nothing left to eat. Part of this situation has been caused by pending unemployment insurance, a matter which could be resolved if someone would pay some attention to that community. Basically, budget costs cannot be cut off at that level.

I know that this borrowing authority is down from last year, and the Minister of Finance is expecting to get pats on the back. But, believe me, if he would get his butt up to Bella Coola and have a look at the reality of what those kinds of cuts are doing to people, then, by gosh, maybe we would have a different kind of borrowing authority before us.

Yes, when you get stuck in the ivory tower here, I think the world appears much different from the reality. Fishermen are now faced with losing everything for which they ever worked. Indian bands in Bella Coola are attempting to pay real, basic costs with money which does not exist. Senior citizens and handicapped people in those communities have the same problems as we do. However, they are told that they will receive $6,500 for all of those support services. If some of those ministers over there would go into those communities, they would come out without their hair, and that is the reality, and I would be there to help them.

An hon. Member: That's what happened to Ron Basford.

Mr. Skelly: It is not really so much worth a giggle as it is worth having a look at, and I am very sincere about that. I know that some of those ministers have gone into those communities, but it would surely pay them to go again to have a look at the effects of their present economic policies.

The next item which might be worth mentioning again is the forestry industry. I would say that roughly 60 per cent of the people in that industry in my riding have been laid off. That is not only true of my riding. Certainly constituents of other hon. members are dependent on the forestry industry. The forestry industry is in a very serious situation. We see a lot of money being produced in a lot of other areas to help out. We are finding that funds are being put up for work-sharing programs, and they are being directed to various communities. However, what we need is a strategy in areas like the one I represent, which will be of assistance to those communities. There is no possibility of work sharing when the mill is shut down and when lumber can no longer be exported.

However, there are other alternatives. The forest industry has upgraded the resource for years. We have carved trees out of river valleys, and now the trees are a long way up in the mountains and are extremely expensive to harvest. There have been fire burns, and disease has ripped through the forests. In those areas, there is a tremendous need for reforestation, and new jobs could certainly be created which would protect and enhance that resource for future generations. If we were to move seriously in that direction, some of the current dislocation in the forest industry could be currently offset by jobs created by federal-provincial co-operation in intensive reforestation and forest management programs.

There are options which are not being considered. This borrowing authority could include funds to provide for those kinds of projects. This would have an immediate impact on small business and communities in those areas.

I would like to indicate briefly how some of the small businesses are fairing in those communities because of the shutdown in the forest industry and because of the inability of fishermen to bring revenue into the communities. The other day, I had an interesting telephone call from an individual, a small-business man, who was attempting to collect overdue debts in one of those communities. His accounts receivable had risen to the point where his cash flow was very seriously affected. To his surprise, the small-business man found out, by phoning around to 20 businesses which owed him money, that none of those businesses were in a position to pay him. As a matter of fact, many of them said, "Forget it. I doubt if I will ever be able to pay you back a nickel because I am facing bankruptcy or receivership. My creditors are on top of me, and I cannot collect my accounts."

This malaise, this disease or disorder, has spread right through the entire economy. It is extremely important that the government become realistic and not fall back on economic theories, I guess, which have been gleaned from the nineteenth century or even earlier. We have been told time and time again that the cure of the disease arising from high interest rates will be certainly far worse than anything we ever expected.

• (2120)

The question of fiscal restraint in the government being applied now is complete foolishness. In some cases the government could create a stimulus or an investment in the community which frees and moves other dollars. The kind of government restraint now in place will not do anything except harm people further. We are back to the old suicide configuration,

the wage control package toward which, it seems, the Prime Minister is moving. It should not take anyone with half a brain on the other side of the House to figure out where that will lead both that party and this country.

In those remarks, I hope, I have put forward a positive suggestion or two, or a direction which the government may take that could help many of the individuals and specific groups being harmed.

There is one other area I would like to touch on in the short time remaining. It affects both coasts of this country and the industrialized areas of central Canada. I refer to the whole marine industry. It appears we are looking forward to a period of time in which offshore resources and the development of resources on Canada lands will lead to an enormous potential in the marine industries of Canada, shipbuilding and allied trades.

The Royal Bank of Canada, in its estimate of expenditures between now and the year 2000, states that resource development investment might go as much as a trillion dollars. We had billions projected in the megaprojects task force report. There is general consensus that the amount of money available for Canadian industry, if we plan properly, is enormous. In the marine sector in particular, the building of offshore platforms, supply ships, the infrastructure, the communities, the dredging, there is an enormous amount of money available to Canadian industry and an enormous job potential.

We talked of this for many months when Bill C-48 was before the Standing Committee on National Resources and Public Works. At one point, two ministers, the Minister of Energy, Mines and Resources (Mr. Lalonde) and the Minister of Industry, Trade and Commerce (Mr. Gray) appeared before the committee. They said they understood the problem, and that, as far as the law goes, they wanted us to leave it totally in their hands. They said they would take care of the problem because they recognized it. In a very candid way at a closed meeting, the Minister of Industry, Trade and Commerce suggested he had it well in hand with a committee of roughly 24 people, which he called the committee of industrial benefits. They were going to capture for Canadians the benefits of our offshore development.

The reality is that it is going to be a colossal failure. Time after time he was in the House when the matter of the ships being built offshore was raised. They are being built in Japan, Taiwan, Hong Kong, Europe and the United States. He agreed they were being built there, but asked us to look at what else the government has done. He was often proud to mention the Burrard drydock in which the government invested so heavily. Unfortunately, the drydock was built in Japan. He mentioned that the same had been done for Dome Petroleum. Of course, some of their vessels are being built in Japan.

A very different view of what Canadians were going to be able to do was given by the oil companies when they appeared before the Standing Committee on National Resources and Public Works. They stated that, in reality, Canadians are not ready. They want to move quickly. They have a need for equipment and specialized personnel. They told us that, quite frankly, unless we moved yesterday, we are not going to be able to capture the benefits we would expect.

In Britain and Norway, roughly half a million jobs came out of the development of offshore oil. Half of those jobs were created in the United States. Another quarter were created in the industrial parts of Great Britain. The parts of the country in which the industrial activity or resource activity should have occurred were those areas which had been depressed for years, yet we found that very few jobs were created there.

Now we are looking at development off Atlantic Canada. Within a few years we will probably be looking at it off British Columbia. I say to the government that British Columbians and people in Atlantic Canada are looking for the benefits to accrue to this country. We want our shipbuilding industry to hire Canadians, not import help from offshore. We want those jobs to accrue in our yards. Frankly, this will not be done with 24 people in an industrial benefits office. The British used thousands of people. They used enormous numbers of engineers for evaluation and development of those programs. By the time the project had reached full speed, the British had managed to capture a large number of those jobs. Unfortunately, we do not show any inclination to do that.

In terms of government involvement, borrowing authority and economic programs, this is discouraging more Canadian involvement in our Canadian industry and opportunities for Canadian employment than we are getting. I believe that at the present time the Minister of Industry, Trade and Commerce has created more jobs in the marine industries in Europe, Japan, the Far East and the United States than he has in Canada with the programs he has in place.

There are many other areas in which that particular sector has been held down and depressed for years. My colleagues from the province of Quebec must express concern about the development of the shipbuilding industry in that province because it is an important one. However, it also affects Ontario, the maritimes and the west coast of this country.

For years we have said it is time this country got going on developing its own merchant fleet. We ship offshore enormous amounts of grain. We let the Chinese, Russians, Americans and Europeans haul it away. We do not carry the product.

The United Nations put forward proposals that 40 per cent of a nation's goods should be carried in its own ships. It would give a stable base for that operation. For years we have not seen a move on that. The government has fought it right, left and centre.

A few months ago, during the Grey Cup game, the Canadian Pacific Company, our old friends which have been intimately involved in hauling our goods in and out of the country, placed an ad on television. It showed the *Beaverford*, an old CP vessel which was an armed cargo ship during World War II. It conveyed goods back and forth across the Atlantic. I believe the *Beaverford* had two very small guns. That ship was attacked by a German pocket battleship. It managed to hold the German ship for five and a half hours while the rest of the

convoy managed to escape. It was a miraculous feat. It was hit by a torpedo and all hands were lost.

Unfortunately, CP capitalized on that. It said this was their tradition in the past, fighting for Canadians. They were trying to link that tradition with their tradition of today. Their tradition today is to have their ships registered in foreign countries. They moved from Bermuda. I guess they were not getting a good enough deal there. They moved their ship registry to Britain and Hong Kong. They sail their ships with foreign crews. Frankly, neither I nor my children are interested in the future that CP has for this country until those ships are registered in this country, are sailed by Canadians, and the returns from those efforts come back to Canada.

Mr. Baker (Nepean-Carleton): That is because of the policies of the government you support.

Mr. Skelly: The hon. member for Nepean-Carleton (Mr. Baker) says that is because of the policies of the government that we support. Unfortunately we notice that his government committed suicide before it was able to put any good policies in place.

Mr. Baker (Nepean-Carleton): You are going to eat those words.

Mr. Skelly: There are a lot of words we may have to eat in this place. At any rate, the one thing on which the hon. member for Nepean-Carleton and I agree is that there should be a Canadian merchant fleet. Maybe there is a time in the future when he will be able to assist us to put that policy in place, because this government does not seem too interested. It is not just the CPR but many other Canadian companies that are in the same business. If we were to bring those on side, it is felt that the earnings would more than offset our current deficit in the balance of payments. Why the government does not move would escape anyone—unless it is paying off friends.

• (2130)

Basically, there is room to move. There are policies which could be put in place which would be far more effective and would not cause the kind of human suffering we see in this country. There are opportunities for full employment and fair employment for Canadians. There is a chance for people in this country to own their homes and to live with decent incomes in dignity. Unfortunately, this government has failed to adopt the proper policies and to move on them. Frankly, it is unfortunate it has not resigned.

Mr. Friesen: Mr. Speaker, I wonder if the hon. member for Comox-Powell River (Mr. Skelly) would allow one short question.

Mr. Deputy Speaker: Would the hon. member for Comox-Powell River (Mr. Skelly) accept a question?

Mr. Skelly: Of course.

Mr. Friesen: The hon. member spoke with some enthusiasm about the future of the marine industry in Canada and in British Columbia, particularly when it comes to building offshore platforms and energy exploration. I wonder if the hon. member would tell the House whether he supports offshore oil exploration in British Columbia.

Mr. Skelly: Mr. Speaker, proper studies must be conducted.

Mr. Baker (Nepean-Carleton): Yes or no.

Mr. Skelly: Yes or no?

Mr. Epp: Are you going to build a platform on a study?

Mr. Skelly: Mr. Speaker, it is impossible to answer the question.

Mr. Deputy Speaker: The hon. member for Comox-Powell River has the floor.

Mr. Skelly: The hon. member for Surrey-White Rock-North Delta (Mr. Friesen) has asked a provocative question. However, there are jobs already available upon which we as British Columbians are not being given an opportunity to work. The rim gas project will deliver British Columbia gas to Japan. We are not getting an opportunity to build all those vessels. They are being built in Japan. We did not get a chance to build the Burrard drydock, although we were capable of building it. The Tories gave away that job to the Japanese.

With respect to offshore drilling and oil exploration on the west coast, what we need is some consultation with the people of British Columbia.

Mr. Epp: Are you for it or against it?

Mr. Hnatyshyn: Thank God this is not question period.

Mr. Epp: Are you for it or against it?

Mr. Blackburn: Only you simpletons can answer yes or no.

Mr. Skelly: What is needed is proper environmental impact studies, proper social impact studies and an assessment of the proposals which are put forward, and at that point British Columbians would certainly be in a position to make a decision about the advisability of oil and gas exploration.

There is another option for B.C. shipbuilding though. The coast of B.C. is not the only place in the world where these B.C. built marine platforms could be used. They could be used in the Beaufort Sea and the opportunity certainly is there for jobs to be created for British Columbia in those areas.

I thank the hon. member for his question.

Mr. Peter Elzinga (Pembina): Mr. Speaker, in dealing with Bill C-93, I wish to deal with Part I, the borrowing authority provision, which grants the government the authority to borrow some $6.6 billion.

Rather than dealing with the various economic theories and putting blame on the government for the record high inflation

it caused, the record high interest rates it has caused, the record high government borrowing it has made necessary, the record high government budgetary deficits, the record high government spending, the record high unemployment and record number of bankruptcies, I would like to direct my thrust this evening to the plight of a segment of our society which usually does not get much attention from the House, yet it is the very foundation of our present society and, most certainly, the society of Canada in the future. I am speaking, of course, of the family unit.

As we are all too well aware, the family has had to endure enormous strains in the recent past, and this has brought about extensive changes to its structure. Some are for the better but, unfortunately, a great many of these changes are to its detriment. The changes are continuing, and no one can predict when the situation will stabilize.

The stresses of today stem from many causes, but one prevalent result is family breakdown. There has been an alarming increase in the number of divorces in Canada—a 70 per cent increase, in fact, since 1970—with no sign of a reversal of this trend. The number of single parent families in Canada has been growing, to the point that 10 per cent of all our families are now headed by one parent. Our statisticians tell us it is more than likely that that parent will be a woman, since the heads of eight of ten single parent families of every 100 will be mothers.

In the years between 1969 and 1973, there were close to 150,000 children involved in divorce actions, and the number affected has been rising yearly. These children will most likely be living with their mothers and this, far too often, means living in poverty and, frequently, on welfare.

Although a single father has some of the same problems as his female counterpart, he is not nearly as likely to be subjected to her most serious concern, that of poverty.

Poverty does not present just one problem, but many. The quality of life in general is affected by poverty. Some of those undesirable qualities are instability, alcoholism, mental strain and low educational achievement.

Since poverty is often at the root of these social ills, the lone woman parent is in a precarious position. Facing a heavy load of responsibility, she must continuously bear the pressures of child rearing and, as was pointed out, too often in poverty. These women run the overwhelmingly high risk of being poor.

Statistics show that nearly half of the mothers living alone with their children will find themselves existing below the poverty line, and nearly all of the half—a whopping 98 per cent—on welfare.

Along with the grinding poverty of welfare goes the feeling of inadequacy and the stigma of isolation and discrimination. Certainly this is not the emotional environment that fosters the self-reliant and stable kind of future citizens we want to see our children become.

The reasons for the economic deprivation of such a large proportion of households headed by women are many, and all levels of government and society must share the blame.

Efforts to provide income security and needed services in Canada have involved different kinds of legislation; some exclusively federal, some exclusively provincial and some cost-shared by the two levels of government.

Under the Canada Assistance Plan, the federal government shares costs with the provinces of social services provided by the provinces to persons in need. This includes mother's allowance, child welfare maintenance, health care services for the needy and the extension of welfare services in many other general areas.

However, the constitutional division of responsibilities has resulted in this "patchwork quilt" system. This system has succeeded in binding many of the poor, single women so tightly with bureaucratic red tape—with rules and regulations that are counterproductive—that they soon give up hope of ever becoming self-sufficient, contributing members of society.

Since our present economic climate almost necessitates that both parents work outside the home and since it takes two to keep the family solvent, the single mother and her children fare very poorly in such an environment. If she tries to find employment, she discovers that women's wages are considerably lower than men's. In fact, her pay will likely be 50 per cent less than a man's, and she will have little opportunity to upgrade her skills.

The most serious problem facing the single mother who wants to enter the work force—and indeed the major headache for all working parents—is to secure adequate care for children during the hours they are away from the home. The need for substitute child care has increased dramatically, but this need has definitely not been well met at any level.

Practically 90 per cent of working mothers must seek private arrangements for their children's care. These alternatives to a regulated centre have been documented in the book, "The Kin Trade", written by Laura Johnson and Janice Dineen. They say child care conditions in unsupervised homes are often profiteering and unsanitary, and that there is an epidemic of child neglect and widespread abuse. The care substitutes are too often grossly incapable of giving the children adequate care at its most basic levels, let alone any kind of stimulation or nurture which will enrich them.

There are 600,000 children under the age of seven who have no access to daycare. In the few areas where there is excellent daycare, it is available only to the very rich who can afford it, or to the poor whose fees are subsidized. All our children are entitled to the very best possible care that we can give them.

● (2140)

What of the centres that do exist? They are subject to few legal standards to ensure that enough staff is hired or that they have been properly trained and are adequately paid or that the physical environment conditions are suitable for children. We licence and supervise many things in our society. Our hospitals and restaurants come under severe and constant surveillance for the maintenance of sanitary and safety standards. The physical surroundings of our children who must be away from

their own homes for many of their waking hours does not seem to matter very much.

We are told by experts in the field of human development that the first few years of life are so crucial, so vital, that the whole of a person's future social development, self-esteem and ability to cope and contribute to society depends on that initial nurturing.

Let us ask ourselves what value we place on that fact. It is as important to our children—perhaps even more important to them—that they have adequate care as it is for them to have an adequate education.

We worship at the knee of higher education, yet ignore the very rock upon which the learning capability of a person is established, the early childhood experience.

Can you see something wrong, something very wrong with our priorities when we give our colleges and universities millions of support dollars and then dole out an absolute pittance to the care facilities of our youngest citizens?

How can we rationalize the monetary-value priority we place on university professors compared to that granted to early childhood educators who themselves must live on the brink of poverty?

Free education through high school is extended to every Canadian, and yet the very crumbs of our money, our interest, our concern and our support, go toward the initial step in the education for living. I contend, Mr. Speaker, that our emphasis is wrong. Not that secondary education is not important, but of what value is it if the students have been neglected in their formative years, with the resulting damage to personality and learning ability?

With the present high cost of child rearing, it is unrealistic to expect parents to manage the full financial responsibility of raising the next generation. To those with the mentality that says, "If they want children, let the parents pay for them", let me say that we need today's children and they are not to blame for having parents priced right out of their homes.

I strongly suggest that this House pay serious attention to the national task force on daycare which has been recommending since April of 1980 that we pass a national daycare act.

This act would stipulate that provincial programs must have adequate child-staff ratios, adequate levels of staff competency and suitable physical environments before they can receive federal money, rather than being eligible for federal cost-sharing regardless of the standards of the daycare supplied.

The National Agenda for Action for Canada's Children, the report of the Canadian Commission for the International Year of the Child, states that the federal government has an important role to play both in directing more funds to the provinces for building and for the staffing of child care centres in order to improve the quality of those centres.

It recommends that federal funds be made available on a cost-shared basis for the construction and operation of non-profit daycare centres meeting specified acceptable standards set by the provinces. National standards for the acceptance of the centres should be established too. Special grants should be made available to schools and other institutions wishing to adapt their facilities to provide for all-day care programs.

The report also recommends that federal subsidies be provided to the daycare agencies based on a sliding scale whereby the parent pays according to ability to pay.

It suggests also that the Income Tax Act be amended to provide tax incentives for all homes and institutions offering properly supervised, qualified, child care. The Income Tax Act could be amended to allow parents to deduct the full cost of child care up to $3,000 per child and taxable family allowances to be raised to the level suggested by the Royal Commission on the Status of Women in 1970.

The Agenda for Action goes on to state the following:

> At present, child care workers and other care-givers, are chronically underpaid. Child care is important work and those who care for children should be valued accordingly. In addition to the remuneration of care-givers—

Mrs. Mitchell: Mr. Speaker, a point of order. I wonder if the hon. member would entertain a question?

Mr. Deputy Speaker: Would the hon. member for Pembina (Mr. Elzinga) accept a question?

Mr. Elzinga: In the event that I have any time left at the end of my speech, I will be happy to entertain a question.

The Agenda for Action continues:

> —good child care is dependent upon well-developed programs and services provided by competent, trained personnel working under reasonable conditions.

The report recommends that child care should be available near the home or place of work and easily accessible to public transportation.

I should like to see tax concessions given to businesses and industries that provide on-site care facilities to the children of their employees.

Executives of businesses are beginning to realize that daycare is now a key management issue and is essential if women are to have equal opportunity in the work force.

As well as opportunity, women who must work are entitled to the least amount of physical and emotional strain possible in settling their children into their substitute home environment. At this point, I would like to congratulate several of the governmental departments which have made available such facilities for the children of their employees. May I add a word of personal commendation to Madam Speaker for providing such services for House of Commons employees. It is an enlightened step and one which I hope will be emulated by all government departments.

The wage-earning poor in Canada must be encouraged in every way possible to make it worth their while to work. If it is not, there will come a time when a top-heavy welfare class is going to topple our economic structures. Some serious thought has to go into tackling this problem head-on and some significant solutions must be found.

The welfare mother who works part-time is allowed to keep a very moderate sum of her earnings above her welfare benefits. This is soon eaten up in babysitting costs and, as has just been pointed out, too often in an undesirable environment.

There are transportation and work-related expenses too. She is faced with discouragement every step of the way in trying to lift herself out of the welfare treadmill. Every effort must be made by governments, social agencies and society as a whole, to get her into the mainstream of life again, to be self-sufficient and self-respecting as a contributing individual.

Can there be any greater irony than the fact that a mother's care for her own child is considered to be of less value than that of a surrogate parent? At present, a welfare mother with one child, in Ontario, lives on about $5,000 a year, and yet a foster or group home is paid between almost $7,000 and $13,000 for the care of one child.

Being forced to stay on welfare and out of the work force is not only damaging to a single mother emotionally, but economically, to her and eventually to the country at large. If she cannot enter the work force until her children are older, she too will be older and will find it even more difficult to find productive and rewarding employment. Add to that the endangered position in which she will find herself during her later years if she has not had an opportunity to contribute to a pension plan.

Once again, the public will have to contribute directly to her maintenance. How much better for all concerned if she could have had the opportunity to provide for her later years herself.

There are few financial incentives to part-time employees and to low-wage earners. We realize that a great many of their number is made up of single parents, and the federal and provincial governments could assist them greatly by introducing practical income supplement programs.

A few provinces have taken some positive action in this area, and Saskatchewan is to be commended. Manitoba has begun a child-related income support program. Quebec's work income-supplement program, granting tax credits through the provincial income tax system, has the positive aim of encouraging low-income earners to remain in the labour force and to motivate welfare recipients who are employable to join the labour force.

I hope that consideration will be given by the House to the recommendations of the National Council on Welfare that the federal government set guidelines as a pre-condition for cost sharing, to bring about additional improvements to existing welfare conditions. It would require provincial governments to introduce programs in which there would be a reduction rate of family benefit payments, the rate at which benefits are reduced for earned income. Lone parents would be encouraged to undertake part-time work with such encouragement.

● (2150)

As well as in the work situation, there is another area where single mothers fare badly. When children remain with their mothers after divorce, as most do, it has been found that child support payments are generally inadequate, non-existent or uncollectable. The Law Reform Commission of Canada estimated that 75 per cent of all maintenance orders are not enforced. This means dependants are often pushed back on the welfare rolls, and we know who foots the bill.

The legislation proposed by the hon. member for Capilano (Mr. Huntington) early last year would have dealt directly with this sort of situation. It would have given some much needed rights of enforcement to the courts, making maintenance and other money orders pursuant to the Divorce Act. It is regrettable that Bill C-250 did not receive more serious attention in the chamber.

The province of Manitoba would like to see a central federal registry of all maintenance and custody orders, with Ottawa expanding its role to cover enforcement of these orders. It wants an order issued in one province to be valid, coast to coast, and it calls for a federal-provincial information bank which would be of immeasurable assistance in tracing defaulting spouses. Manitoba has been the spearhead in insisting that family law receive its rightful attention in constitutional talks. Authorities of the province claim that if the divorce law is allowed to come under provincial jurisdiction, there will be ten different divorce laws. This would precipitate the danger of some provinces becoming divorce havens, and enforcement of court orders would be hopelessly tangled with ensuing costly litigation.

The whole area of divorce, separation laws, child custody, maintenance and alimony, needs a complete reorganization. We should give thoughtful consideration to laws governing these situations being federal and enforced by provincially-appointed judges, as is the system now used in the field of criminal law. I urge my fellow members to give their concerned attention to the matter of family law and to the best interests of all Canadians. Canadians should have the right, no matter where they live, to consistency and uniformity in this critical area. Between present federal and provincial avenues of control and legislative jurisdiction, the situation of the divided family has become a hopelessly snarled mess. It is the persons in these families with whom we are dealing, persons who have endured conflict and children whose homes have been broken because of conflict.

The most valuable national product of Canada is not gas or oil, not wheat or fish or minerals; it is the children of the country. Tragically those children and their wellbeing are not a priority as far as the Government of Canada is concerned. Our children are the most important asset we have in Canada. They will be making the decisions for Canada in the future and will be directing Canadian affairs. They need to be carefully nurtured and trained for their role as leaders of the country. They must be given every opportunity to develop into healthy, stable, educated persons with positive self-images. Unfortunately, because of the social upheaval of recent decades, not enough of our children are receiving such an upbringing or that kind of support, direction and encouragement. To our national shame, too many children are being neglected and deprived.

Mrs. Landon Pearson, vice-chairperson of the Canadian Commission on the International Year of the Child, made recommendations to the Standing Committee on Health, Welfare and Social Affairs in February, 1981. I should like to quote some of her remarks before the committee, as they were so relevant, urgent and vital to the present and future well-being of all children. She indicated:

—we can do a great deal better than we are doing with respect to our children. It is a question of priority. The potential is there.

Children will always end up at the bottom of the priority list unless they are a first responsibility to someone, and there is at this stage within the federal government no place where the child is a first responsibility.

She went on to say:

—children are a national responsibility as well as a national resource . . . and the responsibility for safeguarding and developing this resource is something which must be shared for it is a national, as well as a provincial, a community and an individual one.

In making their presentation, Mrs. Pearson and her commission members went on to suggest some recommendations to the federal government as to how best it could exercise its considerable responibility for the welfare of its youngest citizens who cannot speak for themselves. They were concerned about lack of co-ordination and the fragmentation of existing structures of programs at all levels of government which are concerned with children. They pointed out that there is no national focus or federal body which is exclusively responsible for the wellbeing of children.

The Standing Committee on Health, Welfare and Social Affairs, upon studying the report, made recommendations which would further the basic goals of a strengthened family. This would help to create a climate of economic and emotional support for children, while promoting justice for them and defending their right to full development.

The committee was impressed with the need for the formation of a central mechanism to which the problems of children could be addressed in a continuing way. It saw a need for liaison among different levels of government and non-governmental organizations. This need would be best met by the formation of a specific structure for a secretariat for children's affairs, adequately funded at the federal level. Therefore it recommended that the government establish, within the mandate of the Minister of Justice and the Minister of State for Social Development (Mr. Chrétien), a secretariat for children's affairs, and it urged the implementation of these recommendations as soon as possible.

I congratulate the Canadian Commission on the International Year of the Child for its thoughtful and dedicated report to the Standing Committee on Health, Welfare and Social Affairs. One third of our population is comprised of children, children who have no voice in their destiny, no vote, no clout, and whose interests are often ignored. We ignore them at our peril, for our future will be held in their hands, and we wish them as bright a future as we wish for all Canadians.

Mrs. Mitchell: Mr. Speaker, I should like to direct a question to the hon. member, if he agrees. I am wondering whether the hon. member, and government members as well, are aware of the fact that the subcommittee of the Standing Committee on Health, Welfare and Social Affairs, which received reports last year from the Commission on the International Year of the Child, worked for many months to prepare urgent recommendations for government action and presented them last July. Is he aware that the government has done absolutely nothing about the recommendations and that they have not gone to cabinet? Indeed, the Minister of National Health and Welfare (Miss Bégin) appeared to have hardly read them when I spoke with her about them. If he is aware of these facts, I wonder what action he feels should be taken to awaken the government to the needs of children.

Mr. Elzinga: Mr. Speaker, the hon. member has just confirmed her ignorance, because we served together on the committee. Had she listened to my presentation, she would have heard that that is exactly what I encouraged the government to do.

Mr. Thacker: Mr. Speaker, the hon. member for Vancouver East (Mrs. Mitchell) should go back to sleep as she was before. I do not know why hon. members of the NDP always rise to ask questions. I have the feeling it is because they want to show their constituents that they are participating in the deliberations of the House.

I congratulate the hon. member for Pembina (Mr. Elzinga) for the finest speech given in the House on people who really care for other people.

Some hon. Members: Hear, hear!

Mr. Thacker: May I call it ten o'clock?

• (2200)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House deemed to have been moved.

MUNICIPAL AFFAIRS—APPLICATION OF GRANTS IN LIEU OF TAXES PROGRAM

Hon. Walter Baker (Nepean-Carleton): Mr. Speaker, although the questions to the Minister of Public Works (Mr. Cosgrove) were asked some time ago, the whole question of grants in lieu of taxes must be in the minds of municipal taxpayers all across the country, especially in areas where there are concentrations of federal government departments and Crown corporations.

I put this matter down for debate tonight because in my own region of Ottawa Carleton which encompasses five municipalities and make up the constituency of Nepean-Carleton, the regional council is just now in the business of striking the

regional rate which will impact on every taxpayer in the area whether that taxpayer is a home owner, a farmer, a commercial operator or an industrialist, if he either owns lands or rents property.

To the extent the federal government and Crown corporation properties are not valued for tax purposes in the same way as privately owned properties, the burden for providing municipal services in that area falls to a greater degree on the ordinary municipal taxpayer.

Perhaps, Mr. Speaker, you have read the interesting submission to the federal-municipal grants task force by the city of Kanata in my constituency, supported by the city of Ottawa, wherein it was recognized that a problem exists because the federal government still has an arbitrary right to decide what is fair in its opinion in terms of grants in lieu of taxes. I want to read part of the brief. In part, the second paragraph reads:

> Presently, where there are differences in the evaluation placed on federal property as determined by the provincial assessment commissioner and the federal government, the federal minister has the right to unilaterally decide on the evaluation. It is the position of the City of Kanata, as well as many other municipalities, that federal properties should be valued in the same way as those owned by private individuals. Hence it is essential that there be an appeal procedure whereby an impartial ruling can be made on the value to be used for grant purposes.

I think that is quite a reasonable proposition and I hope the parliamentary secretary will speak to that this evening.

The city of Kanata brief then touched on the difficult problem of business tax, particularly the fact that in that municipality AECL has said it is not bound to pay business tax, although it has made some transitional grants to assist. The city of Kanata took the position that there should be an impartial process to determine whether a Crown corporation is one that is to pay business tax or whether it is not one to pay business tax. This is also a reasonable proposition. Now it is done arbitrarily by government by order in council.

The city of Kanata also raised in its brief the position of Canada Post. In that connection we find the following:

> One further concern is the way in which new Crown corporations will be allocated to a schedule. An example of this is the newly formed Canada Post. It is the city of Kanata's belief that Canada Post, under its new mandate, is the equivalent of a private business corporation. As a result it should be paying payments-in-lieu equivalent to both land, building, and business tax. It is understood that Canada Post has been placed in Schedule 3.

It is therefore not liable for business tax. The paragraph continues:

> If this is the case then there should be some appeal process to determine whether or not that schedule is appropriate.

The proposal in this brief is one way of settling the difficulty that exists. I hope the government will listen to the importance of that.

While I am on the subject, and I have the floor with respect to the problems that affect us here in this area, I want to remind the parliamentary secretary of the immense relocation of government buildings to Hull, Quebec. No one will fault Hull, Quebec, for its good fortune, least of all me. But I want to remind the government of the presence in this area, particularly in the city of Kanata and in the western end of Nepean, of the very important high technology industry in the national capital area. I want to say to the government that when it is considering decentralization of government departments or agencies, the importance of maintaining those government departments and agencies here in an area that can provide appropriate service to those government buildings and agencies should be considered.

● (2205)

I have one thing in mind, and that is a proposal to move the mapping surveys branch of the Department of Energy, Mines and Resources to Sherbrooke, Quebec. This is what a constituent of mine wrote to me concerning this. He said:

> As a concerned citizen, and one who is very familiar with this government organization, I very honestly fail to comprehend just how anyone could make such a decision that might eventually cause the relocation from Ottawa to anywhere in Canada for such a high technology government branch.
>
> As I am sure you know the surveys and mapping branch has the responsibility of producing maps and plans in varying scales for all sectors of Canada, and to carry out their duties they require very sophisticated equipment, in large quantities, in the disciplines of geodesy, photogrammetry and cartography with strong support from computers.

What I am saying, Sir, is that with respect to taxation there be some good reason for relocation. The appeal process proposed by the city of Kanata is a good way to find out really how much is owed both for business taxes and whether or not it is applicable, as well as grants in lieu of taxes. Secondly, I ask the government, when it is considering any relocation, to remind itself that in the city of Nepean and the city of Kanata there are land-use plans available crying out for government agencies, particularly those—although not limited to this—that relate to the high technology field. In those two areas there could be a great benefit to those two cities.

[*Translation*]

Mr. Raymond Savard (Parliamentary Secretary to Minister of Public Works): Mr. Speaker, I should be pleased to answer the question raised in the House by the hon. member for Nepean-Carleton (Mr. Baker) on February 20, 1981. The Minister of Public Works (Mr. Cosgrove) has managed to solve the problem, and in fact, on December 22, 1981, the Department of Public Works issued a press release which included the following:

> The sum of $34,030,000 has been paid to the city of Ottawa as grants in lieu of taxes for 1980. This was announced today by the Hon. Jean-Luc Pepin, Minister of Transport Canada, on behalf of the Hon. Paul Cosgrove, Minister of Public Works Canada.

The amount of the grant, which constitutes an increase of $5,300,000 over 1979, covers all federal property in Ottawa included in the municipal grants program administered by PWC.

When it was announced that the amount of the grant would be increased for 1980, Mr. Pepin said he was pleased that lengthy negotiations by the federal government with the provincial and municipal governments had resulted in an agree-

ment on the status of grants in lieu of taxes in Ottawa. According to the British North America Act, federal and provincial property are exempted from property taxes. However, since 1950, federal legislation has provided for payment of grants in lieu of taxes, in order to reimburse municipalities for provision of local services.

In 1980, Parliament passed new legislation on municipal grants, which introduced major changes in the methods for calculating grants, the result being to increase the amounts being paid by the Government of Canada to more than 2,500 municipalities. The new Municipal Grants Act also expanded eligibility of property for the program. A number of properties formerly not affected by the program are now subject to a grant.

In Ottawa, properties that are now covered by the program include the Parliament Buildings, the National Arts Centre, the National Gallery, the National Museums and the National Library and Public Archives building. The Municipal Grants Division, formerly part of the Department of Finance, was transferred to Public Works in 1980. Finally, Mr. Speaker, I may point out that according to the media, the Mayor of Ottawa was very pleased with this announcement.

• (2210)

[*English*]

EDUCATION—FEDERAL FUNDING FOR POST-SECONDARY EDUCATION (B) LEVEL OF FUNDING

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, on November 12, the Minister of Finance (Mr. MacEachen) came to this House and said that he was going to radically alter the transfers to the provinces under established programs financing act by removing a portion of money called revenue guarantee from transfers to the provinces. That amount of money was originally represented by the minister to be $2.8 billion. This was subsequently revised by the minister in Halifax to $3.2 billion, and, when the provinces got their figures together, they determined that the reduction to the provinces amounted to $4.5 billion. This money goes toward established programs for health, and health concerns which we treat, I suppose, to be our right as Canadians. It also goes toward assistance for post-secondary education.

The question on February 10, which was directed to the Secretary of State (Mr. Regan), was in connection with the post-secondary part of those transfers.

On February 3, the Minister of National Health and Welfare (Miss Bégin) indicated that there would be no cuts in the transfers she was making. On February 10, I asked the Secretary of State if there would be cuts with respect to post-secondary education. I asked him particularly if the $1.8 billion which he was transferring to the provinces in cash at that time would be increased in the way the Minister of National Health and Welfare indicated her transfers would be increased. I was not particularly happy with the answers I received, because the minister refused to come clean. It is my hope that tonight the parliamentary secretary will come clean.

There is no such thing as "revenue guarantee" in the blue book, the estimates filed for Canada. There has not been such a thing at any time, as far as I know, and certainly not under the terms of present established programs financing. Nowhere does "revenue guarantee" appear. The only place it appears, with respect to the whole problem before us, is in the budget of the Minister of Finance. However, the effect has been to drive concerns on the part of provinces, universities, health care institutions, doctors, and the like. The question must be settled. Is there to be a change in the transfers for post-secondary education and for health care?

The question the parliamentary secretary is to answer tonight is with respect to post-secondary education. Will the parliamentary secretary affirm tonight, in no uncertain language, that the funds which amount to $1.845 billion as set out in the current estimates for this fiscal year, in the manner they are presently transferred in the blue book for post-secondary education, will be escalated in accordance with the arrangements under established programs financing, in accordance with a moving average of GNP? The Secretary of State said that next year those transfers would be escalating approximately 12 per cent, and the Minister of National Health and Welfare said they would be escalating 13.4 per cent. In any event, will those transfers next year be escalated in accordance with the terms of the statute so that the transfers will be escalated in accordance with the moving GNP average?

I point out to the parliamentary secretary that the matter was fully considered by the task force on fiscal arrangements, and four members of the Liberal party, two members of this party, and one member of the New Democratic Party came to some pretty unanimous conclusions with respect to the allocation of moneys to the provinces. I point out that the committee dealt with the question of revenue guarantee and how that component was made up in the original calculations of 1976. The task force clearly indicated that revenue guarantee now formed part of the package for post-secondary education and health care. In particular, the task force stated:

> It is our view that there is now ... no fat left in the system—no fat in post-secondary education, no fat in the health system, no excess spending in social assistance, little redundancy in social services. We accept the representations of those who argued before the task force that serious cuts in program funding would cut into muscle and sinew, not fat. Unless one could presume that federal reductions in funding would automatically be matched by corresponding increases in provincial expenditures—a presumption that may not be considered altogether plausible—then in order to maintain present standards, programs would have to be privately financed to a greater extent than at present. In health, this would mean greater appeal to user charges and more extra billing; in education, higher fees. In either case, basic national objectives of equity and equality of access would suffer.

• (2215)

I ask the parliamentary secretary tonight to come clean with the House of Commons, his colleagues on the government side and those on this side on the task force which unanimously recommended to the government that there be no changes in the formulae and that they proceed as they were. These are established programs. They are the programs on which the

unity and social services of this country are based. They are based on a contribution by the federal government to post-secondary education, health care, extended health care and a formula in relation to GNP. It is time for the government, not to dance around any longer, but to come clean and tell us if in fact it plans to cut transfers to the provinces or leave them the way they are.

We do not want any gobbledygook about taxes or anything else. We want to know where we stand. Is the government prepared to fulfil the request of the task force, which was unanimous and which was supported by the Economic Council of Canada, or is it going to again dance around and say it is not cutting education, when it is in fact cutting education; not cutting health care, when it is in fact cutting health care; and as it removes certain formulae that it says exist, which in fact do not exist?

[*Translation*]

Mr. Jean Lapierre (Parliamentary Secretary to Secretary of State): Mr. Speaker, the member for Mississauga South (Mr. Blenkarn) is referring to the sum of $1.8 billion and expects us to accept word for word the report by the Task Force on Fiscal Arrangements. That is surprising, since he himself is aware the actual amount is closer to $3.2 billion, since his own task force asked us to continue—

[*English*]

—to calculate the equalized value of taxes transferred and that these amounts be earmarked for the program areas. We are talking about $3.2 billion. The hon. member must realize that since November 12 there has been a federal-provincial conference. The Prime Minister (Mr. Trudeau) offered to continue the present EPF program and give it a 12 per cent increase per year until March 1984. The hon. member may want to call an increase of 12 per cent a cut. I cannot rewrite the dictionary. The Prime Minister has placed an offer on the table. It is there. Discussions are now being held with the provincial ministers of finance. If they can reach an agreement, the 12 per cent will be added to the present amount. EPF, whether it is health care or post-secondary education—

[*Translation*]

—no cuts will be made. And I am sure the hon. member will agree that a 12 per cent increase, given our present economic situation, is quite reasonable. The condition set by the Right Hon. Prime Minister was that the provinces should do their share as well, instead of slacking on their contributions as they have been doing for a number of years. It is to be hoped that the provincial governments are also going to increase their contributions to post-secondary education, which would help to bring the system up to standard. In fact, the proposal provides for an increase of 12 per cent until 1984, so that negotiations can be continued, provided certain national principles are adopted, with which I am sure the hon. member will agree.

[*English*]

MINES AND MINING—LOAN TO PERU FOR COPPER MINING VENTURE (B) CREATION OF JOBS IN CANADA

Mr. Jim Fulton (Skeena): Mr. Speaker, my question arises from a deal that was struck December 11 between the government and a consortium which I am going to lay before the House tonight. It has been a litany of doubletalk, not only in terms of government policy but what the minister of mines has been telling the general public. The deal was apparently developed by Noranda Mines of Toronto during the past six months. They indicated publicly to at least some bankers that the cost for this deal to break even is about $1 U.S. a pound for the copper to be produced in Peru.

It is interesting that SNC group of Montreal will be supplying the engineering services, the design, the construction and the management for the project which supposedly is going to bring about $100 million of business to Canada, supposedly producing 2,900 person-years of employment. The Minister of State for Mines (Mrs. Erola) says 3,000 person-years. The EDC says 2,900 person-years. Neither can demonstrate to the House or to the public what any of those jobs are, even in terms of global categories. Hopefully tonight we will be able to get that from the minister.

● (2220)

The minister says that mine will come into operation in 1987. The EDC and the operators say it will open in about two years, in 1984. That is another discrepancy.

The minister says it will generate about $100 million in Canada, but the real question to which this House has to address itself—and I am sure many mining communities are wondering about this—is why the Government of Canada can lend $100 million to Peru at 11 per cent or less when our mining companies, particularly in the copper industry, from coast to coast are suffering, whether they be in Kamloops, Stewart, Newfoundland, Manitoba or Sudbury, where 850 jobs have just been lost. Those jobs are being lost, because of high interest rates, and because of a lack of capital to carry an inventory of copper or product, or because of a lack of manufacturing, either smelting or secondary processing.

To tie that into general government policy, on February 13 a very interesting government policy was outlined by the economic development minister, Senator Olson. He said:

> From here on the national government will invest its capital in areas of prospective growth in the future—

He also said:

> We're going to stop propping up mature industries that will never be competitive in this generation, like textiles, clothing, footwear and a number of others.

He went on to say:

> We're not going to process every one of our natural resources into the final product. For one thing, we don't have the people. And there are lots of places in the world where they can manufacture products at a much lower cost.

That is this government's policy on economic development. The government says, "Do it somewhere else if you can make more money for somebody else."

On February 3 the Minister of State for Mines responded to a question I raised on this very issue. I pointed out that 4,000 jobs were lost in the copper mining and associated industries between the time of the announcement and the time I asked my question two weeks ago. Supposedly 2,900 person-hours of work will be created. We do not know what they are. Perhaps there will be 3,000, but we do not know what they are. However, we know we have already lost 4,000 jobs since the announcement.

I asked the minister, "with the Canadian sector paying roughly double the foreign Liberal rate for capital, why does the minister believe that this kind of loan to foreign competitors is in the best interest of the Canadian copper mining industry?" The reason I asked that question was that the minister's office had informed me that the minister was opposed to this kind of deal. I certainly hope to hear from the minister tonight because she cannot go to one sector and say she is opposed and say to another sector that she is in favour. In Canadian politics and in politics around the world that is called double-talk. The minister answered and said that the loan, and I quote:

—affects a copper mine which will not come into production until roughly four or five years down the road—

That is not agreed to by the EDC.

—by which time we hope the copper situation will have improved and that the prices will have risen considerably. The fact is that that loan produces jobs in Canada immediately—

I hope to hear from the minister tonight what those immediate jobs are within the Canadian context.

The minister gave a response to the hon. member for Hamilton Mountain (Mr. Deans) on December 14 regarding this same deal saying:

Exporting the kinds of machinery and engineering techniques which are being exported is precisely what we should be doing in Canada.

I am somewhat puzzled. The Canadian mining machinery sector had a $1.5 billion deficit just last year. When we are already in a deficit position, I wonder whether we have to pay SNC Engineering from Montreal, whether we have to make a special deal for Noranda and whether we have to make all these special deals in order to export machinery. Perhaps the minister could answer very clearly whether she is in favour or opposed to this deal. She cannot have it both ways. What jobs are being created, where and for how long?

What would the situation be if the $250 million had been invested at 11 per cent in the Canadian copper mining industry, either in smelters or in actual ore extraction? What about the 4,000 jobs that have been lost, and the 850 at Sudbury? There have just been some more lay-offs in Stewart, British Columbia today. There have been lay-offs in Manitoba, in the Yukon at Whitehorse Copper, at Bethlehem Copper, Lornex, Granduc, Campbell Resources, Falconbridge, Gaspé, Asarco and Baie Verte. It is a litany. Our copper mining industry is in trouble, and the Government of Canada is sending capital out of the country at half the cost that industry can get it here.

Hon. Judy Erola (Minister of State (Mines)): Mr. Speaker, I would like to clarify a few points. I think the hon. member for Skeena (Mr. Fulton) is playing loose and fast with some figures. First, I would like to reassure the hon. member that the 850 lay-offs he reported to be taking place in Sudbury are indeed not taking place. That figure has been reduced to something like 250 at the moment, and, through close co-operation with a team from the CEIC, the provincial government and the local union we are convinced that number will be reduced to zero.

• (2225)

As to my opposition to this deal, let me assure the hon. member that I was not opposed to it, whatever he heard from my office. Perhaps he misconstrued the questions that I raised about the deal to be opposition. They were not; in fact, they were questions that every responsible member and every responsible minister asked of the EDC.

I should like to clarify the matter of the $250 million for the benefit of the hon. member for Skeena. The $250 million loaned to the government of Peru for the development of a new copper mine in that country is, in fact, to be provided by a group of 11 commercial banks, two of which are Canadian, at normal commercial interest rates, which leaves a balance of $100 million to be provided by the Export Development Corporation. I should like to assure the hon. member that this $100 million will be provided at normal consensus rate guidelines developed by the OECD, so that reduces the loan considerably.

The key purpose of the EDC loan is to generate export business for Canadian manufacturing and service industries from foreign developments that are expected to proceed, regardless of Canadian involvement. I should like to assure the hon. member that whether or not the Canadians he lists were involved in this deal, the deal would go on and the copper would be coming onstream four years from now, I guess. I rather doubt it will be onstream much sooner than that. This is certainly the case with the Tintaya loan.

With respect to jobs created in Canada, SNC Group of Montreal already has Canadians working on the project management, and a number of contracts for Canadian-produced mining equipment are expected to be signed this month. I am sure the hon. member appreciates the fact that these contracts must remain confidential until they are signed. As they become public, let me assure him that I will let him know about them as quickly as I am apprised.

Mining equipment and supplies to be purchased are to come from almost every Canadian province and are expected to create the 2,900 person-years of employment in Canada between now and 1985. Again, I should like to assure the hon. member that only the Canadian content is financed by the EDC—only the Canadian content! Those jobs have to be provided in Canada, or they will not be funded by the EDC.

There may be some confusion on the part of the hon. member for Skeena concerning this loan. The Peruvian copper mine in question will be developed for production by the mid-1980s whether or not Canadian financing is provided. In fact, the Export Development Corporation faced very stiff competition in winning the loan package so as to generate the $100 million in Canadian purchases.

This loan constitutes Canadian government financial and technical assistance and I am sure the hon. member would agree that it is important to provide this kind of technical assistance to Third World nations in support of long-term Canadian policy toward such nations.

[*Translation*]

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at two o'clock.

At 10.29 p.m., the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Wednesday, February 17, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

METRIC CONVERSION

CALL FOR REFERRAL TO PARLIAMENTARY COMMITTEE—MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Madam Speaker, I rise to protest the arrogant manner in which the metric conversion program is being forced on the Canadian consumer. The Metric Commission's own internal Gallup poll, which has been suppressed, clearly shows that a majority of Canadians polled are against metric. To add insult to injury the government is now, by order in council, giving another $3 million to the commission in addition to the $49.3 million already spent. Enough is enough. I therefore move, seconded by the hon. member for Pembina (Mr. Elzinga):

That the entire matter of metric conversion be referred to the appropriate committee of this House so that members and witnesses from the public sector may have the right to challenge the legality and necessity of metric conversion in Canada.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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AIRPORTS

DUTY-FREE SHOP FRANCHISES—MOTION UNDER S.O. 43

Mr. Joe Reid (St. Catharines): Madam Speaker, whereas Canadian firms have lost thousands of dollars over the last two years by reason of government indecision and FIRA-created delays, and whereas the government has lost between $5 million and $6 million, to say nothing of its credibility, because of its inept and unfair handling of the duty-free shop franchise at Toronto International Airport, I move, seconded by the hon. member for Cambridge (Mr. Speyer):

That the Minister of Transport now adopt a serious and Canada-first posture on this debacle and honour forthwith his government's previous commitment that duty-free shops would be operated by Canadian-owned enterprises.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

STATUS OF WOMEN

APPOINTMENTS TO ADVISORY COUNCIL—MOTION UNDER S.O. 43

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, whereas the minister responsible for the status of women has today announced the appointment of seven new members to the Canadian Advisory Council on the Status of Women and two vice-presidents for the eastern and western regional CACSW offices, and whereas estimable though some or all of these appointments may be, none comes from the labour movement, even though women constitute 40 per cent of our labour force, and none comes from consistently disadvantaged groups such as low-income women and native women, under the provisions of Standing Order 43 I move, seconded by the hon. member for Hamilton Mountain (Mr. Deans):

That this House urges the minister responsible for the status of women, in making further appointments to the Canadian Advisory Council on the Status of Women, to overcome that Liberal propensity which leads her to ignore women in the labour force, low-income women and native women.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FISHERIES

HERRING AND MACKEREL FISHING LICENCES—MOTION UNDER S.O. 43

Mr. Mel Gass (Malpeque): Madam Speaker, the Minister of Fisheries and Oceans (Mr. LeBlanc) recently ruled that in order to qualify for renewal of a herring-mackerel fishing licence a fisherman must produce receipts from within the last three years. However, a large number of fishermen are unable to produce such receipts and therefore face losing their licences. I move, seconded by the hon. member for Carleton-Charlotte (Mr. McCain):

S.O. 43

That this House reprimand the minister for making a change without first consulting the fishermen or their associations and that he be directed to rescind this new qualification for the herring-mackerel licence.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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INTERNATIONAL JOINT COMMISSION

NECESSITY TO HOLD HEARINGS ON PROPOSED FLOODING OF SKAGIT VALLEY, B.C.—MOTION UNDER S.O. 43

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, I too rise under the provisions of Standing Order 43. On Monday, Mayor Charles Royer of Seattle came to Vancouver to publicize a combination of gifts and threats in a stepped-up effort to persuade British Columbians to accept the inundation of 5,000 acres of prime recreational land in the Skagit Valley. Whereas government footdragging in appointing a chairman of the Canadian section of the International Joint Commission presently deliberating on this issue could result in an environmentally unacceptable Skagit Valley flooding decision while Canada is under-represented on the IJC, I move, seconded by the hon. member for New Westminster-Coquitlam (Miss Jewett):

That the government take immediate action to appoint a Canadian chairman to the commission, that the IJC hold full public hearings on the Skagit Valley issue and that the federal government make a detailed presentation at these hearings emphasizing the environmental devastation which will take place if flooding is permitted.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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INDIAN AFFAIRS

PLIGHT OF NATIVE PEOPLE IN NORTHEASTERN ALBERTA—MOTION UNDER S.O. 43

Mr. Jack Shields (Athabasca): Madam Speaker, while the unemployment rate across Canada has reached the unprecedented level of 9 per cent, the Indians in my riding of Athabasca are experiencing unemployment rates of up to 80 per cent and 90 per cent. The people of the Bigstone Band, the Janvier Band, the Fort Chipewyan Band, the Cold Lake Band, the Fort MacKay Band, the Fort McMurray Band, the Sucker Creek Band, and many, many others continue to live in abject poverty, a situation which is getting progressively worse. Whereas the economic development which has come to this area has passed native peoples by and continues to leave them far behind, I therefore move, seconded by the hon. member for Pembina (Mr. Elzinga):

That the Minister of Indian Affairs and Northern Development be directed by this House to earmark funds for economic development to allow the native people of northeastern Alberta to participate in and benefit from the economic activity taking place instead of leaving them behind in poverty and despair.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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PUBLISHING

DISAPPROVAL OF SOVIET PUBLICATION "NEWS FROM THE UKRAINE"—MOTION UNDER S.O. 43

Mr. Jesse P. Flis (Parkdale-High Park): Madam Speaker, I rise to seek the attention of all hon. members of this House on a matter of urgent and pressing necessity under the terms of Standing Order 43. In view of the fact that the publication *News from the Ukraine* has entered Canada from the Soviet Union and has attacked the basic human rights of a former member of this House, Mr. Yuri Shymko, the present member of the provincial parliament in Ontario for the riding of High Park-Swansea, and in light of the fact that the July 30, 1981, issue of this publication viciously maligned Mr. Shymko by comparing him to the would-be assassins of the Holy Father Pope John Paul II, and President Ronald Reagan, I move, seconded by the hon. member for Rosedale (Mr. Crombie):

That this House express its strong disapproval of the contents of the publication *News from the Ukraine*.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Madam Speaker: Does the House agree to the said motion?

Some hon. Members: Agreed.

Mr. Fulton: No.

Some hon. Members: Oh, oh!

Mr. Hnatyshyn: The NDP said no.

* * *

• (1410)

RAILWAYS

CROWSNEST PASS RATE—CONDEMNATION OF GOVERNMENT POLICY—MOTION UNDER S.O. 43

Mr. Len Gustafson (Assiniboia): Madam Speaker, because of the importance of the Crow rate to western Canadian grain farmers, the statutory Crow rate is the Magna Carta of the

western grain farmer. I therefore move, seconded by the hon. member for Kindersley-Lloydminster (Mr. McKnight):

That this House condemn the government for its direction in regard to the statutory Crow rate when farmers are faced with the highest fuel costs in history, the highest machine costs and the highest production costs in the history of farming.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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CANADA DEPOSIT INSURANCE CORPORATION

LIMITATION ON AMOUNT INSURABLE—MOTION UNDER S.O. 43

Mr. Dave Nickerson (Western Arctic): Madam Speaker, in order to take into account the decrease in the value of money brought about by years of Liberal-caused inflation, I move, seconded by the hon. member for Brampton-Georgetown (Mr. McDermid):

That the maximum deposit insured by the Canada Deposit Insurance Corporation be increased from the present limit of $20,000 to a more reasonable limit of $100,000.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

PUBLISHING

DISAPPROVAL OF SOVIET PUBLICATION "NEWS FROM THE UKRAINE"—MOTION UNDER S.O. 43

Madam Speaker: The hon. member for Yukon (Mr. Nielsen) on a point of order.

Mr. Nielsen: Madam Speaker, the hon. member for Parkdale-High Park (Mr. Flis) moved a motion which was seconded by the hon. member for Rosedale (Mr. Crombie). There was unanimous consent; the Chair put the question, and a "No" came from the NDP corner somewhere. In my submission the Chair has an obligation to call for the yeas and nays.

Madam Speaker: The hon. member is right. I wanted to do that at the end of motions under Standing Order 43, but I can do it now.

I am referring to the motion presented by the hon. member for Parkdale-High Park and seconded by the hon. member for Rosedale, which reads:

That this House express its stong disapproval of the contents of the publication *News from the Ukraine*.

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

Some hon. Members: Yea.

Madam Speaker: All those against the motion please say nay.

Some hon. Members: Nay.

Mr. Fulton: Nay.

Madam Speaker: The yeas have it.

Motion agreed to.

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ENVIRONMENTAL AFFAIRS

POLLUTION OF NIAGARA RIVER—CALL FOR REFERRAL TO PARLIAMENTARY COMMITTEE

Mr. Neil Young (Beaches): Madam Speaker, I rise under the provisions of Standing Order 43. Last week I and a number of my colleagues in the NDP caucus investigated charges from citizen and environmental groups that the Niagara River is being severely polluted by the chemical industry which is discharging waste materials into the river, and we determined that there is every reason for concern, despite the protestations from the Minister of the Environment to the contrary. I therefore move, seconded by the hon. member for Skeena (Mr. Fulton):

That this House directs the Standing Committee on Fisheries and Forestry to establish an all-party subcommittee on persistent toxic substances to investigate the charges of citizen, scientific, legal and environmental groups that the dumping of toxic chemical wastes into the Niagara River is posing a serious hazard to this important water source, to fisheries, and to the health of Canadians.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

● (1415)

ORAL QUESTION PERIOD

[*Translation*]

THE BUDGET

DEDUCTIBILITY OF INTEREST ON LOANS USED FOR PURCHASE OF REGISTERED RETIREMENT SAVINGS PLANS—GOVERNMENT POSITION

Mr. David Kilgour (Edmonton-Strathcona): Madam Speaker, my question is directed to the Minister of Finance. Thousands of Canadians who borrow money to purchase registered retirement savings plans are very concerned, because the minister proposed in the budget that interest on such loans should not be tax deductible. However, since the budget has under-

gone a number of changes, several of my constituents now wonder whether this particular measure might be changed as well.

My question is as follows: Does the minister intend to remove their cause for concern and allow Canadians to continue to deduct that interest from their income tax?

[*English*]

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): No, Madam Speaker, it is not my intention to propose any further changes at this stage.

PROVISIONS AFFECTING HEALTH AND INSURANCE PLANS

Mr. David Kilgour (Edmonton-Strathcona): Madam Speaker, my supplementary question is directed to the same minister. The minister is aware that there is widespread uncertainty across Canada about payroll deductions with respect to dental and health insurance plans. Some employees are now paying taxes through payroll deductions, and some employers have not yet begun to make deductions. Because of the prevailing confusion will the minister tell us whether or not he is contemplating further changes to the budget in this area?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I think I should clarify the situation for the benefit of the hon. member. Quite a number of representations were made following the budget in November and December. As the hon. member knows, on December 18 I made a number of changes which I regarded as necessary and urgent. It is my view that any further changes based upon representations and arguments of hon. members ought to be made when we reach the appropriate stage of the legislative process.

INCOME AVERAGING RULES

Mr. David Kilgour (Edmonton-Strathcona): Madam Speaker, my final supplementary question is directed to the same minister. Many small business people and farmers sold their farms before November 12, fully intending to buy IAACs before February 28, 1982, as the minister is aware. The minister's various statements, including the one of yesterday, ignored the retroactive impact of the budget in this regard with respect to small business people and farmers. Therefore, will he remove this retroactive feature of the budget by extending the date on which income averaging rules are to be changed, to February 28, 1982?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, as the hon. member knows, where written agreements were in effect prior to the budget, of course these arrangements can proceed. In addition, it is possible for individuals in that particular case to purchase a one-year IAAC and next year to transfer the proceeds from that purchase into a forward-averaging system. It seems to me that these provisions have met the main difficulties and the main concerns. Naturally I am quite prepared, when we go to committee, to hear the views of hon. members on that and on any other subject.

Mr. Wilson: When will that be?

Mr. MacEachen: As soon as possible.

* * *

DISASTERS

SINKING OF "OCEAN RANGER" DRILLING RIG—QUERY RESPECTING STANDBY VESSEL

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources who has sort of pre-empted the issue of the *Ocean Ranger*. The three inspection reports tabled yesterday referred to supply boats and standby vessels. I should like to ask the minister whether there was a standby vessel in the vicinity of the *Ocean Ranger*. If so, how close was it to the *Ocean Ranger*? Was there a signal to the standby boat? If not, why not, especially in view of the stringent regulations of Norway after the Norwegian disaster in the North Sea, whereby emergency standby boats are required under the rules and regulations of the Norway government?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I have been informed that there was at least one standby boat. There may have been more; I believe there were two. With respect to the other questions asked by the hon. member, as to whether a signal was sent and what not, I shall inquire and be happy to report to him.

● (1420)

SAFETY REGULATIONS

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, when the minister is checking that rather basic fact, would he also check to see if whatever regulations we were following for the *Ocean Ranger* in Canadian waters required that each person on the rig have a survival suit? In the inspection report this was mentioned for the helicopter crew. Could the minister in his reply tell us just what specifications and regulations we do follow for oil rigs in Canadian waters? Are they American regulations, the more stringent Norwegian ones, or do we have any regulations?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, first of all the hon. member should note that the *Ocean Ranger* was not in Canadian waters. It was stationed in international waters. The regulations concerning oil and gas drilling are in print and public. They cover operations offshore. As I indicated in the House yesterday, Section 8 of the regulations elaborates on all the information required to be furnished by operators, with regard to drilling programs.

Mr. Nowlan: On the safety of a rig?

Mr. Lalonde: He will find numerous provisions and requirements that he cannot expect me to read into the record during question period. I will be happy to give the hon. member a copy of the oil and gas drilling regulations if he does not have them already.

Mr. Nowlan: On safety of rigs?

Mr. Lalonde: Yes, on safety. There are all kinds of provisions. There are some on support craft and standby craft. There are some provisions concerning anchors, stability of a unit, and on and on. I suggest to the hon. member that he refer to the regulations. With regard to very detailed questions as to the operations and exactly what happened on the platform at a particular time, I have to tell the hon. member right away that I am not in a position to give him that information. We have set up a commission of inquiry under the chairmanship of the Chief Justice of Newfoundland. We expect during the course of the inquiry that all those facts will be fully investigated and all the relevant information will be made available. But I am not in a position, and I do not think the hon. member would expect me to be in a position, to give the type of detail that he is asking for today. I am taking notice of his request and if I can provide the hon. member with additional information I will be very happy to do so.

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BANKS AND BANKING

REQUEST FOR LEGISLATION TO CONTROL MORTGAGE INTEREST RATES

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, my question is addressed to the Minister of Finance. The Minister of Finance has indicated on numerous occasions, both in the House and to me personally, that he believed the mortgage interest rates currently being charged in this country are too high. He has further stated that the banks should bleed a little and that he would monitor profits. We now see the banks are again leading the way toward even higher interest rates.

An hon. Member: Some bleeding.

Mr. Deans: Traditionally the difference between the consumer price index and the mortgage interest rate charged has been approximately three points, that is from 1970 to 1981. The banks now claim they need a four to six-point spread. Their spread right now is between five and seven points. Today's announcement of even higher interest rates will take that spread up to nine-plus points between the consumer price index and the mortgage interest rate charged on the some 250,000 mortgage renewals that will take place this year.

Will the minister bring in legislation now that will establish a mortgage interest rate that Canadians can afford?

Mr. Baker (Nepean-Carleton): You voted against that.

• (1425)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, if it were possible to do it that easily, I assure my hon. friend I would be the first to agree to an easy proposal of that kind. I do not think it is possible in these circumstances simply to bring in a bill establishing a particular rate and expect the necessary funds to flow in at a non-competitive rate or one which is not related to the market. The hon. member knows that, and that is why, when a similar proposal was put forward by the opposition in a non-confidence motion, we voted against it. The effect of supporting it would really be to deny individuals necessary funds at the market rate.

The hon. member has raised the question of the performance of banks, and so on. I have already agreed that it would be useful for members of this House to examine the question of bank profits, and I am quite prepared to have that done when hon. members are ready to pass the reference and get the committee in operation.

REQUEST THAT MINISTER GIVE DIRECTION TO BANKS

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, it is incredible how the minister can dismiss the needs of so many Canadians when it comes to the question of finding affordable housing. To say it is difficult to bring in legislation establishing a mortgage ceiling is to deny that people are entitled to affordable accommodation. I put to the minister, notwithstanding any inquiry we might have, it is quite clear on the record that bank profits have gone up from $672 million in 1977 to $1.6 billion in 1981.

Now, by anyone's admission there are two irrefutable facts. One, we need housing for people at a price they can afford, and we are falling short by some 70,000 units this year alone; and, two, we have unemployed people who could build those houses. Will the minister not undertake to direct that the banks not only accept a mortgage interest rate ceiling that people can afford, but that they put a significant percentage of their investment capital into mortgages in order that we can create the housing that people need, and create jobs for those currently unemployed?

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, there is nothing I can add to my earlier answer. I believe it would be useful at this stage, in view of the reference once again by the hon. member to bank profits, to have the matter fully investigated by a parliamentary committee. If that committee can provide recommendations to me on that subject, then I would consider them very seriously. Up to the present I have stated to the House that the reason in my view it is not appropriate at this stage to move on the tax side is because such a move would

deny to many borrowers in the community the tax advantages they enjoy from the banks.

Because of existing arrangements, if we put a tax on the banks we would indeed deny a large number of borrowers access to money at much lower rates of interest. That is the reason I have not proposed a tax on the banks as I have been asked to do. I believe it would be self-defeating. If hon. members want to study the matter and can come up with a better answer, then I would be glad to consider it.

GOVERNMENT RESPONSIBILITY

Mr. Ian Deans (Hamilton Mountain): I am sure the minister appreciates that if there is to be a study, surely it must be initiated by the government and not by the opposition. I ask the minister to consider that there are two factors in life which are absolutely essential: food and shelter. How can the minister claim it is outside his jurisdiction and power to direct banks and all other financial institutions with regard to interest rates and the amount of their investment capital which must go into affordable housing? I simply ask the minister does the government have no sense of responsibility to ensure that people in Canada can get accommodation at a price they can afford, and to ensure that banks do not gouge the public in the way they have?

● (1430)

Some hon. Members: Hear, hear!

Mr. Baker (Nepean-Carleton): Why do you support them?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, it was in this particular session of the House of Commons, of the Parliament of Canada—

Mr. Hnatyshyn: Only had one!

Mr. MacEachen: —that the decennial revision of the Bank Act was undertaken.

Mr. Deans: We tried to get it at fixed interest rates.

Mr. MacEachen: The House of Commons established the rules and regulations governing the banking system, including the possibility of foreign banks coming into Canada in order to increase the competitive character of the banking system. There is no provision in the law which permits the Minister of Finance to establish the rates at which banks—

Mr. Deans: We'll put it in.

Mr. MacEachen: —either borrow or lend money. That ought to be clear to the hon. member.

Mr. Deans: We will put it in!

Mr. MacEachen: The hon. member has rightly concentrated attention on the problem of home owners. As he knows, we have provided a system by which we believe no home owner in this country will lose a home because of high interest rates. We have appealed to the banks, for example, to roll back some of the interest rate increases last summer. One of the major banks did that with considerable benefit to potential home owners. Other banks would have my support if they undertook similar activity. However, there is no power within the hands of the Minister of Finance to direct the banks as to how to conduct their day to day operations, much as—

Mr. Deans: We will give you the power.

Mr. MacEachen: —at times, I might like to do so.

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FINANCE

TAX MEASURE AFFECTING LIFE INSURANCE POLICIES

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, my question is also directed to the Minister of Finance. On November 12 the Minister of Finance announced a tax on whole life insurance policies, making Canada the only country in the western world to do so. Since then the minister said he may refer the matter to committee, he may make arrangements with the insurance companies, or he may do nothing. This has caused a great deal of uncertainty, both for the sellers and purchasers of whole life insurance. Will the minister now take the proper course and announce that he is abandoning this foolish tax measure and end the uncertainty?

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): No, Madam Speaker.

EFFECT ON WAGE EARNERS

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, did the minister know when he introduced his infamous budget on the night of November 12 that 78 per cent of all those who own whole life insurance policies earn under $25,000? That is what the average Canadian earns. How, in the name of equity, could he say that this was a budget which was taxing the rich when the average Canadian is paying tax on his life insurance, while deputy ministers earning $80,000 a year get a $4,500 tax break? Why does he not put an end to this nonsense now and come clean with the Canadian people?

Some hon. Members: Hear, hear!

Mr. Clark: Answer it!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): That's not a question. Get him to ask a question; then I'll answer it.

Some hon. Members: Oh, oh!

Mr. Paproski: Don't blush, MacEachen!

Mr. Clark: The minister didn't know.

FISHERIES

UNEMPLOYMENT IN LOCKEPORT, N.S.—REQUEST THAT MINISTER ISSUE FISHING LICENCES

Mr. Lloyd R. Crouse (South Shore): Madam Speaker, I wish to direct my question to the Minister of Fisheries and Oceans. On September 28, 1981, on December 23, 1981, and on February 3, 1982, I wrote to the Minister of Fisheries and Oceans on behalf of the mayor and citizens of Lockeport, Nova Scotia, requesting that action be immediately taken to ease the unemployment situation in the area through a change in fisheries policy.

I now ask the minister, since the granting of fishing licences to three former scallop draggers, namely, the *Misty Sea*, the *Cathy & Susie*, and the *Terry Doreen*, will reactivate the groundfish industry in Lockeport and put most of the unemployed in that area to work, when may I expect some action on my three requests on behalf of the citizens of that area?

Mr. Baker (Nepean-Carleton): Well said.

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Madam Speaker, I sent a letter in answer to the hon. member, which was signed on February 15. In that letter I pointed out that the groundfish quota was fully allocated and that we could not add to that effort. For that reason, I regretfully had to decline his request.

Mr. Crouse: I thank the minister for that answer.

INCREASE IN CATCH ALLOCATION TO POLAND

Mr. Lloyd R. Crouse (South Shore): Madam Speaker, on August 10, 1981, the minister offered Poland an allocation of an additional 8,000 tonnes of fish on top of a previous allocation of some 12,000 tonnes of fish. In light of the economic circumstances in that country, I believe that action was acceptable and necessary.

Today I would like to ask the minister when he will show the same compassion to Canadians who desperately need employment opportunities in Shelburne County, and especially in Lockeport. This is a request which, if granted, will not cost the federal government any money whatsoever and will put three 100-foot deep sea ships back to work, and will actually add to our over-all economy.

Mr. Crombie: Good idea.

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Madam Speaker, I have rarely heard such a piece of demagoguery in a few phrases. The reality is—

Mr. Crouse: Give me an answer! Let's cut out your own demagoguery and give me an answer.

Mr. LeBlanc: If the hon. member would listen, he might get some information. The reality is that we allocated to Poland, as we do to other countries, fish which is totally surplus to Canadian need, mainly species in which Canadian fishermen have shown no interest and no desire to catch. What we are referring to here is groundfish in a region of the east coast which is totally and fully exploited. I frankly think that the hon. member knows his geography better than that.

Mr. Crouse: No answer, eh? You should resign, Roméo. Resign! You should resign!

* * *

ENERGY

INSPECTION OF MOBIL OIL OFFSHORE DRILLING RIGS

Mr. Maurice Harquail (Restigouche): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources. I wonder, considering the circumstances of recent events, if the minister would inform the House as to whether or not the other two rigs of Mobil Oil will be subjected to further inspection. Could the minister advise the House whether he will be instructing further inspection of the other two rigs owned by Mobil Oil?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I have had a meeting this morning with the president of Mobil Oil Canada. I have just been advised that Mobil is arranging to have the contractors bring the rigs ashore for total inspection following the recent storm. I must remind the House that those two rigs had also been subjected to a full inspection last fall. The inspection will take place as soon as the weather will permit. At the present time the weather is too rough to allow the rigs to be brought ashore.

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AIR SAFETY

AIR TRANSPORT ADMINISTRATION—RELEASE OF DUBIN REPORT

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, my question today relates to the report on the evaluation of search and rescue by the committee of deputy ministers on defence and foreign policy, and I address it to the Minister of Transport. The report raises serious questions about the failures of the Canadian Air Transport administration to aid in prevention of air distress situations. Examples are failure to enforce weather criteria, flight plan practices, and inspections. Given the fact that the government has also accused these same senior officials of doctoring accident reports and suppressing information to protect the department and the minister, would the minister take immediate steps to remove or at least change the management of the air transport administration, and would he immediately release Part III of the Dubin report which is now in his possession?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I must take note because there are at least three questions in the same one. Concerning this subject of a draft paper from a committee of cabinet or subcommittee of cabinet

secretariat on search and rescue, I answered the question yesterday. This is a draft which is now being submitted to different departments for comments. In due course the ministers will be seized of the final text. Concerning air transport, the question was what, exactly?

Mr. Skelly: The Dubin report.

Mr. Pepin: Oh, yes. Volume III of the Dubin report is coming out in the coming days. I have every intention of publishing a progress report on Volume II tomorrow. People know that Volume 1, which is on the creation of an independent investigatory board, has already been accepted by the government and that legislation is being prepared on that subject. So, again, I will report on Volume II tomorrow. My expectation is that I will table Volume III next week. So much for air safety.

● (1440)

SEARCH AND RESCUE SERVICES

Mr. Ray Skelly (Comox-Powell River): "So much for air safety!" I wonder at what point the minister is going to stop protecting those officials who have hung this whole country out to dry. My supplementary is to the same minister. Two years ago the Ministry of Transport and the Department of National Defence both received detailed studies and recommendations on problems and failures in the search and rescue system in this country. The current confidential report that was circulated on the deputy ministers' evaluation is almost identical in its recommendations and analysis. Will the minister commit himself to a full public study of the problems in delivering search and rescue services in Canada and, when those recommendations are forthcoming, will he move immediately to implement them?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, with regard to air safety the hon. member will remember that I set up an advisory committee on the Dubin report. The committee worked remarkably well. I repeat, the Volume I recommendations will soon be in legislation. With regard to Volume II, I will report tomorrow on the progress made. I was expecting some compliments from my hon. friend on that subject because I think the performance has been rather good, if I can say so myself.

On the matter of search and rescue, I said yesterday that progress would be made. I agree with that. I have in my hand a report on the improved budget and improved equipment. I can recite what is here, such as the number of vessels on the west coast, on the east coast, improvement of training, and so on. I will gladly report on all that to my hon. friend. A moment ago the Minister of Energy, Mines and Resources referred to the creation of an inquiry into the *Ocean Ranger*. That inquiry will be as broad as is necessary. There is no doubt that it will be broad enough to include search and rescue capacity on the east coast.

Madam Speaker: Order. We are trying to keep questions and answers equally short.

ADMINISTRATION OF JUSTICE

DEATH OF DR. JIRI SKVOR

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, my question is to the Solicitor General. It relates to the death of Dr. Jiri Skvor. I read a statement some days ago that the Solicitor General said no investigation had taken place. Since that time, after a delay of almost a month, I received a letter from him to the same effect. I should like to ask him if he has any comments to make about the assertion by the son of the deceased, Mr. Paul Skvor of Ottawa, made on February 1 to reporters from the Canadian Press, Southam Press and *Toronto Star,* to the effect that indeed an investigation had been proceeding late last year. Would he have a word with the security service to ascertain what the purpose was of a visit by two individuals to the Skvor residence in Montreal late last year? Was there any official reason for this, or was it a subterfuge by persons unknown?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, I cannot comment on that visit. I do not know whether it took place or who attended it. I did call in the security service and asked them about any investigation that had taken place into the death of Jiri Skvor. I was told that no investigation had taken place and that none will be conducted. Dr. Skvor was a prominent emigre living in Canada, and was an outspoken opponent of oppression in his homeland. That was known to anyone who read about his work and his views. However, simply having strong views and expressing them does not bring a person within the mandate of the security service. Far from it.

INQUIRY RESPECTING MONTREAL AND TORONTO COMPANIES

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, I have another brief question about another Czech matter. Is the minister aware of the existence and activities of a corporation named Omnitrade Ltd., located at 750 McArthur in Montreal, and its three Toronto subsidiaries, Omnitrade Machinery, Vista Industrial, and Pontiac Manufacturing, a corporation controlled from Prague, Czechoslovakia? Can the minister assure the House, the public and the business community, that these four business entities are not engaged in any activities which would be contrary to our national interest? Finally, will the minister inform the House, after checking carefully, about the residence status of the five directors of the corporation, Messrs. Valenta, Machac, and Solomon from Montreal, and Sejbal and Napravnik from Toronto?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, I will look into those. I have no comment on them now, and may not after I look into them. I must say that, in my view, it is reprehensible for the hon. member to throw names on the table of companies and individuals, and make no allegations about them whatsoever other than putting their names forward. If he has information against these companies and individuals, I urge him to come and tell me about them or tell the security service about them.

ENERGY

FUTURE OF ALSANDS PROJECT

Mr. Jack Shields (Athabasca): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources. As the minister knows, 60,000 to 100,000 jobs across Canada are dependent on the outcome of meetings now taking place to decide the fate of the Alsands project. What assurance can the minister give today that this project will proceed this year?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I am in the same position as the hon. member. I am waiting for the conclusion of the meeting that is now taking place. Once that meeting has been concluded, we will see what the conclusions are. The government of Alberta and the Government of Canada will have to decide. I talked with my colleague in Alberta as recently as a couple of days ago. We have concluded that we should wait for the conclusion of today's meeting.

STATEMENTS MADE BY MINISTER

Mr. Jack Shields (Athabasca): Madam Speaker, my supplementary question is directed to the Minister of Energy, Mines and Resources. Over a year ago the minister said in Cold Lake, "This project will go ahead, if not this year then next year, or the next year or the next year." He also made the statement, "Those who have put their heart and their money into the project won't be disappointed much longer." People have lost their life savings in northeastern Alberta and small businesses are going bankrupt because of the lackadaisical attitude of the minister. Would he care to revise those statements?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): No, Madam Speaker.

* * *

THE JUDICIARY

REQUEST THAT WOMAN BE APPOINTED TO SUPREME COURT

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, my question is to the Prime Minister who will perhaps recall that last week I asked him about the appointment of a qualified woman to the Supreme Court of Canada. Since that time the federal Minister of Justice has made ten judicial appointments, all of them men, even though there were qualified women available for such appointments. I ask the Prime Minister for an assurance that this ongoing trend of men only to judicial appointments will not be followed in the case of the vacancy in the Supreme Court of Canada, and that a qualified woman will be appointed.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I am surprised to hear the hon. member talk about the government's record, particularly that of the present Minister of Justice. He has a statistic, which I do not have readily in mind, which indicates that the Liberal government in the past ten or 12 years has progressively increased the number of women on the bench whereas, if my memory is correct, during the Clark government not a single woman judge was appointed.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Trudeau: I remind the hon. member that in many areas this government has striven to promote the role of women in the various public bodies. It is this government that first named a woman to a superior court or supreme court in Canada. It is this government that named the first woman deputy minister. It is this government which named the first woman Speaker of the House.

Mr. Clark: Who named the Speaker?

Mr. Trudeau: It is this government which named the first woman as Speaker of the Senate. It was this government which named the first woman lieutenant governor of a province. In every field we have tried to seek out women who could discharge the role with distinction. We found them. However, we do not name women just for the pleasure of naming women. We name them when they are competent. The examples I have given show that they have been very competent.

• (1450)

MINISTERIAL REPRESENTATIONS

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, my supplementary question is also for the Prime Minister. I do not know why the Prime Minister has to be so defensive and be so partisan about a move which I can assure him would have the support of at least 52 per cent of the population of Canada and, I would think, of a great many more.

We know that several public representations have been made by cabinet ministers to the Prime Minister with regard to the budget. Could the Prime Minister tell us what representations have been made with regard to the appointment of a woman to the Supreme Court of Canada by either the minister responsible for the Status of Women or the Minister of National Health and Welfare?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I have had many and constant representations from members of my cabinet as well as my caucus—

Mr. Hnatyshyn: By letter and otherwise.

Mr. Trudeau: —and from my own staff. I have appointed people particularly to establish a bank of available women for various functions. That is why the Minister of Justice in the past two years has named more women to the bench in Canada than have been named in Canada's history.

Some hon. Members: Hear, hear!

Oral Questions

DISASTERS

SINKING OF RUSSIAN FREIGHTER—NATURE OF CARGO

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is for the Minister of Energy, Mines and Resources or any other minister who may have information about the sinking of the Russian freighter whose captain waved away Danish rescuers before the ship went down.

Can the Minister of Energy, Mines and Resources, or any other informed minister, advise the House whether the government is in possession of any information to suggest that the freighter was carrying any Canadian material or any Canadian processed material and, if so, what was the nature of the material or processed material being carried?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I heard that rumour at about noon. I am having it checked now. I am in no position to confirm or deny it at this time.

What I do know is that indeed the Russian ship may have refused the support of a Danish ship and waited for one of its own sister ships to come to its aid. However, it was too late.

I know that the *Sir Humphrey Gilbert*, which is a Canadian Coast Guard ship, is in that area now and has 13 bodies and five survivors on board. There is a Russian factory ship, the *Dvorsky*, in the area which also has seven bodies on board. The remaining crew are missing. If survivors come to Canada they will be interviewed under the provisions of the Canada Shipping Act, Section 545, and there will be a preliminary inquiry under the "casualty at sea" rule of the act.

URANIUM SHIPMENT

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, the Minister of Transport referred to rumours. For my supplementary question I would ask the minister whether the rumours he is investigating are those to the effect that the Russian freighter was carrying nuclear material?

Hon. John Roberts (Minister of the Environment and Minister of State for Science and Technology): Madam Speaker, perhaps I can respond and be of some assistance to the right hon. gentleman. There were some assertions that the Russian freighter was carrying some uranium hexafluoride (UF). Twelve containers of that substance were indeed destined to be on the ship to Russia, but since the ship was late, Eldorado Nuclear sent those containers on to Russia by another Soviet vessel.

QUERY RESPECTING NUCLEAR MATERIAL

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I think the House would like to have full details of the arrangements between Eldorado Nuclear and the Soviet Union regarding the refining or other handling of nuclear material. Would the Minister of Environment, or whichever minister is informed, indicate to us whether the information now given by the Minister of the Environment is to the effect that there was no nuclear material of any kind on the Russian freighter?

Hon. John Roberts (Minister of the Environment and Minister of State for Science and Technology): Madam Speaker, to the best of my knowledge that is the case. I have given the information which I have in my possession. I will pursue the right. hon. gentleman's subsequent question to see if there was any other material. To the best of my knowledge that is not the case.

* * *

CANADA POST

DISQUALIFICATION OF CASUAL WORKERS—REQUEST FOR INVESTIGATION

Mr. David Weatherhead (Scarborough West): Madam Speaker, my question is for the minister responsible for Canada Post. In view of the arbitrary, high-handed and contemptible action of Canada Post officials in Scarborough, Ontario, who have disqualified 55 casual workers, who were successful in a difficult competition to become permanent workers, because of unsubstantiated allegations of cheating by a few of them due to the negligence of these same officials, and in view of the fact that these workers were placed in double jeopardy by being required to take a second test on February 15, despite orders from the executive office of the president of Canada Post that such a test was not to be held at that time, would the minister conduct a full investigation immediately to ensure that the vast majority of the 55 workers who are innocent be immediately requalified, and that the former hiring techniques of Canada Post, which relied heavily on nepotism and star chamber tactics be completely eradicated.

Madam Speaker: Order, please.

Mr. Hnatyshyn: Put the rest of it in a letter.

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, I will accept the representation of the hon. member. I appreciate that the substance of his presentation is very serious. I do not see the opposition taking it as seriously, but I appreciate that it is a serious matter for those who believe that the procedures were not followed properly. I will raise it with the president of the corporation and report back to the hon. member as soon as possible.

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IMMIGRATION

DEPORTATION OF REFUGEE FROM EL SALVADOR—REQUEST FOR POSTPONEMENT

Mr. Dan Heap (Spadina): Madam Speaker, my question is for the Minister of Employment and Immigration. The minis-

ter will recall that last week he acknowledged that Victor Regalado is a refugee from El Salvador and the United States, who is presently detained in Montreal and likely to be deported following a deportation hearing because of a security certificate issued against him by the minister and the Solicitor General.

The minister will also recall that on Monday of this week the Solicitor General, in answer to the hon. member for Montmorency-Orléans, said that he hoped to be soon tabling in the House, after discussions in cabinet, a system for external control and review of decisions made with respect to national security.

Will the minister defer deportation of Mr. Regalado until his colleague, the Solicitor General, has had the opportunity to table a system for reviewing certificates of security?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, as the hon. member knows, the issuance of a deportation order comes from an inquiry held by an adjudicator. It is not an order with which a minister can interfere. What we did indicate to the hon. member and to the solicitors and advisers to Mr. Regalado is that, considering the judgment of his refugee status, we would not undertake to have him deported to El Salvador or any other country which might simply transfer him to El Salvador, but would give him the opportunity to find an alternative third country to which he could go. I think this is a case where we are respecting the judgment that he is a refugee from El Salvador. At the same time, the fact that we issued a Section 39 certificate indicates very clearly that he was in transgression of the laws of Canada and was against the national security interests of Canada and we therefore would want to see that deportation order carried out as the adjudicator so desired.

REVIEW PROCESS

Mr. Dan Heap (Spadina): Madam Speaker, considering that the minister has indicated he can exercise discretion in the timing of the deportation, will he allow Mr. Regalado to have the benefit of whatever review arrangements his colleague, the Solicitor General, may be providing for other people in the same situation as Mr. Regalado in the future?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I should point out—perhaps the Solicitor General can add to the answer—that Mr. Regalado does have available to him, as does anyone who goes through the intitial determination procedures, a redetermination hearing through the Immigration Appeal Board. It is his choice or that of his advisers as to whether he wants to take advantage of that. I say to the hon. member that there are already a number of steps in place which are available to this individual, as they are to other individuals under these circumstances. It is not contingent upon the proposal by the Solicitor General, which I think is a very good one, that he would review the findings of McDonald commission and proceed with those. There is a process which is available to the gentleman.

SOCIAL SECURITY

DISCRIMINATION AGAINST ORPHANS

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Madam Speaker, my question is for the Minister of National Health and Welfare. Has she anything to report on the long struggle to bring an end to the discrimination against orphans under the Family Allowances Act?

● (1500)

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, this problem—which I must say has been raised often by the hon. member—was submitted to my colleagues. The principle of future changes to family allowances in relation to orphans and children who may have earned enough money in a year to be disqualified, even though those small sums of money were probably needed by the families involved, has been adopted. Unfortunately, it cannot be accommodated immediately because it involves a minimum sum of $5 million to $6 million a year. We have to postpone this as a priority, but the principle is adopted.

DISCRIMINATION AGAINST TEENAGE GIRLS

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Madam Speaker, I wonder if the minister would make the respresentation to her colleagues that, in addition to discrimination against orphans, under the present regulations—not the law—there is also discrimination against teenage girls.

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, I am not aware of the specifics of this, but I will discuss the matter with my officials and with the minister responsible for the status of women.

* * *

PRIVILEGE

MR. CROUSE—COMMENTS BY MR. LEBLANC DURING QUESTION PERIOD

Mr. Lloyd R. Crouse (South Shore): Madam Speaker, I rise on a question of privilege related to the answer provided to me a short while ago by the Minister of Fisheries and Oceans (Mr. LeBlanc). I now have the letter to which the Minister of Fisheries and Oceans referred. The letter is dated February 15, and it indicates that the allocation to Poland, to which I raised no objections whatsoever, was in the amount of 2,000 tonnes of Atlantic cod, 2,000 tonnes of Atlantic redfish and 1,000 tonnes of Atlantic halibut.

The minister may have unitentionally misled this house when he stated that these fish are of a species surplus to Canadian needs and not in demand by Canadian fishermen. That statement is not in keeping with the facts, since the species allocated are three of the most highly desirable species caught in Atlantic Canada. I think the minister should set the record straight.

Madam Speaker: Order, please. The hon. member, of course, recognizes that he is debating the question and that he has no foundation for a question of privilege. I am sorry, but I must ask him to refrain from continuing.

* * *

BUSINESS OF THE HOUSE

Mr. Nielsen: Madam Speaker, I have a question for the government House leader having to do with House business. Will he assure us that it is still the intention of the government to proceed on Friday with an allotted day, thus giving the Minister of National Health and Welfare (Miss Bégin), the Minister of State (Mr. Joyal) and eight other Quebec Liberal members—and God knows how many Ontario members—an opportunity to vote on the issue which is the subject matter of that motion now on the Order Paper?

Mr. Pinard: Madam Speaker, I cannot presume to know what your ruling will be on which motion will be debated on the next allotted day, but if there is any change, I will let my hon. colleague know as soon as possible.

Some hon. Members: Oh, oh!

Mr. Nielsen: Madam Speaker, I have a further question to the government House leader in order to clarify his answer. We all know that there are two motions set for Friday. Does his reply to me mean that the government is prepared to proceed with the allotted day if the Chair rules in favour of the New Democratic Party motion, but that if the Chair rules in favour of the official opposition motion the government will not proceed? Is that what he means?

Mr. Pinard: Madam Speaker, I do not know which motion will be debated on the next allotted day. There could be further notices given, either by an independent member or by the Tory party, which could change the motion. However, whatever the motion and whatever your decision, Madam Speaker, we intend to have an allotted day on Friday. I indicated to my hon. colleague that if there is any change, I will let him know on time, but it is the prerogative of the Government to establish the order of business. For the time being I have announced Friday as an allotted day, and I do not think we will change our minds, but if we do, I will let my hon. colleague know.

Mr. Deans: Madam Speaker, the hon. member for Yukon (Mr. Nielsen) raises an interesting question. I was not aware that the Chair was contemplating making a ruling on which of the two motions was to be debated on Friday. I just assumed ours was the one coming up.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

ROUTINE PROCEEDINGS

[*Translation*]

DISASTERS

TABLING OF INSPECTION REPORTS ON "OCEAN RANGER" DRILLING RIG

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I should like to table three copies of the translation of the safety inspection reports on offshore drilling operations. I am referring to the reports that were tabled in the House yesterday in English only.

* * *

[*English*]

PETITION

MR. JELINEK—LACK OF DOOR-TO-DOOR MAIL DELIVERY IN BRONTE MEADOWS, MILTON, ONTARIO

Mr. Otto Jelinek (Halton): Madam Speaker, I have a duty to present a petition on behalf of my constitutents. A subdivision in my riding of Halton in the town of Milton, Ontario—namely, the Bronte Meadows subdivision—has been at a stage of completion and meeting postal regulations since July, 1981. As of today, no door-to-door mail delivery is being made or, I understand, contemplated, despite the unprecedented postal rate increase.

I therefore take this opportunity to present a petition signed by over 100 residents of this subdivision outlining their concern regarding the lack of door-to-door mail delivery. At the same time I would like to give notice that I will take further action should mail delivery in that subdivision not be initiated in the very near future.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 2,760, 3,270, 3,285, 3,526, 3,576, 3,592, 3,614 and 3,722.

[*Text*]

MR. DON MARRIOTT

Question No. 2,760—**Mr. Cossitt:**

1. Since his appointment as Director of Restaurants and Catering of the National Arts Centre, what is a complete list of all travelling done by Mr. Don Marriott, when he was reportedly making such trips on National Arts Centre

business, including the places visited, the hotels in which he stayed and the restaurants in which he ate?

2. Since his appointment, what was the total amount of expenses charged by Mr. Marriott for business conducted outside the national capital area?

3. Did Mr. Marriott fly first class at any time and, if so, on how many occasions and at what cost to the taxpayer?

Mr. Jack Masters (Parliamentary Secretary to Minister of Communications): I am informed by the National Arts Centre as follows:

1. Over the 27 months since his appointment as Director of Restaurants and Catering of the National Arts Centre, Mr. Marriott travelled to places, stayed at hotels and ate at restaurants, as listed hereunder:

Place	Hotel	Restaurant
Toronto	Royal York	Not specified
Stratford	Not applicable	Church Restaurant
Toronto	Hilton	Not specified
Stratford	Not applicable	Church Restaurant
New York	St. Moritz	Charlies, The Plaza
Toronto	Not applicable	Proud Popover
Montreal	Meridien	Not specified
Toronto	Royal York	Not specified
Stratford	Not applicable	Mother's
Toronto	Royal York	Meyers, Trolley
Guelph	Guelph University	Not specified
Toronto	Royal York	London Fishery
Montreal	Not applicable	Not specified
Chicago	Blackstone	Not specified
Milwaukee	Pfister	Not specified
Toronto	Royal York	Thinstons, Whalers, Markangelos, Chives
Stratford	Not applicable	Old English Inn
New Hamburg	Not applicable	Waterlot
Toronto	Royal York	Coffee House, Abundance, La Folie
Frankfurt	Holiday Inn	Plaza
Montreal	Windsor	Dunn's
Montreal	Bonaventure	Not specified
Toronto	Park Plaza	Copenhagen
Toronto	Park Plaza	Copenhagen, Scaramouche
Stratford	Not applicable	Church
Toronto	Royal York	Simpsons
Toronto	Park Plaza	Not specified

The restaurants identified are those recorded on travel expense claims submitted by Mr. Marriott.

2. Over the 27 months since his appointment, the total amount of expenses (including travel, accommodation and meals) charged by Mr. Marriott for business conducted outside the national capital area is $6,695.64.

3. Mr. Marriott did not fly first class at any time while travelling on corporation business.

FOREIGN INVESTMENT IN CANADA

Question No. 3,270—**Mr. Cossitt:**

1. Is the government opposed to foreign investment in Canada, if such investment provides jobs and leaves the greater part of its profits for reinvestment in this country?

2. Is the government aware that it has the legislative capacity to nationalize any foreign company operating in Canada that contravenes or disrespects either Canadian laws or the welfare of the Canadian people?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): I am informed by the Foreign Investment Review Agency and the Department of Justice as follows:

1. It is the declared policy of the Government of Canada to welcome foreign investment that is likely to be of significant benefit to Canada.

2. Federal legislative capacity resides with Parliament. It is subject to the constitutional division of powers between the federal and provincial legislatures. However, the federal Parliament, in its field of jurisdiction, is legislatively supreme and the government is certainly aware of this fact which is a basic principle of the Canadian Constitution.

NUMBER OF LICENCES FOR MANUFACTURE OF FUEL ALCOHOL

Question No. 3,285—**Mr. Althouse:**

1. Under the National Energy Program, by province and by date, how many applications for licences were received for the manufacture of fuel alcohol?

2. By province, how many plants were brought into production since the program began and how many gallons are produced by the plants?

3. By province, how many methane gas production units are operating and (a) how many are part of (i) agricultural production units (ii) municipal sewage disposal units (b) how many gallons of equivalent gasoline are being produced by the units?

4. What proportion of Canada's portable fuel requirements are made up by alcohol and methane plants?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): I am informed by Energy, Mines and Resources Canada and Revenue Canada as follows:

1. Since the legislation was enacted, July 8, 1981, to the date of this question, no official application had been received. However, to date, two official applications for licences have been received.

2. None.

3. (a) (i) According to Agriculture Canada, there have been two dozen farm scale anaerobic digestors built in Canada but only six are operating. Most of this type of activity has been in Ontario and Quebec.

(ii) According to Environment Canada, there are 136 municipal sewage disposal units in Canada equipped with anaerobic digestors. The breakdown by province is:

Alberta	— 6
British Columbia	— 7
Manitoba	— 4
New Brunswick	— 1
Newfoundland	— 3
Nova Scotia	— 3
Ontario	—90
Prince Edward Island	— 1
Quebec	—19
Saskatchewan	— 2

(b) (i) None.

(ii) None. About half of these produce methane which is used for plant and digestor heating.

4. The proportion of Canada's portable fuel requirements made up by alcohol methane plants is insignificant; less than 0.1 per cent.

MISS FRANCE NADEAU

Question No. 3,526—**Mr. Cossitt:**

Is a Miss France Nadeau employed or was she employed by the Royal Canadian Mint and, if so (a) what are/were all her duties (b) what was the commencement date of her employment and was it during the time that Mr. Yvon Gariépy was Master of the Mint (c) was she hired by Mr. Gariépy on the recommendation of Miss Claudette Nadeau, former head of the Crown Assets Disposal Corporation?

Hon. J.-J. Blais (Minister of Supply and Services): I am informed by the Royal Canadian Mint as follows: Miss Nadeau is presently employed by the Royal Canadian Mint on a temporary basis.

(a) Miss Nadeau was hired for a summer project as Co-ordinator of Exhibitions. Her duties were the following:

(i) assisted in the preparation of the exhibits for the pavilion at Terre des Hommes, convention and trade fair

(ii) trained six hosts/hostesses—Terre des Hommes

(iii) supervised the operation of the pavilion at Terre des Hommes

(iv) ensured the safekeeping of all exhibits

(v) obtained information and gave verbal responses to queries

(vi) accepted orders for numismatic coins, transmitted all orders to mail order fulfilment

(vii) arranged tour appointments at Terre des Hommes

(viii) recorded daily count of visitors

(ix) ensured projection equipment is in good condition.

At the end of the summer employment, Miss Nadeau was asked to stay on a temporary basis. Her present duties are the following:

(i) keeps sales records, customers' performance evaluation

(ii) ensures distributors and dealers' shipments meet delivery dates

(iii) assists in preparation of quotations

(iv) assists the administrator

(v) participates in coin shows as required

(vi) assists the Manager of Numismatic Products as required.

(b) Miss Nadeau's employment commenced on April 3, 1981, during Mr. Gariépy's tenure as Master of the Mint.

(c) No.

CANADIAN EXPORTS TO AND IMPORTS FROM POLAND

Question No. 3,576—**Mr. Cossitt:**

In each of the past five years for which figures are available, what was the total value of (a) exports to Poland from Canada (b) imports from Poland to Canada and what are the estimated figures for the current year?

Hon. J.-J. Blais (Minister of Supply and Services): Statistics on Canadian exports to and imports from Poland in each of the past five years are as follows:

Years	(a) Exports ($'000)	(b) Imports ($'000)
1977	156,693	47,868
1978	224,800	73,722
1979	276,226	82,778
1980	357,403	72,159
1981	328,957(p)	73,878(p)

(p): Preliminary.

With regard to estimated figures for the current year, Statistics Canada does not make projections for this type of data.

CANADIAN EXPORTS TO AND IMPORTS FROM U.S.S.R.

Question No. 3,592—**Mr. Cossitt:**

What was the total of Canadian (a) exports to (b) imports from the Soviet Union during each of the past five years for which statistics are available and what are the estimated figures for the current year?

Hon. J.-J. Blais (Minister of Supply and Services): Statistics on Canadian exports to and imports from the U.S.S.R. in each of the past five years are as follows:

Years	(a) Exports	(b) Imports ($'000)
1977	360,044	56,659
1978	567,306	38,460
1979	776,231	64,088
1980	1,540,415	59,290
1981	1,861,089(p)	77,636(p)

(p): Preliminary.

With regard to estimated figures for the current year, Statistics Canada does not make projections for this type of data.

URBAN TRANSIT AUTHORITY IN B.C.

Question No. 3,614—**Mr. Herbert:**

1. What amount is to be paid in the current fiscal year to the Urban Transit Authority in British Columbia and what is the purpose of the payment?

2. Were any funds already transferred and, if so, on what date and in what amount?

3. What is the total government commitment to the project and is this amount to be transferred in this fiscal year?

4. What will be the estimated percentage completion of the project as at March 31, 1982?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): In so far as the Department of Industry, Trade and Commerce is concerned:

1. The federal government may provide $60 million this fiscal year to the Urban Transit Authority of British Columbia. The payment is conditional upon the federal government being satisfied with arrangements concerning Transpo '86, a fair featuring transportation developments, and that the B.C. government will proceed with this exposition. The payment is to be applied: $20 million to a pre-build section (completed mid-1983) and $40 million toward the purchase of 114 vehicles.

2. No funds have been transferred to date.

3. The total of $60 million may be transferred this fiscal year.

4. Estimated percentage completion of the entire advanced light rapid transit project as of March 31, 1982, is less than 2 per cent; this includes some engineering and design work, and some soil testing. Formal ground breaking is planned for February 15, 1982.

OFFICIAL LANGUAGES

Question No. 3,722—**Mr. Herbert:**

What percentage of public servants working in the Department of External Affairs in Quebec indicate English as their first official language?

Hon. Mark MacGuigan (Secretary of State for External Affairs): In the Department of External Affairs there are two (6 per cent) public servants out of 34 that are working in Quebec and have English as their first official language.

[*English*]

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

Mr. Beatty: Madam Speaker, may I bring to the attention of the parliamentary secretary question No. 2,672, which I put on the Order Paper on June 2 of last year, simply inquiring as to what public opinion surveys were commissioned by the government at public expense since the last election. Surely by now he should have been able to obtain the information. When will the House be apprised of that information?

Mr. Smith: Madam Speaker, I do not have that information in front of me, but I will look into the matter on behalf of the hon. member.

Mr. Deans: Madam Speaker, I put a question on the Order Paper on January 29 regarding the legal authority the government presumes it has for the collection of taxes in advance of the passage of legislation. It seems to me to be a fairly simple question that the government ought to be able to answer at a moment's notice. I wonder if the parliamentary secretary might indicate what it is that is holding up the answer. Is there some plot in the back rooms? Or perhaps the government does not have that authority. I would be interested to know.

Mr. Smith: Madam Speaker, I will look into the progress being made in answering this question, but I am sure the hon. member knows it is not the policy of the government to release legal opinions.

Mr. Young: Madam Speaker, I also have a question for the parliamentary secretary. On several previous occasions I have asked the parliamentary secretary to expedite answers to my questions on the Order Paper Nos. 3,380 to 3,438. The last time I asked the parliamentary secretary, he indicated that he would actively pursue obtaining answers to those questions from the ministers involved. I would like to ask the parliamentary secretary how he is making out in his hot pursuit of those ministers. I hope we will have the answers by the end of this week because if this is hot pursuit, it is little wonder that the people on behalf of whom I am asking these questions are becoming rather concerned.

Mr. Smith: Madam Speaker, I have made representations with regard to those inquiries, and I will continue to do so in hot pursuit.

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

Madam Speaker: Shall the remaining questions stand?

Some hon. Members: Agreed.

* * *

MOTION FOR PAPERS

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, would you be so kind as to call Notice of Motion for the Production of Papers No. 71 in the name of the hon. member for Skeena (Mr. Fulton)?

[*Text*]

LEGAL OPINION AND DOCUMENTS RELATIVE TO BILL C-48 AND LAND CLAIM NEGOTIATIONS OR ABORIGINAL RIGHTS OF NATIVE PEOPLE

Motion No. 71—**Mr. Fulton**:

That an order of the House do issue for a copy of the legal opinion and any other documents advising the Minister of Indian Affairs and Northern Development on the effects that Bill C-48, an act to regulate oil and gas interests in Canada lands and to amend the Oil and Gas Production and Conservation Act, may have on land claim negotiations or the aboriginal rights of native people.

[*English*]

Mr. Ray Chénier (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Madam Speaker, the documents requested by the hon. member cannot be provided because the motion for production of papers specifically requests government papers or documents which are exempt

from production as described in Citation 390 of Beauchesne, which says:

> Legal opinions or advice provided for the use of the government.

I therefore ask the hon. member to withdraw his motion.

● (1510)

Mr. Fulton: Madam Speaker, I would ask that motion for the production of papers No. 71 be transferred for debate. The reason I ask is that on June 1, 1981, the Minister of Indian Affairs and Northern Development (Mr. Munro) said that he had such an opinion and would provide it to Parliament.

Madam Speaker: Transferred for debate.

Before we proceed to orders of the day, there is a point of order by the hon. member for Wellington-Dufferin-Simcoe (Mr. Beatty).

Mr. Beatty: Madam Speaker, on the question of Notices of Motions for the Production of Papers, I wonder if I might be allowed to bring to the attention of the House and of the parliamentary secretary that Motion No. 731 stands in my name since December 2, 1981. It requests a copy of the results of each public opinion survey commissioned by the government since the last election. When will the government make up its mind about that?

Mr. Smith: Madam Speaker, I will make inquiries with regard to that matter.

While I have the floor, I would ask that the other notices of motions for the production of papers be allowed to stand.

Madam Speaker: Shall the motions stand?

Some hon. Members: Agreed.

Madam Speaker: Orders of the day.

GOVERNMENT ORDERS

[*English*]

AN ACT TO AMEND THE STATUTE LAW RELATING TO CERTAIN TAXES AND TO PROVIDE OTHER AUTHORITY FOR THE RAISING OF FUNDS

MEASURE TO AMEND

The House resumed from Tuesday, February 16, consideration of the motion of Mr. Bussières that Bill C-93, to amend the statute law relating to certain taxes and to provide other authority for the raising of funds, be read the second time and referred to Committee of the Whole.

Mr. Blaine A. Thacker (Lethbridge-Foothills): Madam Speaker, as you are aware, Bill C-93 is another attempt by the government to dupe Canadian citizens out of billions of dollars. This time it is $6.6 billion. Last time it was $14 billion. All of that money is to be borrowed.

I stand as a member of the opposition but also as a member who represents citizens who have had enough of this growth of government and who are opposing this wholesale borrowing of money. This money is to be raised in any currency. This means that the government can borrow from any country in the world. This would only exacerbate the problem we already have with our balance of trade. It means that more money will leave this country than comes in. The government can give any form of security that it wants—it could put a mortgage on your house, Mr. Speaker, on my house, and it is certainly putting a mortgage on our future. Therefore, I have no difficulty at all in opposing this bill.

It is clear that we have a government that is totally out of control, and that has been the case since it was returned. I should like to go through the remarks made by the Minister of State for Finance (Mr. Bussières) which show that the government has no idea how to run an economy. Our economy is being run by a bunch of people who have never had to meet a payroll and who have never seen the tragedy of people losing their jobs as a result of government inflation.

The minister proudly referred to the fact that the government had signed agreements with Alberta, Saskatchewan and British Columbia. He was trying to gather some credit for the government as if all the energy taxes, because they were part of an agreement, somehow gave the federal government legitimacy. That argument will not hold, Mr. Speaker. In fact, what the producing provinces did under the agreement was to get a confirmation that they simply had rights as owners of the assets; all they were putting into the agreement was their right as owners. All of the other taxes that have been imposed upon Canadians and that are in the process of being imposed upon them, are the result of decisions made by the Liberal Party of this country.

We must keep in mind that when a gallon of gas sells in Ontario for $1.67, some 22 cents of that goes to the citizens of Alberta as owners; some 25 cents goes to the Ontario government as a provincial tax it has chosen to levy on its own people, and some 57 cents goes to the federal government by way of a simple tax. It is not necessary for the federal government to raise money that way. There is income tax and sales tax, but rather than increase the income tax, the federal government has chosen to impose this tax on energy. It is another way for the federal government to raise money. Some 63 cents out of that $1.67 goes to the companies, most of which are Canadian, that explore for the oil, that drill for the oil, that will produce it, and then refine it. All of the distribution system, all of the wholesalers and retailers—that huge package of Canadians—shares some 63 cents.

The price of energy is much higher than it needs to be in this country, and the reason for this is taxation by governments and primarily by the government opposite. We must always remember that, Mr. Speaker. The minister said that in the perspective of the government, inflation is the number one problem. It is true that inflation is a serious matter; no one

denies that. He said that inflation forces interest rates up and slows investment, and that it must stop. He is absolutely correct, but he never said that there are three strings to the bow of this problem.

The first string is the deficit which the government will not admit it is responsible for. The deficit is over $90 billion. One dollar in five of our revenue goes to service that debt, so the government has lost the flexibility of being able to step in and help other parts of the industry when they need help. It is unable to help citizens who are losing their farms and ranches. But the one dollar in five of federal revenue that services the debt goes into the hands of people who already have wealth. Those are the people in our country and in other countries who have wealth. That is a very bad thing, because it leads to a class society.

So the first string, Mr. Speaker, is the deficit, and it is the one that the government will not admit to—it is too many dollars chasing the available goods that causes inflation. People have the money and they put out more on goods than they need to, and that causes inflation. As a result of inflation we have high interest rates, in order to try to bring it down.

The government says that we need high interest rates to bring inflation down but in truth, Mr. Speaker, the way to bring inflation down quickly and permanently is to get the size of government itself under control, and particularly the government deficit.

From the last financial statement we know that the government has some $7 billion on deposit with the chartered banks today. Yet it comes before us, as elected members responsible to our constituents across the country, and asks permission to borrow an additional $6.6 billion. I do not believe that we should give the cabinet that authority. I believe that the government backbenchers, in response to their own citizens, should deny the government access to this money. It simply does not need it when it already has $7 billion in the till. When that money is gone it can come back to the House when it genuinely needs more and ask for it. If the government takes that $6.6 out of the economy tomorrow, that means it is not available to the private companies and the ordinary citizens who may need it to build the plant and manufacturing capacity that will put Canadians to work. When that $6.6 billion is drawn from the capital market, it is just not available.

The government should not be able to do that to people, and that is why I believe that we need a constitutional amendment to block governments from having deficits. West Germany has this in its constitution. Governments should only be able to go into a deficit situation if there is an emergency or a crisis. Such a provision should be part of our Constitution in order to protect the citizens against the government.

Mr. Benjamin: We have a crisis right now.

● (1520)

Mr. Thacker: Yesterday the Minister of State for Finance talked glowingly about how the government was restraining itself. I believe he is a man of some honour and reputation, a man with a sound educational background, but surely he must find that statement incredible in these tough times when every citizen has to cut back and tighten his belt. On the basis of the public accounts as well as the national accounts, government expenditures are rising 22 per cent. How can he possibly say that this amounts to restraint? If he could parallel this with a rate of inflation of only 11 per cent or 12 per cent, perhaps he could say that it was restraint. But surely increasing government expenditures at twice the rate of inflation must be extravagant and are not restraint.

It is regrettable that history repeats itself. In 1974 when the Anti-Inflation Board was established, the government said to Canadians and to corporations that there had to be restraint. Thus, AIB held down wages of ordinary Canadian workers and held down prices to a lesser extent. Surely the third string in the bull had to be government holding itself down, but it did not. When we look at the record of the AIB we find that government expenditures rose enormously, and finally the controls had to come off. Canadians realized they were tricked, and they are being tricked again. Liberal members made campaign promises to hold down the price of energy and to be a sound government, but the Liberal government got us into deep trouble. Now we are at the point where the government is saying that we must hold back and tighten our belts, but once again it is not holding itself down. The whole system will not work. I say without a shadow of doubt that there will be enormous increases in inflation and high interest rates for many months, because the third string in the bull is not prepared to get itself under control.

Also the minister of state pointed out that all western nations were suffering from inflation. This is true, but most of them are suffering because they have had similar types of social democratic governments which have taken ordinary citizens into deficit positions. They are doing, as nations, what no one can do as an individual. None of us can spend more than we make and survive for more than a few weeks, months or years at the very most. Governments are no different. It is just that the time-frame before they are called to account is much longer, but the pain is always the same. If as an individual I spend more than I make, I am pushed into bankruptcy by my creditors, I declare bankruptcy and I suffer. When nations go into bankruptcy, people suffer. We can always predict who it will be—it will be people on fixed incomes because invariably governments get out of deficits by turning on the printing press. Every Canadian across the country needs to watch the weekly statement of the Bank of Canada. When the printing press is turned on, the nation is flooded with money. It is true that they will be paying back the deficit with 25-cent or 50-cent dollars, but who will suffer? It will be senior citizens on fixed incomes because they have no way of protecting themselves, and all people on welfare today will never get off the rolls. Now it is affecting middle-income Canadians, to the point where one must earn over $50,000 per year to purchase even a modest two-bedroom home.

What kind of a future is this for young people? Why should the government be able to get away with it? The answer is that

the government should not get away with it, but it will continue to do so until people realize and vote in governments committed to financial restraint and prepared to bring forward a constitutional amendment which, as a matter of law, the supreme law of the land, prevents governments from doing such things.

Another argument used by the government is that tax rates for some 12 million Canadians will drop. All of this has been exposed for what it really is—a joke and a lie. In order to benefit these 12 million people, the government had to bring in an indexation clause. Because of the indexing, which is part of our law, the government is taking credit for 12 million people receiving a benefit. This is a lie because indexing is part of the law, and the government should not take credit for it any more than it should take credit for personal exemptions.

I suppose the government could say that 14 million Canadians are receiving a tax reduction because of personal exemptions, but it does not make sense. It is technically true that part of the budget will result in a reduction for some Canadians, but we must realize that it is a trick because on 11 separate occasions the government filed Ways and Means motions imposing taxes upon Canadians. I should like to refer to the various notices of Ways and Means motions that have been filed by the government. On Monday, April 21, 1980, a number of Ways and Means motions were filed; on July 11, 1980, the text of a Ways and Means motion was filed; on October 28, 1980, another notice was filed; on December 17, 1980, another was filed; on Thursday, December 18 and on Friday, December 19, 1980, a separate taxing bill was filed; on March 2, 1981, a notice of taxation was filed; and on April 23, 1981, another notice of taxation. These are all notices to impose taxes on Canadian citizens. For the government to stand and say that it reduced taxes on November 12 or December 18 is simply a lie. There was another notice of Ways and Means on June 2, 1981; one on November 12; one on November 27; and one as late as February 1, 1982. There were 11 separate occasions upon which the government imposed taxes on Canadian citizens. In total, 21 notices were filed. For the government to say that it reduced taxes in one provision might be technically correct, but in terms of honesty, equity and fairness to Canadians it is not true.

Why is Canada failing? It is a good question. We can look at our land and see some 24 million people sitting on resources spread across half the continent. We can look at our competitors, Japan and Germany. How would Mr. Speaker like to be one of 114 million Japanese sitting on a rock in the middle of the ocean, with no oil or resources? Its industry is its people. It has a low rate of inflation because the people work, and it has good productivity. It has the benefit of decent, honest government which does not try to fool the people. When we look at Germany, we see the same situation. Germany has a constitutional provision that the government cannot bring the people into a deficit position unless there is an emergency such as war.

Here we are in Canada with a government which is taking us into debt. It is the same situation with Crown corporations. I had a paper prepared by the research department of the Library of Parliament which pointed out all our Crown corporations in Schedule C and Schedule D. Then it listed the subsidiary corporations owned by Crown corporations, and even the subsubsidiary corporations. Government involvement in our lives by virtue of Crown corporations is truly enormous. Indeed, the Liberal way to socialism in Canada is through Crown corporations. Fortunately, Canadians—and particularly university students—are beginning to realize that their futures are bankrupt. A deficit means that those of us who are middle aged will not have to pay the debt, but the next generation will be saddled with a deficit of over $90 billion. This has to be paid back out of the sweat and work of human beings, such as young people who work on oil rigs. It was a tragedy to lose 84 people off the Newfoundland coast. Every year in the western provinces there are 19 or 20 fatal accidents among oil rig workers. These lives are lost at the expense of providing oil for the rest of the country. That is the cost of operating oil rigs. They are very dangerous machines. What about those accidents involving crushed feet and other horrendous things? What about the miners who get black lung disease? All of these people are paying for the deficit. They work by the sweat of their brow. You would think that we would let them decide how to spend their money. But that is not the socialist way. The socialist way is for a government to take away all the money from the individual and decide how it will be spent rather than leave it to the individual to decide. The major difference that is now so clear to many Canadians is the difference between the Liberal-NDP style and our style. We would leave money with millions and millions of individuals and allow them to decide what to do with it. We believe this method leads to a better result for the nation than taxing money away from them and a small group of 36 cabinet ministers and deputy ministers deciding how to spend it.

• (1530)

The next budget will involve some $75 billion or $76 billion. That is about $2 billion for each cabinet minister. That is an incredible amount to me. I have a great suspicion of government. I would not want to see either a Conservative, an NDP or a Liberal government given that kind of power over us. Whenever power concentrates, power corrupts. It is not some pet phrase that power corrupts and absolute power corrupts absolutely. That is the experience of civilizations that have come and gone in the past. That is wisdom that has come to us through the passage of time. To the extent that we permit socialism to concentrate power in the hands of a Liberal government, an NDP government or a Conservative government, it matters not. But we will have to relearn that lesson of history. We will have to fight the French Revolution again. We will have to fight the American Revolution again, and we will have to go back to the year 1215. Unfortunately, it will not be you and I, we will trot along all right, but the next generation coming along, the students in university, our sons, daughters and our grandchildren will be the ones to suffer.

Let us track the Liberal record. It was not always like this. If we take a look at the economic history of Canada, we can

see that during the 1950s and the 1960s Canada was doing well. The country was growing at an enormous rate each year vis-à-vis other countries in the world. Canada's standard of living was the second highest in the world. We were the envy of the world. Millions of people immigrated to Canada, but since the Liberals came to power in 1968, we have seen that envious position reversed, even though for a year or two we had balanced budgets. For the most, in the 1950s we did have balanced budgets but since then, we have gone downhill.

Are individual Canadians better off today? Maybe we are but it is only because we have been spending ourselves into a deficit and mortgaging the future of our children and our grandchildren. What has been the federal government debt? In 1968 it was some $30 billion. It is now almost $140 billion. That is gross debt. That is the amount of money that we have spent over what we have taken in. Federal spending has gone from $13 billion in 1968 to about $75 billion the next year when the estimates were filed. Unemployment has risen from just over 300,000 to well over one million. Inflation has risen from 4 per cent to 13 per cent. The value of the Canadian dollar has declined and today it is worth less than 40 cents in terms of its 1968 value.

All the senior citizens who retired in 1968, having worked all their lives for this country from the 1920s to the 1960s, retire on a fixed pension. But the dollar they had in 1968 is now worth only 40 cents in the stores. Yet the price of goods in the stores has risen by an equivalent amount. Is it any wonder that our senior citizens are eating dog food? People have come to my constituency office and have told me that. Farmers have come to my office last week with complaints. One man told me he had come to this country and worked for 20 years building up about a half a million dollar livestock business. He is married and has five children. But today he is being petitioned into bankruptcy by his credit union and the shortfall will be over $100,000. The man sat in my office and cried. He told me that the only way out that he could see was to shoot himself. Once he is released from bankruptcy he can shoot himself and the life insurance will at least give his wife and family a home. That is what that man is contemplating. That is what governments are doing to people.

No doubt, Mr. Speaker, you have seen the Auditor General's report wherein it states that the deficit is $9 billion higher than reported. Once governments start to get into huge deficits, they try to shave the edges to make things look a little better than they really are. Thank goodness we have auditors general to audit the books and find out these misnomers.

I spoke earlier about the money supply. Last week the money supply increased some $181 million. Is that the start of things? Is the government starting to turn on the printing presses? If it is, anyone who owns land in this country had better hang onto it because land will be the only protection an individual will have. Anyone who does not have land will simply be a serf. With deficits like this, you get a landed class and a non-landed class. That is a return to the feudalism system of the middle ages. Our ancestors fought to get us out of that dilemma. Why we in Canada would permit ourselves to get into that kind of mess is beyond me. We have experienced this. Governments will lie and people in governments will lie. Therefore, people need to be putting in place mechanisms to keep government under control.

Let me deal now with the gross national product and how it has changed under a Liberal government. Our gross national product in the third quarter is down. Real gross national product is down. Corporate after-tax profits—this is the money that is used to build plants and a manufacturing base for more jobs—in the third quatter have dropped to $20.8 billion. This amount was $25 billion in the second quarter. Therefore, in a short period of three months, as a result of these enormous taxing bills that have been imposed on Canadians, we have $5 billion that will no longer be going into plants and creating jobs. Where is that $5 billion going? It is flowing into the government coffers. Even if the government were using it to reduce the deficit, we could say that there is light at the end of the tunnel and that we will be out of the mess in five years if we are prepared to put up with the situation. But that is not the case. Government spending is up 22 per cent. And this increase in spending is not being used for job creation for our young people.

Merchandise exports in December were down enormously. Merchandise imports were up. Another way of expressing that is that we are exporting less of our manufactured goods that create jobs for Canadians and importing more, meaning all of the jobs are held by people in other countries. We are increasing the export of our raw resources. We might be able to justify that in terms of bringing dollars into the country. But every time a raw resource is exported without any refining, you are really exporting jobs. For instance, coal leaves western Canada for Japan and it is brought back in the form of cars and refrigerators. It means the Japanese have the jobs to build those cars, refrigerators and other things instead of Canadians. The statistics on trucking outfits are quite revealing, if anyone knows how to follow this data. Trucks are invariably used in a work capacity. It means corporations are buying trucks for their employees. Truck output was down 36.3 per cent during this last measurable period.

Most of us in western Canada live and work with the oil industry and know that most of the decline there is a result of the National Energy Program which has, without a shadow of a doubt, taken 187 rigs out of Canada. Each rig that leaves involves about 25 jobs. If 187 rigs had remained in this country with 25 people working on each rig, imagine the number of jobs that could have been saved. Then there are the highly skilled technicians of the service industry who would have been paying income tax and helping to reduce the deficit. Instead of this, the rigs have left. As I understand it, each of those rigs can employ only one Canadian, the balance is left for the Americans. That means Americans are working, getting the benefit of the oil, paying income taxes. What has happened to our people? They have had to come back to Ontario, Quebec and the Atlantic provinces and go on social assistance. So we lose tax revenue at the same time we increase our expenditures by way of social assistance. It is all unneces-

sary. The bitter irony, Mr. Speaker, is that it is not Alberta's students and young people losing those jobs, because there is enough job creation in Alberta to handle its own needs. These are kids from Ontario, Quebec and the Atlantic provinces who were taking those jobs.

● (1540)

The same argument applies to the Alsands and Cold Lake projects. Had it not been for the NEP, there is absolutely no doubt that the Alsands plant would have been built. Indeed, Sir, if it had not been for the 1980 election, those plants would have been in place today because we would not have had that loss of business confidence. That is a very difficult concept for people to understand, and absolutely impossible for the NDP to understand because none of their members have ever met a payroll. They do not understand the concept of investment, and that is tragic. Then, Sir, when you lose that confidence not only do international capital market investors take their money out, but so do ordinary Canadians. I can tell you, Mr. Speaker, I know of members across the way who have put a portion of their money in the United States in order to protect their financial future. Now, that is Liberal Members of Parliament, and they have told me that personally.

Some hon. Members: Shame!

An hon. Member: We don't have any money.

Mr. Thacker: Well, Sir, that is what happens when the government thinks that it can take over and make decisions. Can you imagine, Mr. Speaker, a small group of politicians sitting in an office in Ottawa with a few bureaucrats around them, who think that they can make decisions better than Canadians who are out in the oil patch or drilling in the Atlantic Ocean. It is so patently impossible that you wonder why they want to do it. The reasons, of course, is power. The more people they can get coming into Ottawa for grants, the more people they can get on social assistance or old age security, the more they become tied to that. And then they have them.

That was the big change in the oil industry. Before that you or I could form a company, Mr. Speaker, decide where you wanted to drill your wells and the cost could be deducted from your income tax. The decisions rested with you. Now, under the existing program, you cannot make those decisions. First of all you have to come in and talk to the bureaucrats here. They will decide whether or not you get a grant. It will depend on how Canadian or how foreign you are, and it will depend on where you want to drill. If you want to drill outside of Brooks, Alberta, you are not going to get much money. However, if you want to go into the far north or offshore, you will get much more. What does that do to those 700 Canadian corporations, most of them in Alberta? We hear about the big five, and it is true they are big, but there are over 700 oil and gas corporations in Canada, Mr. Speaker, and many of them operate on the great plains of western Canada. They now find they cannot get the same type of grants. They do not have the capacity to go into the north, the Beaufort, the Arctic or off our coasts because they are not big enough. They need to work on the great plains. Yet, because so much tax revenue has been taken away from them, they do not have the cash flow. Then, because they have to come in and get grants and those grants are so low, they just cannot operate so they are folding up or moving to the United States.

Now, Sir, this is not some wild opinion of mine; there is hard evidence. We can give you data as to the number who have left. If you ever want to have an interesting holiday, Mr. Speaker, go down to Denver. It is like going into Alberta, because they are all Albertans, Canadians, and they are building highrises and doing other things in the U.S., and they are going to make the United States self-sufficient in energy. And here we are importing energy at an enormous rate.

Well, Sir, the Minister of State for Finance talked about the equity of the budget and how they needed this $6.6 billion to bring equity to Canadians. Again, it is simply untrue because taxes have been imposed on Canadians 11 separate times since 1980. They are all outlined in the Order Paper. In the last budget alone there are over 163 clauses which change the act and put additional taxes on people. Sir, we as Canadians who genuinely believe in equity should be concerned about the form of the taxes because the government leaves the impression that we have a progressive income tax system which means that the rich pay a higher percentage than the poor. To the extent we have an income tax system that is true, but when you look at government revenue, the amount collected from that system as compared to that collected from sales taxes and energy taxes, you realize the income tax portion is small. The bulk of taxes collected in Canada now come from indirect taxes, retail and municipal taxes, licence fees and energy taxes, all of which are regressive. So it means that the poor are genuinely poor and paying a much larger share of their income to government than people with real wealth. So it is not an equitable budget at all.

Now, Mr. Speaker, the government purported to be equitable to the provinces. It continues to claim that it is not cutting back on the provinces, and yet all of the data shows that the amount of transfers to the provinces will be cut in the order of $5 billion. How can we say that is equitable to the provinces? Because, Sir, not only are there rich and poor people, there are rich and poor provinces. The idea of revenue transfers was to use the taxing power of the central government to take more money from the richer areas and less from the poor and redistribute it. What is the government doing? It is backing out, and to the extent that it transfers this $5 billion responsibility on to the shoulders of the provinces, some of them will not be able to handle it. Clearly British Columbia, Alberta and Saskatchewan will be able to cope with it, and some without much problem. But how is Prince Edward Island going to handle it? How will Nova Scotia, with less than a million people, and Newfoundland in a similar boat, handle it? They do not have the fiscal capacity to increase their own taxes. The fiscal strength of Prince Edward Island is really restricted to agriculture, primarily the potato industry. Compare that to Alberta with its huge ranching areas, its irrigated farms and

the oil industry. How does it compare with Ontario and its incredible manufacturing infrastructure? Those provinces can handle the burden, but the weak ones cannot. So the government budget, by unilaterally cutting $5 billion, is not equitable in any way to the poorer provinces.

Neither is this budget equitable for students. I am talking about those students planning on going on to university and technical schools. We all know that the technological revolution is sweeping the country and that as a nation we need to be directing our resources into that because, if we do not, we are just going to be whipped by Japan, Germany, France and the U.S. What does the government do? It is now cutting back its contribution of money for post-secondary education. That means that the universities must increase their tuition fees, and that students who until now were able to have access to universities will no longer have access.

● (1550)

An hon. Member: That's not true!

Mr. Thacker: That is absolutely true, and Quebec will be one of the provinces which will be hurt the most. The one dream we had in this country and the one success of the fifties and sixties, during the time of John Diefenbaker and Lester Pearson, was that children from ordinary families of modest income would have the privilege of going to universities and colleges and then could go into all sorts of exciting careers. That will not be so any longer.

Some hon. Members: Oh, oh!

Mr. Thacker: I did not realize that 40 minutes could go by quite so quickly.

An hon. Member: It was fast?

Mr. Thacker: I was going to speak about the money outflow from this country, because the hard data on it is incredible. I was going to speak about the federal deficit as shown in *The Globe and Mail* of February 12. Again, these are sad businesses.

Under the Excise Tax Act, Part II, one will notice that the government, in effect, is admitting failure in ever having coped with inflation because under Part II of the Excise Tax Act, and Section 2, the government sets the rate of default or penalty at 1.5 per cent. That amounts to 18 per cent per year. The government figures that the rate of inflation will be 18 per cent per year. It is even putting it into the form of a statute, because that will be the penalty if one does not pay one's taxes.

I would like to continue, because there are many more things I would like to discuss, but I will leave it to other hon. members.

Some hon. Members: Hear, hear!

Mr. Bill Yurko (Edmonton East): Mr. Speaker, it gives me a good deal of pleasure to speak on Bill C-93. I wanted to say, first of all, that we as a nation are inordinately blessed with all sorts of riches, but we have not yet learned how to manage those riches appropriately. I wanted to indicate that in order to overcome our economic ills, we must surely deal with inflation. With inadequate productivity, with technological redundancy and inadequate inadequacy, with regional disparity and government debt and expenditure, the question is how and at what intensity or rate we should deal with inflation.

Today I want to try to be constructive, if I can. I want to say that I am in agreement that reducing inflation is the first priority, and that Canada's interest rate structure must, of necessity, closely follow that of our massive trading partner, the United States of America, on the short term, particularly so until we increase our relative productivity. Nevertheless, I am also convinced that Canada is rapidly approaching the bottom of the recessive cycle and that it is perhaps timely to give serious consideration to a program of selective stimulation of the economy, particularly with the prime objective of job creation.

I believe we must minimize the length of the recession and accelerate the recovery period in any way we can, and we must start pretty soon. However, any regime of selective stimulation of the economy must unreservedly meet at least two conditions on the short term and perhaps on the longer-term basis. The first condition is that any program of selective economic stimulation must be non-inflationary. Some people may have difficulty envisioning programs of this sort; but there are many which can be implemented. The second condition must surely be that such programs must not increase government debt and direct government involvement in the economy through massive public borrowings.

These two conditions are important to be met with regard to any program of selective economic stimulation undertaken at the earliest opportunity. The question is, can it be done? If one anticipates substantive economic recovery in the next two or three years and government debt and expenditures can be held in check, then a basic selective tax policy, using future government tax revenues as an incentive to selectively stimulate the economy today, is an appropriate direction in which to move. The question is, how can it be done? Some of the long-term revenues of government should be used to selectively stimulate the economy today.

Let us examine the construction industry, and particularly the housing sector. Concerning the general industrial and commercial construction industry, surely rapid capital recovery or turnover in this high interest rate climate would be a substantial incentive. Why should the government not give very serious consideration to initiating a rapid, five-year regime or variable capital write-off regime for new construction during the next five years? Such a policy could start at the lower rate of depreciation or write-off in the first year and accelerate by 5 per cent a year to something like a very high rate in the fifth year, permitting capital recovery over a five-year period. This would be for new construction only. This would permit rapid capital recovery for reinvestment but, as it would only apply to new construction, increased construction would tend to increase government revenues rather than decrease them. The construction industry is so depressed today

that inflation would hardly be stimulated by such a program. Surely, a more generous and flexible use of the capital cost allowance, principle or incentive is timely today.

Let me look briefly at the housing industry. I have in my hand the report, I believe, of the last federal-provincial ministers conference on housing, which was held in Edmonton from January 31, 1978, to February 1, 1978, and jointly chaired by the current hon. Minister of Consumer and Corporate Affairs (Mr. Ouellet) and myself. It is an interesting document, and most people should read it today because the predictions are quite accurate.

If governments wish to stimulate the housing construction in today's high interest rate climate, what type of housing should be stimulated? I think that is a very basic question. Should it be done? Should it be social housing? Should it be middle-income housing or should it be high-income housing? How should it be done, and with what incentives?

If job creation is to be the paramount objective, then it must be done without increasing inflation or government outlays. I believe this can be done through the construction of middle and high-income housing rather than low-income or social housing. I will explain this in more detail as I go along.

To build a one-bedroom suite or a senior citizens suite today, under the various government programs, be they federal or provincial, requires some $40,000 to $50,000. To service such a suite economically, with interest rates at 18.5 per cent, and considering taxes and capital recovery, the cost is approximately $10,000 a year, or just under $1,000 a month. Government subsidies for this type of housing vary in one form or another, but they run between 50 per cent and 60 per cent, so that a subsidy for all such housing would be in the order of $6,000 a year supplied by one or another level of government. Building an additional 100,000 units over a period of two years, for example, would involve subsidies by governments amounting to a minimum of $.5 billion.

● (1600)

Some people say "good" when the debt structure of the government, particularly the federal government, is what it is today. If one wanted to increase inflation through government borrowing, one would move rapidly and massively into the area of constructing social housing. However, if the priority were job creation and at the same time minimizing government debt and government involvement in the economy through government debt, what would one do?

First, let me say that our occupancy rate has fallen below three people per dwelling in most locations across this nation. Our housing stock is vastly underutilized. It is related to a period in our growth when we could afford a substantial amount of luxury. What is vitally necessary today are policies and programs to increase the utilization of existing Canadian housing stock.

A partition suite or a basement suite can readily be built today in the order of $4,000 to $5,000 as compared to new suites at $40,000 to $50,000 per unit. Why not allow home owners to partition houses and build basement units? This was a great consideration of the housing ministers across the nation.

Why is it that existing housing stock is so inadequately used? Primarily this is because of municipal government regulation. I am certain that senior levels of government could meet with municipalities at the earliest opportunity to change bylaws and provide additional accommodation by way of more adequate use of existing housing, building basement suites or dividing homes in such a way that the vacancy rates of most of our urban centres would rapidly be increased. We should look seriously at moving in this direction at the earliest opportunity.

Just imagine the energy savings involved. Imagine the savings in reductions of government subsidies. Also, it would provide some degree of job creation without massive capital outlays. A meeting with the Urban Municipalities Association of Canada should be held at the earliest opportunity. If an incentive structure can be set up with small grants being made to the communities to cause them to move in this direction, this will provide a useful direction in the whole area of housing for lower-income people in this country.

Let me get back to the selective economic stimulus of new housing construction. Building a very modest house requires one man-year of direct house construction labour. A medium-sized house will provide two man-years of skilled labour employment and a more spacious dwelling, three to four man-years.

How is the construction of housing for middle and high-income earners to be stimulated so that jobs can be generated today without a massive infusion of government capital? One possible course of action is to provide selective incentives through the tax system, in other words, tax perks that produce new wealth and create jobs. I realize the government has removed most of the tax perks which tend to provide new wealth or jobs.

If the government had the political courage, it could give serious consideration to providing mortgage interest rate cost deductibility above a base figure of 10 per cent or even 8 per cent on new houses built and marketed only in the next two to five years. This would act as an incentive for middle and higher-income people to build more homes and provide job creation.

One could argue this would be subsidies for the rich or middle-income earners. However, if one considers that the intent of the policy would be job creation without inflation and without government borrowings, it might be considered seriously. Why not? What can government lose? Its revenues would increase rather than decrease. Such incentives would automatically disappear when interest rates again drop to reasonable levels. Therefore, the incentives would be of short duration.

With regard to selective stimulation, why can the government not permit borrowing interest costs on the purchase of Canadian-made cars, those with a certain percentage of Canadian content, as income tax deductible items for the next one or two years? Ontario stimulated car sales substantially

with a similar program. The federal government would surely end up in the black rather than in the red with such a short-term policy.

Many other examples of selective stimulation for meeting the two conditions I laid down earlier are possible. I hope that a task force can be put together at the earliest opportunity to come forth with a whole series of programs by government for selectively stimulating the Canadian economy and creating jobs without necessarily increasing inflation.

I now want to dwell very briefly on the megaprojects, particularly the Alsands plant north of Fort McMurray and the Cold Lake heavy oil plant. Let me say that megaprojects are rapidly evolving a new form of enterprise. These massive projects require enormous capital and cross literally every level of enterprise; social, economic public and private. They have assumed the characteristics more closely resembling massive utility projects rather than high-risk capital enterprise projects. They are evolving as government and private sector partnerships rather than pure private enterprise partnerships. Government involvement is almost mandatory to reduce political risk on such massive projects and guarantees not only an energy source, but rapid recovery of the massive capital outlay.

I want to indicate that when we first dealt with Syncrude, the extent of capital involvement was nowhere near the level required in an oil sands plant today. We talked about somewhat under a billion dollars. These costs are now reflected in the order of $12 billion to $15 billion. The capital requirements are massive. Therefore, the risks must be minimized in every possible way.

The basic requirement for bringing into reality a project such as the heavy oil plant in Cold Lake or the Alsands plant is government involvement in a minority equity position and massive involvement in building the community infrastructure and transportation facilities. The private sector likes to see the government involved in a minority equity position so that it can reduce its risk and guarantee success of the subject in the longer term.

• (1610)

The second requirement is a guaranteed rate of return on invested capital following normal utilities, in a general way. This would assure product price structures on the short and long term.

The third requirement is rapid capital investment recovery for redeployment of such capital. The fourth requirement is the total remission of all federal government taxes and provincial government royalties during the early life of the projects so as to reduce risks and assure capital recovery and recycling over the shortest possible time-frame. Simply, the government must delay its tax revenues and royalties on plants of this type to the period after investment capital is recovered in order to provide both the spark and inertia to make such plants a reality.

In my opinion, the Alsands project is dying rapidly, and it will take a miracle to revive it. The priorities on the Cold Lake heavy oil project should have been and must be reviewed.

Alsands required a massive new infrastructure and transportation system, most of which is now in place in the Cold Lake facility. The Alsands plant is the third such plant, and the technology is fully commercialized so that new plants can await a more favourable interest rate climate. The Cold Lake plant is the first of its kind. It involves the commercialization of a new technology related to a heavy oil reserve in the order of 40 billion to 50 billion barrels of oil. The environmental consequences are minimal when compared to the Alsands plant. Furthermore, the ability to raise vast capital requirements is enhanced by the very nature of the possible government-industry partnership at Cold Lake.

I remember the early negotiations on the Great Canadian Oilsands plant. I also remember the early discussions and the manner in which Syncrude had to be saved. These projects involved relatively mild capital requirements when compared to both the Cold Lake plant and the Alsands plant. No knowledgeable or experienced industry partnership would invest $13 billion in one area unless it was guaranteed a rate of return on investment and guaranteed a price for its product. It must recover that capital over the shortest possible time-frame. Surely governments can make all their money after the first five or ten years of operation when, in fact, most of the invested capital is recovered. Government should regard these projects as effectively being utility plants providing energy at a reasonable rate of return on investment.

I wrote a letter to the Premier of Alberta and the Prime Minister (Mr. Trudeau) in the fall of 1980 to indicate that the Cold Lake plant was the first of its kind and we were involved in the commercialization of a technology which had not been commercially proven anywhere in the world. The reserves associated with that technology, 50 billion barrels of heavy oil in place, were enough to serve Canada for many years to come. The Cold Lake heavy oil plant must be revived at the earliest opportunity and this can only be done by providing an incentive climate which would minimize the economic risk. I believe that the two governments must get together as soon as possible and develop that climate and provide for the Cold Lake project a total federal crude oil tax and provincial royalty remission until the investment capital is fully recovered. A second necessary requirement is an established product price regime for at least the first ten years of the production cycle, followed by a tracking of world price thereafter. As I have said earlier, inflation and high interest rates have required a somewhat different format from that which made Syncrude a reality. Surely this new format can be negotiated and evolved in Canada's interest.

The failure or indefinite postponement of the Cold Lake heavy oil project is a national disgrace. In my estimation, it is tantamount to a form of national treason. What other nation can look to a reserve of 50 billion barrels of heavy oil? What other nation can look to a developed process which has had a pilot plant running for several years? What other nation can look to having a company which is developing a regime to build a plant in the order of $12 billion to $15 billion to

generate 140,000 barrels of oil per day? Throughout our discussions, we have allowed this to fail.

Perhaps I have strayed somewhat from the pertinent aspects of Bill C-93, but the reason I rose to speak today was to indicate that the government should be seriously thinking of entering into a phase of selective economic stimulus. I agree that inflation is our primary problem and it must be reduced at the earliest opportunity. Economic stimulation can be achieved without increasing the government debt or increasing inflation, with the primary concern being job creation. Thank you, Mr. Speaker, for giving me this opportunity to speak briefly on this matter.

Mr. Howard Crosby (Halifax West): Mr. Speaker, I will begin my remarks on Bill C-93, which contains the statutory provisions for new taxation and increased government borrowing, by underlining a comment made by the Minister of State for Finance (Mr. Bussières) when he explained the bill in the House. He said that Bill C-93 is directly concerned with the infamous budget presented to the House on November 12, 1981. He then reviewed what he called the main objectives of the budget because, he said, this was the background for evaluating the merits of this bill. According to the minister's own words, we must examine the provisions of the budget to evaluate Bill C-93. You will therefore not be surprised that I want to review the most objectionable features of the budget, particularly the onerous tax measures, as well as comment in specific terms on the provisions of Bill C-93.

I briefly will deal with one of the major features of Bill C-93. First, it authorizes additional federal government borrowing to the extent of $6.6 million.

An hon. Member: That is billion dollars.

Mr. Crosby: I am corrected on that. Unfortunately, this $6.6 billion is a mere trifle when it is added to Canada's current gross debt load of $128 billion. It is interesting to note in passing that a one-time prominent member of the Liberal government, C. D. Howe, created a national storm by remarking, in response to an accusation of monetary inaccuracy, "What's a million?". That is what he said at that time. If he were alive today, he would have to say, "What's a billion?" to even draw the slightest attention to monetary maleficence. This is the extent to which successive Liberal governments have inoculated the Canadian public against the disease of financial mismanagement. Canadians have come to expect government financial mismanagement to the extent that million dollar errors no longer shock the public. The $500 million loss at Mirabel, the $600 million debt write-off for the St. Lawrence Seaway, the $450 million to $550 million annual losses in the post office are hardly even newsworthy. What Canada needs is a billion dollar fiasco to attract sufficient public attention. The government is working hard to achieve this objective of a billion dollar fiasco which will draw attention to the financial plight of Canada.

• (1620)

Apart from changes in excise and sales tax of a relatively technical nature, the other major thrust of Bill C-93 is the implementation of a price and tax regime which will now be imposed on energy supplies, particularly oil and natural gas. I do not intend to review the mechanics of these tax measures, but I will consider the energy problem in Canada since it has such a gigantic impact on our financial position and our economic future.

Let me now consider the budget, recognizing that Bill C-93 is part of that ongoing process. What I want to do first is try to reduce the motivation for the 1981 budget to understandable and general terms. In order to do that it is almost necessary to review the 1980 budget which was introduced in the House of Commons on October 28, 1980. In that budget, the Minister of Finance (Mr. MacEachen), in explaining the financial plan of the government for that year, commented on the tax structure and said:

> —I turn now to questions of taxation. I have a special responsibility to ensure that our tax system is fair and that it contributes to the achievement of our economic and social objectives. On the whole, our tax system is one of the best in the world. Canada's individual and corporate taxes were lower than in many other industrialized countries, including the United States.

In October of 1980 the Minister of Finance was pleased to speak in glowing terms of Canada's tax system but, strangely enough, just a year and a month later, on November 12, 1981, when he introduced the 1981 version of his budgetary process, he said in his budget speech:

> Many Canadians find our tax system unfair, and I agree with them. They realize that taxes are necessary to pay for important government services, but they feel that rates of tax are too high. They sense that others, the well-advised or the wealthy, very often pay less than their fair share.

What we have in two successive budget speeches is the Minister of Finance contradicting his view of Canada's tax system. On the one hand, in 1980, he said it was one of the best tax systems in the world, and then a year later he said it was unfair and that people had said it was unfair. The Minister of Finance has never stated, in the House or in any other place of which I am aware, who said the tax system was unfair or what was the claim of unfairness in the tax system the Minister of Finance was asked to remedy. If we knew what the claim of unfairness was with respect to the tax system—and I hasten to add that there certainly are measures which are unfair—and if we knew exactly who made the claim of unfairness and what their claim involved, then we could deal with that, but we were not allowed that opportunity. The Minister of Finance simply announced in 1980 that we had a good tax system and in 1981 that we had a tax system which was unfair. This would lead one to believe that the Minister of Finance was simply using the tax system to bring about changes which he had in mind to make; that is to say, he was not responding to any initiative from the public. He was not responding to any thrust from the business world, any thrust from the world of education, any thrust from the world of finance or any thrust from any other of the segments which make up our Canadian society. He was simply engaged in an internal operation of introducing some tax measures, the real

result of which was to gain more revenue for the federal Treasury.

What we are faced with in the budget is simply an exercise whereby, under the guise of reform of the tax system, the Minister of Finance is introducing measures which will bring more dollars into the federal treasury.

I ought to answer the question: why does the federal government need more dollars in its Treasury? The answer is very simple. Years of overspending and financial mismanagement have led to a situation in which drastic action must be taken, but unfortunately, the only resource left to tax in Canada is the hard-working people of Canada who engage in enterprise and who work for wages for a living. They are the only resource from which money can be drawn, and that is what the government is doing, but it is doing it under the guise of reforming the tax system.

There are other methods of reforming a tax system, and I ought to deal with the fact that in the past these methods have been reviewed at great length. Over a decade ago the Carter commission examined in great detail the tax system in Canada and came up with very serious recommendations which would perhaps have led to a fairer tax system for all Canadians. But at that time there were members of the government and members of the Liberal Party who rose up and said that those reforms would not come about, that the recommendations of the Carter commission would not be implemented in Canada and that they wanted the tax system we now have in place. That consultative process, which went on over a long period of time and dealt with the Canadian tax system in detail, was simply chucked out the window because of Members of Parliament like Senator Olson, who now resides in the other place and not in the House of Commons. Perhaps it is for that reason he rejected out of hand tax reforms and opted for the system the Minister of Finance now tells us has to be changed in the way he has changed it.

There was another thrust in the 1981 budget which would have gained the support of most people in Canada, and that was the government's promise to reduce the deficit. In his budget speech the Minister of Finance said he would reduce the deficit of the Government of Canada over a period of two or three years by $4 billion to $6 billion. I think he said approximately $5 billion by 1984.

How are the government and the Minister of Finance proposing to reduce that deficit? Their proposal is simply to deprive the provinces of funds in the form of transfer payments, equalization payments and payments made under established programs funding. What the government really proposes in the 1981 budget, in the name of reducing the deficit, is to transfer the deficit to the provinces of Canada. More important, the provinces of Canada to which this deficit will be transferred will be the provinces which can least afford to carry that deficit. They are the provinces which are now required, because of their lack of financial capacity, to seek assistance from the federal government. I am talking primarily about the Atlantic provinces of Newfoundland, Nova Scotia, New Brunswick and Prince Edward Island, but the province of Quebec also benefits from these programs, as do the western provinces and the province of Ontario with respect to specific programs. These provinces can ill afford to bear the federal deficit. These provinces are already burdened. Nova Scotia has a deficit of about a quarter of a billion dollars which, in terms of population, is very substantial. Hon. members may not be aware that the province of Prince Edward Island, for example, spends more money per capita on providing services within that province than any other province of Canada, approximately $3,000 a year per citizen. The other maritime provinces pay similar amounts. That is because those provinces do not have economic advantages. This is the region that suffers from economic disparity. Because of this, the strain on government is greater. The people need more services and more assistance in terms of social welfare payments, education and all the services government has to provide, particularly in areas where the population cannot provide for itself to the extent it can in other parts of Canada.

The reduction of the deficit is not really a reduction which will benefit the financial situation across Canada or balance the books, so to speak, of government. It will simply transfer that debt to another level of government, a level of government which can least afford to carry the debt, and it will not be able to carry that kind of debt without raising taxes or without reducing services.

• (1630)

There are two main thrusts to the budget—reduction of the deficit and the reform of the tax system. The Economic Council of Canada has confirmed that the claim of reducing the federal deficit is false, that it is simply a matter of refinancing some of the government's assistance to the provinces and, as a result, the deficit will be carried by the provinces.

We know from people who have complained to us directly and in the press that the government's claim of tax reform is false, and that the claim that equity and fairness will be brought into the tax system is also false.

I can explode that myth with some facts and figures, Mr. Speaker. The Minister of Finance told us in this House that under the new tax measures approximately 12 million taxpayers will pay less tax, that 3.5 million will pay the same amount of taxes and that only 800,000 will pay more. Those statistics have been challenged again and again, not just by members of this House but by the Canadian Labour Congress and by tax experts like Mr. Arthur Drache who, in an article, indicated that at least two million Canadians would be paying more tax in the 1982 taxation year.

The almost seven million Canadians who participate in health and dental care programs and receive financial assistance with respect to those programs from their employers will be taxed on the financial contribution made by or allocated to the employer. So as many as seven million Canadians and certainly at least four million Canadians will be facing increased taxes because of that measure.

Another consideration is the provision with respect to the taxation of insurance benefits as they accrue. There are 13 million policyholders across Canada, 40 per cent of whom earn under $25,000 per year and 60 per cent of the policies are for less than $50,000 per year. Pensioners will also have to pay increased taxes because they will lose the $1,000 pension deduction if they are contributing to an RRSP. Approximately 2.3 million senior citizens in Canada receive old age assistance and almost two million receive the guaranteed income supplement. About 2.5 million Canadians over age 65 may be adversely affected by these tax measures. When we complain about the measures contained in the budget, we are not talking about the business community or the high priced executive; we are talking about 2.5 million senior citizens and the seven million Canadians who receive assistance through health and dental plans. In other words, we are talking about the ordinary people that this budget attacks.

These people may not be too aware now of the price they will have to pay but they will know all about it next year when they file their income tax returns and find that they must pay tax on their health and dental plans, and that they cannot deduct the interest on payments made to an RRSP for which they borrowed funds. A year from now pensioners will know that they will not be able to use the $1,000 deduction.

It is our job, in this House, to get the word out to the Canadian people so that they may respond to these measures. That is exactly what we have done, Mr. Speaker. This party had a special committee on the budget and the economy which travelled across Canada. It was a forum at which interested persons could register their complaints and ask questions about the budget and its measures. If Canadians want to protect themselves against these unfair measures they have to act now. We know that they are acting now because they are writing to Members of Parliament on this side and on the government side. I do not think any member on the government side could say that he or she is not receiving complaints from constituents—from pensioners, the ordinary workers and construction workers who will be taxed on housing benefits.

The government is backing off, Mr. Speaker. The Minister of National Revenue (Mr. Rompkey) has backed off the measure to tax travel passes issued to transport workers. The budget provided that the passes issued to the 45,000 transport workers of Air Canada and CN would be taxed on their market value. There was such an outcry that the government knew 45,000 votes would be lost, so the minister issued a paper stating that was not what was intended at all, that the passes were not to be taxed at market value but only on a certain percentage. The gobbledygook is all written out in the statement issued by the minister, Mr. Speaker. There are no regulations to back this up but I suppose they will be issued as soon as the minister figures how they can work things out without contradicting the budget proposal.

If the 1.2 million of the 2.5 million pensioners in Canada who face the loss of the $1,000 pension deduction protest, the government will back off that provision as well. I do not know how the transport workers got the Minister of National Revenue and the Minister of Finance to issue that paper. Perhaps the pensioners could get in touch with them and find out what is going on.

It appears that the government is willing to back off because it wants to save its political hide. It has to save it or it will lose the next election. This is not like their promise on the energy tax where they told the people to vote for them and then there would be no increase in the price of gasoline. They told people not to worry about the 18 cents.

Mr. Evans: Nobody said that and you know it!

Mr. Crosby: A year later the government put the price up 80 cents, 90 cents, $1.20. But that is different, it seems, because they did not put the 18 cents tax on, just an 80-cent increase. They will not get away with anything like that with income tax, Mr. Speaker, because taxpayers will see that they are to be taxed on their health and dental plans and that they would have been taxed on their transportation passes. I do not want to lead a revolt, Mr. Speaker, but I think taxpayers must make their position known.

I want to speak now of the tremendous problem facing the provincial governments with the transfer of the deficit to their budgets. The less fortunate provinces in the Atlantic area already carry a large debt load. Their expenditures per capita are higher than in the rest of Canada. They cannot effectively increase their public debt because, for one thing, they will lose their credit rating. The provinces of Newfoundland, New Brunswick and Nova Scotia are running at maximum debt now and if they are deprived of federal funding or if it is reduced, they will be in greater trouble. We know there is a bottom line involved in this. It is very easy to calculate that the province of Nova Scotia will lose $100 million over a five-year period, or $20 million per year. It has to come up with that amount, but we must remember that it is a small province with 800,000 people. If one divides the $20 million by the 800,000, one will find out what each Nova Scotian will have to come up with.

• (1640)

Mr. Evans: How much?

Mr. Crosby: The parliamentary secretary will be able to do that calculation because he has a pencil. I do not and I have to stand here on my feet, so I cannot make the calculation. In any event, it is on the record for anyone to make. But my point is that in order to meet the difference, the province of Nova Scotia will either have to raise taxes or cut services. The choice is to raise taxes or cut services because the money is not there. Regardless of what hon. members opposite say, it is not there. The minister of finance of Nova Scotia would not lie. He said it was not there. There is $100 million missing, maybe more. What will the province of Nova Scotia do?

The percentages of total government expenditures in Nova Scotia are 22.1 per cent on education and 28.4 per cent on health. I do not need a pencil to add those two figures and come to the conclusion that the province of Nova Scotia is

paying 50 per cent of its total revenue on education and health. The figures are much similar for the province of Newfoundland. The Minister of National Revenue had better take note of this. Its percentage of total expenditures on health and education is 45.6 per cent. The figures are similar for the province of New Brunswick as well.

Mr. Rompkey: Mr. Speaker, I rise on a point of order, just to set the record straight. I refer the hon. member to the speech of the president of Memorial University at the last convocation in which he indicated that provincial revenues to post-secondary education in Newfoundland were dropping and that federal contributions were increasing. If the hon. member does not want to take my word for it, I refer him to the convocation speech of the president of the university. The facts of the matter are that there will be a net increase in transfer payments to Newfoundland of $80 million next year, $140 million in the following year, and a 12 per cent average increase for the next ten years.

The Acting Speaker (Mr. Taylor): That is hardly a point of order; perhaps it is a good matter for debate.

Mr. Crosby: I thank the Minister of National Revenue for his comments because it provided me with a chance to look at my documents. I am sorry, I confused the province of Nova Scotia with the province of Prince Edward Island on the list of statistics because of my poor glasses. I will probably be deprived of dental care and health plans, so I will not be able to obtain a new pair of glasses for a while; I will not be able to pay the tax and the cost on my own.

Mr. Rompkey: Will they be rose-coloured?

Mr. Crosby: I should like to change the record. The province of Prince Edward Island pays 50 per cent of its revenue on education and health; the province of Nova Scotia pays 42 per cent; the province of Newfoundland, for the information of the minister, pays 45.6 per cent out of total government expenditures.

Now I should like to deal with the point raised by the Minister of National Revenue. I cannot explain it because it is simply the numbers game. The Government of Canada says, "Here are the numbers"; the provinces say, "Here are the numbers". But what counts is the dollars which flow through to the institutions providing educational services or to the hospitals and persons providing health, hospital and medical services. They are the ones who say that the dollars are not coming through.

Whether one blames the provinces or the federal government, it is just a numbers game. My answer to the minister is that it is a numbers game. But I should like to say something to the president of Memorial University in Newfoundland. In 1982 he will not receive as many dollars as he thinks he should; in 1983 it will be less; and in 1984 it will be even less than 1983. This will be the result of changes in federal government policy. He can blame it on the province of Newfoundland as well. It is up to him. He can work out the numbers, but he will receive fewer dollars.

I am very glad the Minister of National Revenue focused attention on this matter. The president of Memorial University will be faced with some choices—he will have to cut services in the university, raise tuition fees, or find other methods of financing through alumni contributions or funds from the private sector. Those will be his choices. I believe he will have to employ all of them. He will have to cut services at Memorial University, raise student tuition fees, and look for funding from the private sector. He will not be in the same position he would have been in if the federal government had really and truly continued its contributions at the rates provided in the past and had not become involved in cutbacks.

Not just universities, but hospitals and a wide variety of government services will have to cut back or raise taxes. There is no avoiding it. When the dollars flow through, they will not be in the amount they have been traditionally as a result of government policy to reduce its deficit and pass it on to the provinces. It is as simple as the man in advertising who says, "You can pay me now or you can pay me later." I am saying that it will happen. I will have to wait a year or two, but the minister will be forced to admit in the House, that it has happened. The money will not be there. Hospital, medical and educational services will be cut back, and taxes will be raised. I am referring to provinces which cannot carry the deficit.

I do not know about the province of Alberta; it is very ably represented in the House and those members will speak to that problem. But what about the province of Quebec? The Premier of Quebec, René Lévesque, has stood up time and time again and said that it will happen. It will happen, and when it happens hon. members from that province who did not speak out as I am speaking out now will be faced with the problem and fixed with the responsibility. I suspect that is why ten of them signed the letter which outlined the situation in point form. They know it will happen. They know services will be cut in health, education and other social fields. They know taxes will be raised and that educational institutions will be required to seek private funding.

I think I have said enough about the concerns of the provinces and the transfer of deficits as a result of the budget. Now I want to deal with some tax measures which affect individual Canadians. I have already referred to some of them, but first I would like to indicate how I know about this. I was a member of the special committee on the budget and the economy. I was appointed by the Right Hon. Leader of the Opposition (Mr. Clark). It was with great foresight and interest in individual Canadians that he set up this committee, so ably chaired by the hon. member for Etobicoke Centre (Mr. Wilson). We travelled around the country and talked with people. Members of the committee reached out and said, "What do you think of the budget? Here it is, let us discuss it." We wanted to hear what the people thought and travelled to many places across Canada, and we heard from the people of Canada. It was a new exercise, but it was a very important one. It allowed us to be in contact with the people.

The Minister of National Revenue is not fooling anyone in the House. He has been in touch with people, he knows that they are complaining, and he wants to respond to their concerns. The important point is that we put the concerns on record. People know what is happening, and they knew it before the budget was finalized. They are making their complaints now, and they are timely. The government is starting to withdraw. On December 18 the minister stood in the House and withdrew some provisions and modified others. The Minister of National Revenue, left to his own devices, attempted to achieve some justice within his regulatory power and within the regulatory power of his department. I think he will do more.

I want to detail some particular tax measures respecting pension income deductions which are of great concern. First and foremost, I am interested in senior citizens; I hope to be one some day. Under the law as I understand it, a person in receipt of pension income can deduct $1,000 from his or her total income, which includes pension income. It will be taken away if the person contributes to a registered retirement savings plan. If an executive of a large corporation, such as Imperial Oil or some goliath, retires early, receives pension benefits, a new yacht and everything else, and because of his great wealth continues to contribute to an RRSP, I would not even stand in the House to defend him. Such persons will not be affected. But thousands of retired Armed Forces personnel across the country who retired early because of the pension system in the Armed Forces will be affected. In order to maintain themselves they are forced to seek other employment. There are thousands of public servants in the same position who retired early with small pensions, continued to work, and naturally contributed to registered retirement savings plans. The government has come along and is taxing those persons by taking away their $1,000 deduction simply because some corporate executive will receive the same benefit.

● (1650)

We know that you do not have to hit every pensioner, whether over 65 or not, who continues to work. Why are people doing this? It is being done because people receive a smaller pension at an earlier age, an age when they are still able to work. They know down the line when they reach their senior years that they will not be able to work and they are trying to provide sufficient income for those years. Surely those are not the people who ought to be attacked by the Government of Canada, the Parliament of Canada. As a parliamentarian, I do not want to be any part of that attack.

Now we come to the registered retirement savings plans. Again the government is coming in with a gun to kill that. Certainly there has been a little abuse of registered retirement savings plans. People who do not need to provide for retirement are involved with them, but the people who borrow money to contribute to a registered retirement savings plan are in the early stages of their activity—for instance, young engineers who hope later on, if they get a job and continue to be employed, they will have enough money to continue to contribute to the plan and pay off the debt. They are the ones who are taking advantage of the interest borrowing advantage, not the corporate executive or the millionaire. They do not need to borrow money to contribute to a registered retirement savings plan. That is a lot of nonsense, Mr. Speaker. The ordinary people are the ones who are borrowing for an RRSP. We wish the government would come to its sense about that.

Then we have life insurance. About 14 million people across Canada have life insurance. Are you telling me, Mr. speaker, that the Minister of Finance really believes that these people are trying to gyp the tax man? Of course not; these people are trying to provide for their families. That is the Canadian tradition. If I had an unfortunate accident, which the Parliamentary Secretary to the Minister of Finance (Mr. Evans) might like to see happen, and I did not have the ability to earn income for my family, I would want some life insurance to take its place. That is perfectly reasonable. I am not trying to avoid taxes, yet the government wants to tax that accrual. Really, who is the government trying to kid? Canadians are not trying to cheat anyone. Canadians are trying to provide for their families and there is no reason for this type of thing to be taxed.

Next there is the health and dental plans. There are four million Canadians covered by health and dental plans. In the private sector alone there are another million who are covered by the employer-employee arrangement that has been worked out through collective bargaining. There are another 500,000 involved with union health plans in the building trades. There are probably another two million people involved with Blue Cross and other non-profit institutions that provide health and dental care. Maybe as many as seven million Canadians and probably 11 million are covered, and the government steps in and says "This is not available to all Canadians; it is a tax dodge. You are trying to give a benefit instead of dollars; therefore, we will tax you." But that is not true. Those plans are there to help people and to see that they get adequate medical care, particularly dental care. If they do not have such plans, they will not get the care. If people have to pay tax, the plans will be endangered because people will say "Give me the money and I will pay for it myself." Then the plans will collapse. That is what the government is doing. The government has to back off from doing this.

Now I shall talk about capital cost allowance. That is in the business field. In my travels I learned that as a result of the change in the capital cost allowance, the first year allowance will be reduced to 50 per cent or one half. For example, this will mean that car rental companies who are used to taking the larger allowance, the faster write-off in the first year will be forced to hold on to a car for another year. They usually hold them for two years; now it will be three years. They purchase 45,000 to 60,000 cars in Canada each year. It will mean a reduction of one third in car purchases if they cannot take up this write-off. What will that do to the automobile industry? It will mean a loss of 15,000 or 20,000 sales. Yet the Government of Canada is contributing to the automobile industry by financing it and trying to keep it afloat. The government is contributing public funds to the automobile industry, and the

government is taking away 15,000 to 20,000 sales of cars a year by a tax measure. Who is going forward and backward on that? How ridiculous can you get? We will not let the government get away with that.

Now to the positive side. Let me talk about child care. The government knows that Canadians who have to maintain a child in separate accommodation outside a home have to pay more for that service than the tax system allows, but the government does not do anything about that. I could go on and talk about that but in my last two minutes I want to talk about unemployment.

We can talk about the economy, but the big thing is employment. We have to keep Canadians employed. We have a labour force of over 11 million people, but 1.2 million people are out of work. That is not only an economic problem but a social problem. I read an article by a psychiatrist, Dr. Thomson, who comes from my constituency. He pointed out this problem very graphically. We have to solve these problems on a positive note.

We can beat this economic situation in Canada. All we have to do is get the energy projects going, the offshore projects and the Alberta tar sands. We should take advantage of our strengths and build on them. Our object, however, is to provide jobs for people. That is what people want. If people can get work they will pay their bills. Canadians still have incentive. They still want to work and contribute, but unfortunately it is the Government of Canada that is standing in their way.

Strangely enough, the government is not getting the projects going. The energy projects are stalled. They will take place; the tar sands will be developed some time, but they might as well be developed now. The offshore resources have to be explored. That exploration might as well start now. We are not saving anything. We have the manufacturing components. Let us not let things die because we have economic reversal. We have to create economic activity. We have to create jobs. We have to provide jobs for Canadians. This is no time for economic purism. This is no time for people to say "We have a long-range plan to reduce inflation; that will cause this and this will cause that." How do we know? Because some economist in a tax book says so? We are dealing with people. Canadians are the ones who determine what they want. Canadians are the ones who determine what the government must do. What Canadians want is economic activity; they want job creation. This government ought to give it to them. It is the right thing to do and it will have the best result.

Mr. Doug Anguish (The Battlefords-Meadow Lake): Mr. Speaker, Bill C-93 asks for a borrowing authority of some $6.6 billion this year. In the first year I was a Member of Parliament, the government asked for borrowing auhority of some $14 billion. In my second year as a Member of Parliament, that borrowing authority was reduced to some $12 billion. I see this year it is now $6.6 billion. It appears that the government is likely making some progress in reducing its deficit. But the reason the amount has been reduced so dramatically has to do with the responsibility for the debt that has been incurred by the federal government in its policies. It has transferred the responsibility for payment of that debt to the provinces and municipal governments. For instance, the community services contribution program; I think of the transfer of the increased costs of the RCMP and policing services. Many municipalities and provincial governments saw this as a dire hardship.

Another area on which I will dwell at some length is the Crow rate and the government's intention to abolish this statutory and historic rate. The Crowsnest Pass agreement was a continuation of national policy when it was first started. The national policy of which I speak is the banding together of the country from the Pacific to the Atlantic by a ribbon of steel, so to speak, the railway that should have been in place. The major aspect was a publicly subsidized, privately owned transcontinental rail network. In 1897 the only rail line into the mineral rich Kootenay region of B.C. was a branch line of the American Great Northern Railway which had reached Nelson in 1895. This was perceived as a threat to Canadian sovereignty and the region provided Canadian Pacific with sufficient leverage to extract some $3.4 million and 3.7 million acres of land from the federal and British Columbia governments to finance the construction of a 300-mile line from Lethbridge, Alberta, through the Crowsnest Pass to Nelson.

During the same period of time political pressure from the west had brought the federal government to the realization that exorbitant freight rates arising from the monopoly power of the rail companies were working against another goal of national policy, that being the rapid settlement and agricultural development on the prairies which was essential. This realization was reflected in the other half of the Crowsnest Pass agreement whereby Canadian Pacific agreed to reduce certain of its rates, including grain and flour, on commodities moving from the west to the Lakehead, and they were to remain there indefinitely.

• (1700)

During the time from 1903 until about 1918, Mr. Speaker, during which time the War Measures Act was invoked because of World War I, the rates fluctuated drastically but the producers did not really complain a great deal because of the overriding national interest in preserving our freedom during time of war. However, in 1922 the rates were restored under pressure from the west, with opposition by the railway interests, because they had really fluctuated quite wildly during that period of time.

Then in 1925 the rates were fixed by statute and extended to cover shipments to the Lakehead on any line in the west, including those built after 1897. The rates were extended in 1927 to the shipment of grain and flour to west coast ports for export, and to the port of Churchill in 1931. In 1961 raw oilseeds were added to the Crow rate structure which now applied to western rapeseed meal going to Thunder Bay but not Vancouver. Rapeseed oils move at regular rates but western shippers received a federal freight subsidy on shipments to western markets.

The Crow rate has, since its inception, been regarded in the west as a sort of balance, Mr. Speaker, to the benefits that central Canada has always derived at the expense of the rest of the country from the tariff wall protecting its industry. One question which often comes to mind for many of my constituents, Mr. Speaker, is: does the Crow rate really affect the quality of service in grain movement by rail in western Canada? The statutory freight rates have given prairie grain farmers effective protection from a railway monopoly over rate setting. They provide no such protection when it comes to the level of service the railways provide, nor does the Railway Act. In fact, the quality of service has been poor for a very long time. Grain cars have generally been poorly maintained. I stand to be corrected, but I believe the last time CN and CP actually purchased cars for the movement of grain was back in the early 1950s, and they have certainly deteriorated since that time. They are obsolete and in short supply. The track and roadbeds have been allowed to deteriorate, and as a result sales opportunities have been lost. The cars produced lately have been at the expense of either the federal or provincial governments, or the producers themselves.

At the moment the railways cover their grain transportation costs from three different sources of income: the producer, who pays the statutory freight rate; the federal government, which pays the railways a subsidy of about $100 million a year for continued service on uneconomical branch lines; and the balance comes from other sectors, possibly from the transportation of other commodities.

The federal government has in recent years assumed some costs directly, such as the provision of hopper cars, as I mentioned, and also the rehabilitation of branch lines throughout many points in Canada. Nevertheless, the railways still seem to lose some money on carrying grain. Just how much is uncertain, but estimates range from $60 million to $400 million a year. And the quality of service is still inadequate. They cannot say they are putting this money into upgrading the line or the service they are providing.

Furthermore, planned increases in production of grain will require the elimination of a number of bottlenecks in the transportation system, Mr. Speaker, but the railways argue that unless the Crow goes they will not be able to finance these investments. Although the railways may lose some money on the actual movement of grain, if you look at the profit figures of the railway companies you will see that in 1970 CN had a net loss of some $30 million. But if you move up to 1980, one decade later, they have a profit of $193 million. CP Rail had a profit in 1970 of $24 million. A decade later they have a profit of $122 million.

However, the point that particularly bothers some people about CP's profit is that it does not all go into the rail service they are supposedly providing to the Canadian public and producer. It goes into such things as Canadian Pacific Limited, where they have chosen to invest much of the money they should have been investing in the actual railway system which should be part of our economic and industrial strategy. In 1980, Mr. Speaker, Canadian Pacific Limited had a profit of some $583 million. So I find it hard to believe that the railways are hard pressed and losing money.

The situation has led many western grain growers and farm organizations to seek some other method of ensuring that more money goes into improving the railways' performance in moving grain, Mr. Speaker. The following positions have been developed by different organizations in western Canada. For example, the National Farmers Union says that the Crow rate is not negotiable, a position I agree with. It must remain as part of an over-all transportation policy which recognizes the needs of rural communities, and should be extended to other crops and processed products as well. The railways should be compelled to provide adequate service. The railway companies' over-all profits, including their non-rail enterprises, are very high and I have given a few examples. If they refuse to cover the grain transportation shortfalls through internal corporate transfers, then they should be integrated and operated as a public utility to serve the national interest.

Mr. Siddon: They will have to borrow more money.

Mr. Anguish: I think, Mr. Speaker, it would be advisable for some of the hon. members to my right to listen and not heckle. If they listened to the end of the speech and they have the ability to digest the information, they might be able to make the analysis themselves that there is a better way for Canada to work.

An hon. Member: The friends of CPR.

Mr. Anguish: Now, Mr. Speaker, the western agricultural conference says that, subject to a guarantee of railway performance, the farmers' share of future increases in the cost of shipping grain would be negotiable. There is considerable opposition to this position by some of their members, most notably the Saskatchewan Wheat Pool which I do not think really wants to negotiate the Crow rate and have it placed as an extra economic burden upon the producers, especially in Alberta, Saskatchewan and Manitoba. A third group, which is a spokesman for the producing community, is called the Prairie Farm Commodity Coalition. It is made up of such groups as the Palliser Wheat Growers Association plus the western flax, rapeseed and barley producers' organizations. It holds that farmers should pay the railways the full cost of moving grain and they say a Crow benefit would be paid by the federal government to producers to compensate them for the increase. The benefit would be paid on a per acreage basis, and variable rates would be permitted to encourage a more efficient grain handling system. The coalition favours this solution as an ideological doctrine on the grounds of free enterprise, and puts that forth as their position.

They are supported in this by several of the livestock producer organizations, and by the Conservative government of Alberta. This is a position which this party certainly disagrees with. We do not think the Crow rate should be negotiable and opened up on the table to be chopped away at, further reducing what has sometimes been a very small profit margin for the farmers.

• (1710)

Another question which arises quite often is whether the Crow is a barrier to economic development in the west. The western cattle feeders, in particular, see the Crow rate as contributing to the already high cost of feed grains on the prairies which, in turn, puts the prairie livestock industry at a disadvantage relative to its eastern counterparts. I disagree with that. I do not think it stops economic development in the west. However, the reasoning is that the price at which grain growers are willing to sell feed grains on the prairies is closely related to what is called the farm gate price of export grains—for example, the world price of grain in export positions in Vancouver and Thunder Bay, minus the freight charges, actually paid by the grower to get it to the port.

If the grower had to pay the higher rates on the movement of export grain, the effective farm gate price would automatically fall, presumably to an amount equal to the difference between the Crow and the new higher rates. The logical result would be that there would be cheaper feed for prairie cattle and hog producers, and it would encourage oilseed crushing and flour mills in the west. The cheaper food would mean higher incomes for cattlemen, I suppose, but the theory might not work through into the practicality of the situation. There is no guarantee that these increases in cattle prices, which I do not think are there, would offset the disastrous economic effect on the farmers in western Canada.

I think there is an alternative proposal which should be considered as opposed to the position of the federal government at the present time. The government is holding closed sessions across Canada which is a real violation of the democracy of this country in that there should be open and public input into the discussions which are centring around the one-man commission which has been set up by the hon. Minister of Transport (Mr. Pepin). An alternative proposal which would get around this problem while retaining the Crow rate included in the recommendation of the Hall commission report and the Grain Handling Transportation Commission of 1977 that subsidized freight rates be applied on the transportation by rail of meat, processed grain and oilseed products from the west to eastern markets. This position is supported by the National Farmers Union and the New Democratic Party. I think this is a good position, it would do much more toward strengthening the ties across Canada and would do a much greater job of helping the producers of western Canada increase their profitability picture somewhat.

In this party we are very fearful that, once the statutory rates are tampered with, there will be talk about variable rates. The current statutory rates are related to distance. It costs the grower half a cent to ship a ton of wheat one mile by rail, no matter to which elevator on the line the wheat is delivered. For the railways, it cost more to handle grain through many low volume elevators on low volume branch lines. In addition to wanting more money for every bushel of grain they carry, the railways would like to have a means of persuading the farmers to truck their grain to a relatively smaller number of high volume, inland terminals on main lines. Variable rates, in other words, would do just that, and we do not want variable rates to come in.

The only way the railways could get the farmers to pay this higher cost of trucking their grain to the inland terminals rather than delivering to the nearest local elevator would be to charge a higher rate per ton mile for serving the local elevator. In effect, variable rates would provide the railways with a device for reorganizing the prairie grain handling system so as to minimize their operating costs without the nuisance of public branch line abandonment hearings. However, efficiency for the railways would be achieved at considerable cost to the other systems that we have in place on the prairies. If there were no grain handling system providing the focal point for the producers, the farming community and the ranching community around small prairie towns, many of those small towns would have a hard time existing. The larger centres would, in fact, grow and flourish, and that is not a way of life that we relish in most of the provinces in western Canada.

The existing prairie branch line network and the country elevator system could quite possibly even disappear. The farmers would be burdened with higher and rapidly increasing trucking costs for hauling longer distances, and elevator companies would likely be stuck with hundreds of elevators abandoned by the producers. Many of the rural communities would lose their principal reason for existence, and the provincial governments would have to absorb an increase in road maintenance costs resulting from much heavier traffic.

Looking back in time, one wonders why the railway companies accepted this Crow rate at the time. I think it was well put in the book "Canadian Transportation Economics" written by A.W. Currie in 1967. In discussing the reason Canadian Pacific accepted the deal in 1897, Mr. Currie stated:

> Sir William Van Horne, then general manager of the Canadian Pacific, has been credited with enormous vision because he saw that low rates would induce new settlement, increase the volume and profitability of the railway's traffic, and enormously enhance the value of the company's extensive holdings of land.

I think that latter comment certainly describes the high priority of Canadian Pacific, because it has certainly utilized those land holdings to its best advantage and not to the advantage of a railway system within this country of ours.

One quite often wonders whether the transportation system would get better if variable rates were removed. If we paid more to the rail companies, would they move our product in a better manner?

An hon. Member: No.

Mr. Anguish: The answer is no. The potash industry, for example—

The Acting Speaker (Mr. Blaker): Order, please. The Chair is having just a little difficulty in relating the borrowing authority bill to the railway problems to which the hon. member refers. Perhaps he could tie the two together once in a while to make it more relevant.

Mr. Wilson: Just once.

Mr. Anguish: I beg your pardon, Mr. Speaker. With all due respect, I think that part of the $6.6 billion which is being borrowed could quite well go into the rail network and into agricultural programs in western Canada. I think my speech is very relevant to the point of this bill we are debating.

Mr. Evans: Nonsense.

Mr. Anguish: The answer that the rates would go up does not necessarily mean that the movement of grain would get better. The potash industry pays six times the Crow rate, but it must buy or lease hopper cars because the railways have not supplied enough cars in that area. Livestock rates are four times the Crow rate by volume and nine times the Crow rate by weight; but the railways are phasing out livestock cars. They reduced the number of cars by 37 per cent between 1973 and 1978.

Concerning the movement of potatoes, potato rates are seven times the Crow rate; but the railways have reduced potato shipments by 75 per cent since 1973.

Some hon. Members: Shame!

Mr. Anguish: They have been reduced 73 per cent since that period of time.

Mr. Nystrom: Liberals!

Mr. Blais: What is he going to do for his speech on Friday?

Mr. Anguish: The Crowsnest Pass rate is a binding agreement. If the Canadian Pacific wishes to be relieved of its obligations under the agreement, I think it should also relinquish the benefits that it received from the establishment of the Crow rate. A 1917 royal commission determined that Canadian Pacific Railway had received some $279.5 million in identifiable public aid as of June 30, 1916, plus other aid which was not even estimated. Allowing a 5.8 per cent annual increase in value, today's value of those benefits would amount to $10.9 billion. In addition, since 1967 Canadian Pacific Railway has received $770 million in direct subsidies and owes the people of Canada $1.2 billion in deferred income tax.

The total identifiable public aid to Canadian Pacific Limited is $12.8 billion compared with assets listed in its 1980 annual report of $13 billion. There should be no corporate grumbling about its responsibilities. It has been treated very fairly by the producers, by the Canadian government and by the Canadian people. The borrowing capacity and profits from non-rail properties should not be separated from the railways they were intended to finance.

Since Canadian Pacific Limited is asking to be relieved of its railway responsibilities for grain transportation, it should be relieved of its assests as well. If it were relieved of its assets, this money could be put towards the $6.6 billion being asked for in this borrowing authority. The borrowing authority could thus be reduced even more. If we gathered that money, there would be a surplus. That is how my point relates to this bill. I say that not in anger as revenge will not make past wrongs right, but from a sincere belief that these bountiful resources should be put back into the hands of the Canadian people, given back to the Government of Canada for national development.

● (1720)

The revenue problem caused by the Crow rate is recognized to some extent. Grain accounts for about 13 per cent of the loaded freight car miles and therefore for about 13 per cent of the workload and the expense of Canadian railways. The Crow rate earns about 4 per cent of the total railway revenue, leaving a bit of a shortfall there. However, the taxpayers have been meeting a good portion of that gap through such programs as branch line subsidies, rail rehabilitation, and absorbing interest on the cost of hopper cars.

Including these indirect subsidies, grain earns the railway companies about 12 per cent of their total revenue, nearly balancing the grain share of the workload and expense. Therefore, the federal treasury would not have to spend very much more to actually implement the Hall commission report recommendations and pay the railway for their loss in keeping the Crow rate, because it would not cost much more than what they are subsidizing the railways now.

The estimated losses of grain traffic are overstated by the railways which tell us that grain accounts for 21 per cent of the workload of Canadian Pacific and 17 per cent of the workload of Canadian National on the basis of revenue ton miles. This is a convenient statistical exercise which overstates the cost of hauling grain which can be easily and heavily loaded into freight cars, compared to refrigerator cars or cornflakes which are more expensive to haul per ton. Although the Crow rate per ton has not changed over the years, the real revenue per car mile has increased because of the efficient hopper cars given to the railways through provincial governments, the federal government and the producers.

The international price of wheat is actually dropping dramatically. Net farm incomes are expected to fall between 15 per cent and 20 per cent this year, yet farmers are being asked to pay more to ship their grain to market. At this time the federal government claims that the rail companies need this money to build the branch lines in the west and producers must pay their fair share. The producers have paid their fair share out of their pockets and through subsidies from provincial and federal governments. It must be remembered that grain comprises only 21 per cent of the total traffic of CPR and 17 per cent of CNR. That share is expected to fall throughout the 1980s—

Mr. Young: Mr. Speaker, I rise on a point of order. I wonder if you could ask members on the government side who find it necessary to chat to go into the lobby rather than speak in the House.

Mr. Evans: Mr. Speaker, I would ask that you observe or enforce the rules on two bases, one on the basis of relevance, which would greatly increase the interest of members on this side, and second, the rule that precludes a member from reading his speech, despite his cries of anguish.

The Acting Speaker (Mr. Blaker): On the first matter of relevance, I have indicated to the hon. member that there is a little difficulty. However, the borrowing bill is so wide by its nature that the member has the option to go into virtually any subject he wants. The only problem is that the Chair sometimes has difficulty following the subject matter to which the hon. member refers, such as the Crowsnest Pass rates, and tying it directly to the bill before the House. That relevance is a problem for the Chair and a very difficult matter to define. All the Chair can do is bring to the attention of hon. members from time to time that it would help if they would try to link the two matters together.

On the other matter of reading speeches, the Chair has taken the view that it would be a great contribution to the workings of the House of Commons if hon. members were prohibited from reading speeches. As soon as hon. members by considerable visible or audible majority inform the Chair that that rule should apply to everybody at all times, then it will be applied.

Mr. Anguish: I thank you for that ruling, Mr. Speaker. I do not know whether it is parliamentary or not but I think the hon. member for Ottawa Centre (Mr. Evans) is a jerk.

Mr. Evans: On a point of order, Mr. Speaker. It is clear that that language is unparliamentary and I ask the hon. member to withdraw it.

The Acting Speaker (Mr. Blaker): I hope the Chair has not contributed to the ill-temper in the House. If so, I would ask the hon. member for The Battlefords-Meadow Lake (Mr. Anguish) to take into consideration the Chair's intervention and perhaps not take it out on some other hon. member. I may have to look up the records and the citations, but I have little doubt at the moment that the expression is probably unparliamentary. If the hon. member would be so kind as to withdraw it, he could get on with his speech.

Mr. Anguish: I refuse to withdraw my remark, Mr. Speaker, because I believe it is correct.

The Acting Speaker (Mr. Blaker): I have to ask the hon. member a second time to consider the alternatives available to the Chair, which are to examine the precedents and, if necessary, bring to the attention of the hon. member a ruling by the Chair that in fact he is out of order. I hope the hon. member would not ask me to do that. I hope rather that he would take the easier and more courteous course. Perhaps I, in some form, contributed to his difficulty. The easier way would be simply to withdraw the expression. If the hon. member insists, within the next couple of moments I will have a ruling. I presume the hon. member knows the eventual result of being asked to withdraw a remark and refusing to do so.

Mr. Anguish: Mr. Speaker, I withdraw the remark for the convenience of the Chair. Thank you. The exchange here is very typical of how that bunch on the other side of the House views western Canada, the problems we have in transporting commodities, and part of the deal we had in confederation. Some of the Quebec members should understand that better than anyone. I do not blame some fat cat from Ottawa, who has never understood problems outside the elite within Canada, for not understanding how this ties in with borrowing money, a very important part of our system.

Mr. Nystrom: Fat cat Evans.

Mr. Evans: I have lived all my life in western Canada.

Mr. Anguish: Now that the hon. member has sufficiently disturbed my train of thought on a speech that I at least thought was important to the borrowing bill, I will try to get back to it. The share of the hauling of the grain is expected to drop even more during the 1980s. By the year 1990, the volume of grain hauled on the Canadian rail network is expected to be only between 12 per cent and 14 per cent of their total volume.

The federal government and the railways claim that the Crow rate provides the western grain farmers with a unique advantage, but I do not think it does. In 1980, federal government transport subsidies across Canada totalled some $2.4 billion. Of that total, only $284 million related to the prairie grain movement. In short, transportation subsidies have always been used as an instrument to achieve national goals and objectives within this country. If the Crow rate is eliminated, livestock producers will be in a worse competitive position in western Canada. Do the railways or the federal government seriously suggest that the livestock industry in western Canada will expand at a time when market prices are 30 cents to 40 cents per pound below the cost of production? I do not believe that livestock producers in western Canada will gain any advantage by removing the Crow rate. In fact, with the attitude of this government, I do not know what advantage any Canadian will have.

● (1730)

Let us consider the federal plan. At one time the federal policy was to guarantee statutory protection for the producer because of the monopolistic concept of the railway system. The federal government has now decided to reverse this fundamental principle in the belief that the railways need protection from the farmers.

Second, the plan of the federal government is to eliminate a fixed rate for producers. Just as important as the level of the Crow rate is the fact that it is a rate for the producers which has been guaranteed by statute. It is not a rate which any railway, quasi-judicial body or any order in council can wipe out at will. It is a rate upon which Canadian producers could depend as a fixed figure in helping them plan their future during uncertain times.

As I mentioned earlier, the federal plan provides no protection for the principle of equal rates for equal distance. If this principle is removed it will have disastrous consequences for those rural communities to which the Crow rate applies.

The federal government has indicated that it recognizes the need for railway modernization in western Canada. Moderni-

zation is not only needed on the prairies but in British Columbia and other parts of Canada. Instead of giving handouts to the railways from the Canadian taxpayer or at the expense of prairie farmers, our party proposes that the anticipated $2.1 billion in additional capital be provided by the federal government and participating provincial governments jointly in return for equity. In other words, we will build the rail system but we would want some equity in that system as well.

I would like to quote for the record what the hon. member for Regina West (Mr. Benjamin) had to say recently. He said:

> If farmers operated under the business principles of the railways, they would stop growing food and invest in shopping centres or oil wells. Were it not for a dedicated farm population taking low—sometimes no—return on their labour and investment, Canada would go hungry.

This could very well be our problem in the future. The government will have to borrow more than $6.6 billion if it continues to erode its economic policies and erode our transporation system which is such an important part of Canada's industrial strategy. We cannot put these debts on the backs of the other governments which have already been given more debts than they should be asked to absorb. If a crisis situation arises in our agricultural industry due to the government's attitude and its policies, we will be borrowing much more than $6.6 billion.

The New Democratic Party believes that 100 per cent improved rail capacity would support even greater borrowing authority to ensure that we had the best rail system in the world to serve all producers. We cannot support a change in the rate unless the government improves the railway system, and not only at the farmers' expense because they are an important part of the whole Canadian economy. The government reaps billions of dollars from the agricultural industry which it uses to reduce part of Canada's trade deficits to other countries. This money not only comes from the producers in the western provinces but from Quebec and rural communities in Ontario, which is a fact that should be emphasized.

There is a contradiction in all this. On the one hand, the government proudly proclaims that Canada's exports will increase substantially to 30 million metric tons by 1985-86. Under the agri-food strategy, the Minister of Agriculture (Mr. Whelan) claims that grain production for the prairies will increase by 77 per cent to 100 per cent in the next 25 years. On the other hand, the government is doing all in its power to discourage the production of grain on the prairies. Any change in the Crow rate will be at the expense of the farmers, it appears, therefore affecting their net income. I do not know of a farmer who will voluntarily grow more grain with the knowledge that each new bushel that he grows will decrease his present net income. It is unfair to ask that of any sector in our economy. Even the Minister of Agriculture must realize that if he makes the farmers pay more to ship their grain he is undermining his whole strategy for increased exports, which we conceivably will not be able to get to the terminals.

I ask members to recognize the economic importance to all Canadians of the statutory Crow rate, which was locked in so many years ago but which is still very relevant. It must not be used as an excuse for the erosion of Canada's transportation system.

My speech may have varied somewhat from the context of the bill but this bill certainly does have financial implications for Canadians. If the government would develop a policy with closer consultation with other members and producers, the loan of $6.6 billion could be reduced even further. However, if the government continues with its present legislation, that $6.6 billion will increase as a result of further economic problems for Canadian agricultural producers.

● (1740)

[*Translation*]

Mr. Pierre Gimaïel (Lac-Saint-Jean): Mr. Speaker, once more the House is considering Bill C-93, which authorizes the Canadian government to borrow money in order to meet its obligations for the fiscal year. Canadians probably wonder why Canada is borrowing money, what is going on and especially, why there seems to be some disagreement and debate about the fact that the Canadian government borrows money every year. A good question, because obviously, that money is being borrowed for a purpose. It is supposed to enable the government to meet its obligations to the people of this country. In fact, there is a vast complex of Canadian legislation that obliges the government to spend money, legislation brought in by the Liberal and Progressive Conservative governments, and passed in the House of Commons by Liberal, Progressive Conservative and NDP members, in other words by members of all parties.

So if all present members and their predecessors, who have worked in committee in the House of Commons in order to create laws with a view to better government and the well-being of all Canadians, if they passed these laws, they should know what they involve. So why do we always have a debate whenever the government has to borrow money? Why borrow money? I think that the member who is here to represent his constituency, who knows his job and knows the statutes, is not going to ask "why borrow money" at the end of the year. The Government of Canada has made commitments to the Canadian people and it must meet those commitments. Those commitments were made under legislation passed in this House, at the request of the Canadian people. So why should there be any attempt to have a debate on the question whether a government should or should not borrow? It is both necessary and normal that as a result of presentations or suggestions made by members of the House of Commons, by groups and by individual Canadians, that the government should borrow when its funds are not adequate to meet its commitments. And speaking of commitments, Mr. Speaker, it would perhaps be useful to define more clearly for the people across Canada and the people in our ridings what these obligations are.

Not long ago in Ottawa there was a first ministers' conference on the economy. The Government of Canada was told:

You are causing the problem, you are trying to fight inflation but you are not trying to fight unemployment, you are doing this and you are doing that. In fact, it was the same old story: blame everything on the federal government.

If we look at the facts, we must ask ourselves a few questions. Is the Canadian government really fighting unemployment? I shall take my riding as an example, Mr. Speaker. There are job-creation programs across Canada, and this year, the riding of Lac-Saint-Jean received its first grant of $1.5 million under the Community Development Program. Subsequent increases added $600,000 to that amount, which means that for the current year, Lac-Saint-Jean will receive $2.2 million under this program and I am not including the quarter million for the Opportunities for Youth program this summer, the vast number of policies being implemented by DREE, which is paying 25 per cent of capital investment in new projects, $5,000 per new job created, and so forth. The Canadian government is clearly spending money on job creation. The amounts involved may be fairly high for a single riding—$2 million—but we can certainly not accuse the government of not doing its job and not creating jobs. I challenge any province in Canada to come up with a plan that can compete with what the government is doing, and I would particularly challenge the government of the Province of Quebec, the PQ government, which is bragging about its own job-creation activities.

Last year, Mr. Speaker, 58,000 jobs were created in Quebec by the Canadian government, and whether or not they were temporary, at least people had work. And here is another way the Canadian government spends money in my riding: at the Canada Employment Centre in Alma, and I am not including the centre in Chicoutimi—my riding is so big that it has two centres—in Alma alone, 6,200 unemployed workers are registered with the centre and receive an average of $100 per week each in unemployment insurance benefits. This means that the Government of Canada has invested $600,000 per week in the Alma district, Mr. Speaker, which means $30 million annually. I challenge the government of the province of Quebec, the PQ government, to show me any figures that can disprove that.

Mr. Speaker, to use an example that brings the subject even closer to home and makes us realize what the Canadian government is doing for Canadians, take the average Canadian who gets up to go to work, and who happens to live in the Lac-Saint-Jean area. So everybody gets up in the morning, which is not unusual. You turn on the radio, and if you listen to the CBC, you may not realize this but its annual deficit costs the government $600 million, and the total cost is almost $1 billion. Then at breakfast, if you happen to like cheese or butter on your toast, these products are subsidized by the Canadian government to the tune of $2.60 per hundredweight of milk—$2.66 according to my colleague, the member for Roberval (Mrs. Beauchamp-Niquet), and she is right. After breakfast, our average Canadian may, if he is a man, use an electric razor, and in some provinces he will probably be using electric power generated by plants the Canadian government helped to set up—not in Quebec, however, where hydro is strictly a provincial matter.

Meanwhile, the heating system, which has been on all night and is on all day, runs on oil, and in eastern Canada this is imported oil which is almost 50 per cent subsidized by the Canadian government. When our average Canadian gets in his car, he may drive to a service station to buy gas with Canadian dollars which cost the government billions of dollars to keep at a reasonable level. The gas is subsidized by the Government of Canada by almost 50 per cent. And I can go on like this all day, merely listing areas where the Canadian government is involved in our daily lives, including recreation, cultural activities, nutrition and health. Because, you know, if that individual is a health or a social worker, 60 per cent of his salary is paid by the Government of Canada. If he works in a post-secondary school or at a university, if he is a support worker in some schools, 58 per cent of his salary is paid by the Government of Canada. We are then asked in the House, Mr. Speaker, why the government has to borrow. Quite simply in order to meet Canadian needs. I know that as far as the Progressive Conservative opposition is concerned, if the government borrowed to wage war, there would be no problem. That is a good idea. There would be no problem either if we wanted to give financial aid to the British government. It has been done in the past and such a move was applauded. However, if economic conditions become more difficult, as our young people seeking jobs have learned during the past ten years, and the government borrows billions to meet their needs, some find it strange. Questions are raised.

All the same, it should be realized, Mr. Speaker, that Canada is the second largest country in the world with only 24 million inhabitants. It is one of the countries endowed with the most resources in the world. Compare countries of equivalent size and their population: India with more than 600 million, China, one billion, Russia, 300 million, the United States, 250 million, Brazil 200 million. They have no more resources than we have. It will be suggested that we should perhaps restrict our social and job-creation policies or reduce our spending because we are only 24 million inhabitants with the greatest wealth for the future. No, Mr. Speaker, I think that this government should take action. The provincial governments are always asking us to do something and, what is more fantastic, so is the opposition, which blames us for borrowing. They urge us to create jobs and use the means at our disposal. One hon. member will say he has this or that project in his riding, another will say that he has such and such a project in his own riding, and so on and so forth. The requests keep on coming from both sides of the House. So I am amazed today when I see these same hon. members stand up in the House and say that the government should stop borrowing. I do not agree with them.

Mr. Speaker, if the government must intervene in these critical times for the economy, it is because year after year it has fought against high inflation and unemployment by increasing productivity. Canada's record between 1970 and 1980 was the best of all industrialized nations. In Canada, we are proud to be able to say that Canada has a better record than any other country on a job-population ratio. How is that? Because the Canadian government, under the leadership of the Prime Minister (Mr. Trudeau), is the government which developed the most projects and which helped put together programs for streamlining the industry. And this, in many ways. And because of this, our industry has not had the time to age. Today, we are having difficulties in a number of areas.

Let us consider the case of the automobile industry. That is an area where we are having difficulties. Why? Quite simply because we do not control this industry. It is clear that our automobile industry is an important element of the North American automobile industry as a whole, and if our industry is lacking in productivity, it is because we do not control enough of the factors to help it develop. And because of the slowing down of the whole automobile industry in North America, we must accept the lot we share with the Americans. But in other areas, Mr. Speaker, in the case for instance of Canadair, we have a fantastic and extraordinary record. My only qualm about the aeronautics industry is that around 1957 or 1958, it reduced its activities, although is was recognized as the best airplane builder in the world. This occurred unfortunately while a progressive government was in power, but we must still live with the consequences. However, a government rose in 1977 which was not afraid to invest money.

Of course, we had to borrow to invest in Canadair but today it has 6,000 people on its payroll as compared to 1,300 hardly four years ago. And now, Mr. Speaker, the case of Bombardier. Who asked the Bombardier company to manufacture something other than snowmobiles? Who asked them to manufacture buses, trains, subway cars and to go into the field of transportation? Who did? I see the Minister of National Defence (Mr. Lamontagne) has just awarded them a contract for trucks. Who has urged them to buy a licence to build jeeps? The Government of Canada has. That is where the government invests the billions of dollars it borrows. Fortunately, those billions of dollars have meant increased revenues for the government in recent years. What for? They have enabled the government to implement aid policies for all Canadians in the field of health and education, and to help idle workers in trying situations. What about manpower training? Here again the government has been the driving force, the major motivation of Canadians to prosper, and above all it has given them the necessary tools. We are entering a new and important phase.

Right now, some of our basic industries such as the one I referred to earlier, the automobile industry, need revamping. Our industries updated their equipment ten years ago and now find that they will have to go through the same process over again. They will have to rebuild and, in that respect, the Government of Canada is already on the move. Was it not the Canadian government that signed agreements with the provinces to modernize the pulp and paper mills and ensure reforestation? Indeed it was. We are building for the future. The $5 billion borrowing authority we are seeking today, those $6.6 billion are earmarked for that future. In what context?

Mr. Speaker, the Minister of Employment and Immigration (Mr. Axworthy) is now negotiating new manpower training agreements with the provinces. We as Canadians—and I mean industrial workers as well as their representatives here or in any other legislature—we Canadians want to be able to continue saying that we are the best workers in the world, the most competent, the most productive, as it has always been our trademark. That is why this government is already spending hundreds of millions of dollars for manpower training. I need only refer to the Canada Manpower Industrial Training Program through which millions have been invested in the Lac-Saint-Jean riding. I need only refer to the new policies being implemented with respect to designated areas.

Let us see what has been going on in the regions of Sept-Iles, Tracy-Sorel, Drummondville and, lately, Montmagny. The Government of Canada took the initiative and decided to spend the funds required to retrain workers who are interested in new challenges and want to learn new skills. It also decided to spend money to help update those industries which could be modernized and to support others which could not face the challenge single handed. That is the role of a government. Mr. Speaker, why should the Government of Canada be afraid to borrow when necessary if any Canadian can do so when his needs exceed his capacity to pay? Why should the Government of Canada be expected to act differently than Canadians? Does the Government of Canada represent Russia or the Russian people? No! The Canadian government is like the Canadian people. It is vigorous, it knows its potential and it has confidence in the future. Indeed, to be able to borrow, one must have confidence in the future. And one of the resources of this country for the future is our youth. Of course, the Government of Canada could say tomorrow morning: We shall no longer pay for unemployment insurance. We need to borrow $6.6 billion, but instead, we shall stop paying the $4.8 billion deficit for unemployment insurance. Then, our borrowings would only amount to $1.8 billion instead of $6.6 billion. But what would become of our young people, Mr. Speaker? What about our major resource? What is unemployment insurance in the final analysis if not temporary support for someone with practical employment problems, if not the possibility for people to receive training during a period when they cannot find jobs. That is what it is!

If we were to abandon our young people tomorrow morning, what would become of them? They would do as others have

done. They would probably do what my father did when he left his native Lebanon, they would go to another country where they can get a job. We would then have lost part of our major resource. We might have saved 25 cents by refusing them unemployment insurance benefits, but it would have cost us thousands of dollars and the loss of an immeasurable human resource. If this is the type of policy that some want to implement in this country, let them do it. I can assure you that the end result will not be anything like the vision that a Liberal can have of our country.

Mr. Speaker, we know that to support an economy—

Some hon. Members: Oh, oh!

Mr. Gimaïel: Mr. Speaker, I know that the members opposite can only laugh. I have been a member of this House for over two years, and during that time I have seen those people laugh at Canadians regularly. They come here as teenagers, as 18-year-old children who only want to create a disturbance and are not interested in seeing Canada develop. I shall go even further. They form coalitions with certain provinces simply to play a political game. They are not interested in the development of Canadians, but simply in keeping their little constituencies, their little jobs as Members of Parliament. Not one of them would be willing tomorrow morning to risk his seat to help a youth in his own riding to develop. I know some members from Alberta and Saskatchewan who come here to complain that everything is wrong in Canada.

Go and see their provinces. Never before has the western economy been doing so well. Never! Thanks to whom? Certainly not to the nine months of Progressive Conservative rule! In nine months, the Progressive Conservatives moved the Canadian embassy from Tel Aviv to Jerusalem. In nine months, they almost went to war against Russia. Canadian sales abroad came to a stop. In nine months, they had time to sell Petro-Canada, scuttle Loto Canada and almost get rid of the CBC.

Mr. Speaker, it makes you wonder whether these people are Canadians. As a case in point, last year, when we wanted to call our national holiday Canada Day, they preferred the name Dominion Day. Anything that is called Canada bothers them. Whether it be Labour and Immigration Canada or Unemployment Insurance Canada, or Finance Canada. My impression is, they are much more interested in the development of their personal friends' corporations. And, Mr. Speaker, I seriously ask myself why opposition members come here in this House and ask the government: Why borrow $6.6 billion? The hon. gentlemen all know very well that this stems from legislation they themselves passed for the benefit of Canadians. All they have to do is allow the Government of Canada to go on helping Canadians. For instance, I recently heard the Quebec government referring to a salary for housewives at home. I would like to state, Mr. Speaker, that the only government doing something in that area is the Canadian government, through the child tax credit we are giving them each year, over and above family allowances. This is what the Canadian government is all about, the redistribution of wealth, notwithstanding the Progressive Conservatives and the opposition from the New Democratic Party, or should I say the New Salvadoran Party.

Mr. Speaker, I hope next year we will not have once more to face such an austere debate, to know what are the benefits Canadians derive from their own government. Why does this government work so hard for Canadians, their development in a climate where they will become the most developed citizens in the world, the most productive ones, to the benefit of our whole society and our future in particular, despite reactionary opposition members?

• (1750)

[*English*]

The Acting Speaker (Mr. Blaker): It being six o'clock and pursuant to Standing Order 2(1), I do now leave the chair until two o'clock tomorrow afternoon.

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

HOUSE OF COMMONS

Thursday, February 18, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

THE ECONOMY

REQUESTED COMMITTEE STUDY OF INTEREST RATE POLICY—MOTION UNDER S.O. 43

Mr. G. M. Gurbin (Bruce-Grey): Madam Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43.

On Wednesday, October 10, 1979, the House unanimously accepted a motion which reflected the understanding of members of all parties of the impact of high interest rates and inflation on Canadians in all walks of life. The prime rates then were 15 per cent and inflation was 9 per cent. Today prime rates are 17 per cent and inflation is 12 per cent.

I therefore move, seconded by the hon. member for Etobicoke Centre (Mr. Wilson), the exact same motion proposed on October 10, 1979, by the hon. member for Windsor West (Mr. Gray), seconded by the hon. member for Saint-Maurice (Mr. Chrétien), and consistent with remarks made by the Minister of Finance (Mr. MacEachen) in the House yesterday, February 17, 1982:

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

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

LABOUR CONDITIONS

INCREASE IN UNEMPLOYMENT IN ST. CATHARINES-NIAGARA AREA—MOTION UNDER S.O. 43

Mr. Joe Reid (St. Catharines): Madam Speaker, in January, 1980, the unemployment rate in St. Catharines-Niagara was 10.1 per cent; in January, 1982, that rate increased to a record high of 15.6 per cent; in February, 1980, the seasonally adjusted rate of unemployment was 7.5 per cent, and in January, 1982, the seasonally adjusted rate of unemployment was 8.3 per cent.

Therefore I move, seconded by the hon. member for Erie (Mr. Fretz):

That the Minister of Employment and Immigration make a statement on motions accounting for the increase.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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THE CONSTITUTION

SECOND READING PASSAGE OF CANADA BILL—MOTION UNDER S.O. 43

Mr. Jim Peterson (Willowdale): Madam Speaker, I rise pursuant to Standing Order 43. Whereas the House of Commons of the United Kingdom yesterday gave overwhelming approval, with the support of all official parties, to second reading of The Canada Bill, I move, seconded by the hon. member for Guelph (Mr. Schroder):

That this House extend its gratitude to the British House of Commons for speedy passage on second reading and for the thoughtful contributions to debate by numerous members; and further, that we look forward to their continued co-operation with regard to the remaining stages of our new constitutional bill.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

INDUSTRY

IMPORTATION OF LEATHER SHOES—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, I rise under the provisions of Standing Order 43. Considering that the government's move to lift import quotas on leather footwear is having very negative effects on the footwear indus-

try in this country, and considering that a Quebec work group on footwear made up of labour, business and provincial government representatives, has appealed to the federal government to move to prevent an expected loss of 3,000 jobs in Quebec alone, I move, seconded by the hon. member for Selkirk-Interlake (Mr. Sargeant):

That this House urge the government to accede to the work group's demand by limiting global imports of leather shoes to 40 million pairs.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

RAILWAYS

DOUBLE TRACKING OF CN MAIN LINE FROM WINNIPEG TO VANCOUVER—MOTION UNDER S.O. 43

Mr. Len Gustafson (Assiniboia): Madam Speaker, the Liberal Party promised to double track the entire CN main line from Winnipeg to Vancouver by 1988 for $800 million. It will now take until 1993, at a cost of $2.3 billion. I therefore move, seconded by the hon. member for Bow River (Mr. Taylor):

That the Minister of Transport make a statement on motions accounting for the increased cost and time.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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CANADA POST

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

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, on January 1 of this year the rate for mailing a first class letter increased by 76 per cent to 30 cents. I move, seconded by the hon. member for Prince Edward-Hastings (Mr. Ellis):

That the minister responsible for Canada Post make a statement on motions explaining when, during the last election, the Liberal party told the Canadian people that such a massive increase would be implemented when it was returned to office.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

THE ECONOMY

INCREASE IN RATE OF INFLATION—MOTION UNDER S.O. 43

Mr. Girve Fretz (Erie): Madam Speaker, in February, 1980, the inflation rate was 9.4 per cent; in December, 1981, the inflation rate was 12.1 per cent. I therefore move, seconded by the hon. member for St. Catharines (Mr. Reid):

That the Minister of Consumer and Corporate Affairs make a statement on motions explaining the reason for this horrendous increase.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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• (1410)

[*Translation*]

RESOURCES

REQUEST THAT GOVERNMENT MAKE STATEMENT ON HEATING OIL PRICE INCREASES—MOTION UNDER S.O. 43

Hon. Roch La Salle (Joliette): Madam Speaker, I rise on a matter of urgent and pressing necessity, under the provisions of Standing Order 43.

In February 1980, the price of heating oil per gallon was 69 cents. In December 1981, the price per gallon rose to $1.22. Since new tax measures introduced by the federal government are responsible for 80 per cent of the increase, I move, seconded by the hon. member for Provencher (Mr. Epp):

That the Minister of Energy, Mines and Resources (Mr. Lalonde) make a statement on motions to indicate exactly when, during the last election campaign, the Liberal Party told Canadians that the price of heating oil would increase by 75 per cent in the two years following re-election of the present government.

Madam Speaker: Under the provisions of Standing Order 43, this motion requires the unanimous consent of the House. Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

THE ECONOMY

STATEMENTS MADE BY MEMBER FOR ETOBICOKE CENTRE—MOTION UNDER S.O. 43

Hon. Bud Cullen (Sarnia-Lambton): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Last weekend at a meeting of the PC Metro Association, the hon. member for Etobicoke

Centre (Mr. Wilson) was telling his fellow party members that they should be praying for the success of Reaganomics. Then in a speech to the Canadian Club in Montreal the hon. member was quoted as saying that he agreed with the economic policy of the Minister of Finance (Mr. MacEachen) that lowering interest rates would drive the value of the dollar down and lead to higher inflation. The hon. member went further and said that he did not agree with the provincial premiers, and that there was no quick fix. Therefore I move, seconded by the hon. member for Willowdale (Mr. Peterson):

That this House congratulate the hon. member for Etobicoke Centre for his effort to publicize the government's common sense monetary policy, and encourage him to preach to his fellow party members the same truth to which he has now become a convert.

Madam Speaker: Is there unanimous consent for the motion?

Some hon. Members: Agreed.

Some hon. Members: No.

GOVERNMENT'S INTEREST RATE POLICY—MOTION UNDER S.O. 43

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Arthur Laffer, the guru and key initiator of President Reagan's high interest rate policy, has now joined the growing ranks of financial and economic pundits advocating the abandonment of Reaganomics' high interest rate policy. Therefore I move, seconded by the hon. member for Spadina (Mr. Heap):

That the House urge the Minister of Finance to follow Laffer's recommendations and take the necessary steps to establish a made-in-Canada interest rate policy and to stop our lemming-like journey to financial and economic suicide.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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NATIONAL ENERGY PROGRAM

EFFECT ON PROSPECTS FOR OIL SELF-SUFFICIENCY—MOTION UNDER S.O. 43

Mr. David Kilgour (Edmonton-Strathcona): Madam Speaker, since the introduction of the national energy policy I am informed that oil exploration activity has dropped by 30.4 per cent. In the absence of the Minister of Energy, Mines and Resources (Mr. Lalonde), I move, seconded by the hon. member for Assiniboia (Mr. Gustafson):

That the Prime Minister make a statement on motions explaining when during the last election campaign he told the Canadian people that the return of a Liberal government would give such a body blow to the prospects for Canadian oil self-sufficiency.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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THE PRIME MINISTER

MOTION UNDER S.O. 43

Mr. John Bosley (Don Valley West): Madam Speaker, on January 12, 1980, the Prime Minister (Mr. Trudeau) said that the Liberal Party "will not simply stand by and let the recession come." Indeed it did not; instead it brought in a budget to make the recession come faster. Therefore I move, seconded by the hon. member for Cambridge (Mr. Speyer):

That the Prime Minister make a statement on motions stating when he will fulfil his other campaign promise—"Elect me and I'll resign".

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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MINISTER OF MANPOWER AND IMMIGRATION

DISTRIBUTION OF PHOTOGRAPH—MOTION UNDER S.O. 43

Mr. Terry Sargeant (Selkirk-Interlake): Madam Speaker, I rise under the provisions of Standing Order 43. The Minister of Employment and Immigration (Mr. Axworthy) recently distributed 8 by 10 black and white photographs of himself, with instructions that the handsome portraits be hung on CEIC walls across the country. There are 1.2 million unemployed people in Canada today who would rather look at a board full of job listings than the face of the minister, photogenic though it may be. It was customary in days gone by for pictures of the Queen, the Governor General or the Prime Minister to hang in government buildings. Therefore I move, seconded by the hon. member for Skeena (Mr. Fulton):

That the minister come out of the closet and inform the House whether this distribution of his photo is in anticipation of his becoming Prime Minister, or of his succeeding the present occupant of Rideau Hall, or has he aspirations to become the Queen of Canada?

[*Editor's Note: And the Prime Minister having entered the Chamber.*]

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1415)

ORAL QUESTION PERIOD

[*English*]

THE ECONOMY

MOTION MOVED BY MEMBER FOR BRUCE-GREY

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, it is hard to look at the smiling faces on the other side and to understand how they can sit there with the blood of all Canadians on their lapels.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Wilson: My question is for the Minister of Finance. I point out to him that the motion just put by the hon. member for Bruce-Grey proposing that a reference be made to the standing committee on the whole question of interest rates was the identical motion put by the Minister of Industry, Trade and Commerce when he was finance critic for the Liberal Party a few years ago. At that time interest rates were substantially lower than they are today and those interest rates had done considerably less damage to the economy of the country than the interest rate policy being followed by this government. My question is very simple. Why could the minister not support that motion?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, if the hon. member wants us on this side to support motions moved under the provisions of Standing Order 43, I think it would be wise for him to have his colleagues consult in the usual way so that we can assess whether it is appropriate to give that support.

DECLINE IN VALUE OF DOLLAR—GOVERNMENT POSITION

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, that is an absolute cop-out. The minister could understand that motion. He did not need to have any part in negotiations. He knows the damage which has been done, and he should have had the motion accepted. It is as simple as that.

During the 1980 election campaign, the Liberal Party ran on an election platform of lowering interest rates. Clearly this was a gross deception on the Canadian people. In fact this government's policies have led to much higher interest rates because of the need to defend the Canadian dollar as a result of a record flight of capital.

Since we have seen the decline in the value of the Canadian dollar, from 85 cents in terms of the U.S. dollar at the time of the budget to a current level of just over 82 cents, would the minister tell the House today whether this represents a fundamental change in the interest rate policy of the government, or is it simply a reflection of the opinion of most Canadians that the 1981 budget was an absolute disaster?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, when it comes to opinion about the budget, the place to test that opinion is in the House of Commons.

Mr. Crombie: What about the country?

Mr. Clark: Answer the question.

Mr. MacEachen: On two occasions the budget was tested through non-confidence motions by members of the opposition. On these two occasions the budget was approved.

Some hon. Members: Hear, hear!

Mr. MacEachen: As hon. members learned in December, 1979, one test is enough. Two is terrific.

Some hon. Members: Hear, hear!

Mr. Wilson: Madam Speaker, I think it will be very clear to the people who are in the galleries that the minister totally avoided answering the question put to him. Let me try another question.

Mr. Dick: You had better keep it simple.

CANADIANIZATION PROGRAMS

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, this question is for the Prime Minister. In the last week of the 1980 election campaign the government announced a package of policies which have proved disastrous. They have resulted in a record flight of capital from Canada, record unemployment, and record interest rates. In order to avoid setting any more records, for which all Canadians are paying very heavily, would the Prime Minister commit himself to the House that there will be no extension of the National Energy Program into other industries, no extension of the Foreign Investment Review Agency as was threatened during that campaign, and no further nationalization of the oil and gas industry during this Parliament? Would the Prime Minister commit himself on that to this House today?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, we have already been quite explicit in terms of Canadianization. Our objective is to reach 50 per cent of ownership or control by 1990. As for the other items, the foreign investments item and Canadianization generally, the hon. member will find the precise answers in the white paper which was tabled at the time of the budget. As for the other foreign investment items and Canadianization generally, you will find the precise answers in that white paper which was deposited at the time of the budget, which I commend to the hon. member as very worth-while reading if he wants to know—

• (1420)

Mr. Wilson: Make the commitment in this Parliament.

Mr. Trudeau: —how this country can be developed, and in what ways he could assist rather than always being negative.

LEVELS OF UNEMPLOYMENT IN AREAS OF ONTARIO

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my question is directed to the Prime Minister, as well. In view of the tragic economic circumstances in this country today, especially in Ontario where we find unemployment of 20,000 in Windsor representing 16.3 per cent of the work force, another 22,000 in the Niagara area which represents over 15 per cent of the work force, and likewise in Kitchener—

Some hon. Members: Order.

Mr. Stevens: —would the Prime Minister indicate why he permits that type of unemployment in those areas which, by coincidence, happen to be represented by Liberal Members of Parliament? Is he simply counting on the fact that they must sit muted within his caucus and certainly not vote against his government to represent their constituents properly?

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, in his rather twisted logic I understand the hon. member is suggesting that we should bring particular help to areas represented by Liberals. I think that if we were to do that, he would accuse us of favouritism.

QUERY RESPECTING POSSIBLE RESIGNATION OF PRIME MINISTER

Hon. Sinclair Stevens (York-Peel): Madam Speaker, I think the figures are self-evident. The fact is that the worst unemployment areas in Ontario happen to be those represented by Liberal Members of Parliament who do not stand up in this House and speak on behalf of their constituents.

Some hon. Members: Hear, hear!

Mr. Stevens: Madam Speaker, again if I may ask the Prime Minister, surrounded as he is by his colleagues bedecked with their red carnations, would he at least indicate today that he will keep one promise he made during the election campaign, which is that if elected he would resign? When may we expect that resignation, in view of the calamity he has been to the country?

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Well, Madam Speaker, when I feel my support in the Liberal Party has sunk as low as it has for the Tory leader in his party, I will consider it.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Madam Speaker: Order. Order, please.

HOUSING

CANADA MORTGAGE AND HOUSING CORPORATION VACANT UNITS

Mr. Ian Deans (Hamilton Mountain): Thank you, Madam Speaker. It is a little difficult to be heard over the hubbub. I want to address a question to the minister responsible for housing. He is aware, I am sure, that the housing and related industries are being seriously crippled by the high interest rates which have been and are now being charged, and that housing starts have dropped significantly below the level that almost every expert believes is necessary in order to meet our housing needs. We have vacancy rates in major metropolitan areas such as Ottawa, Hamilton and Oshawa, of less than 1 per cent, and we now discover that Canada Mortgage and Housing has in excess of 9,000 units sitting empty. I ask the minister how does anyone explain that to people who cannot find affordable housing, who have to go into housing which costs far more than they can reasonably be expected to pay?

Some hon. Members: Question.

Mr. Deans: That is a question. How does the minister explain to those people that they have to go into housing which they cannot afford while CMHC has those vacant units available in their municipality and refuses to put them on the market for rental purposes?

● (1425)

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, one of the difficulties of the hon. gentleman is that he has obviously accepted, at face value, the news report this morning on which he bases his assumptions. The policy of the corporation, indeed, is to rent those units where we are unable to sell in areas, for example, where people are not coming forward to buy that affordable stock of housing. The housing to which we are referring is probably the most affordable housing available to Canadians today. It came into the corporation as the result of the undertaking of the corporation to the Conservative government to sell those properties in return for moneys to assist when there was a large drain on the mortgage insurance fund.

Mr. Deans: Madam Speaker, I want to assure the minister that I am not basing my question on the news reports.

REASONS FOR UNITS REMAINING EMPTY

Mr. Ian Deans (Hamilton Mountain): I wonder if the minister would address two particular and quite pointed questions. One concerns the city of Hamilton where there is a vacancy rate of .7 per cent. I personally know of people who cannot find accommodation at a price that they can afford. There are 475 vacant units there under the direction of Canada Mortgage and Housing. In Oshawa there is a vacancy rate of zero per cent.

Madam Speaker: Order.

Some hon. Members: Order.

Madam Speaker: Order, please. I am afraid that I really must call the hon. member back to order. He is asking extremely long questions and I would ask him to make them more brief.

Mr. Deans: Very briefly, in Oshawa there are 309 vacant units. How does the minister explain, to those people who cannot find accommodation, the reason those units are standing empty?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, I would repeat my earlier answer. If the corporation is unable to find buyers for the affordable housing which has come into the mortgage insurance fund, those units are rented. Indeed, there are over 2,000 such units which are rented in the province of Ontario. However, one of the reasons we are unable to proceed with the provision of adequate, affordable rental accommodation in this country is because the opposition has not given serious concern to the legislation before the House to provide—

Mr. Deans: Nonsense!

Some hon. Members: Oh, oh!

Mr. Cosgrove: —15,000 units, 5,000 of which are rent geared to income.

Some hon. Members: Hear, hear!

ONE-YEAR MORTGAGES

Mr. David Orlikow (Winnipeg North): Madam Speaker, my question is directed to the minister in charge of housing. Last weekend, at a HUDAC conference, the chief economist of the Canadian Imperial Bank of Commerce predicted that three-year to five-year mortgages would be gone very shortly, and that they would be replaced by mortgages of one year or less. Given the fact that it will be impossible for people to try to plan to buy a house or to decide how to refinance a house if the mortgage rate goes up as it has in recent years, every year, and given the fact that housing sales are down by 85 per cent in a city like Winnipeg, have the minister and his department given consideration to the terribly adverse effects which will result from this idea of mortgages lasting only one year or less?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, I would have to comment on the introductory remarks of the hon. gentleman. Indeed there has been a variety of projections of housing starts for 1982, which range from 145,000 up to a high of 185,000. However, I recall that last year the leader of the party of which the hon. gentleman is a member predicted starts in 1981 of 145,000; in fact, they were closer to 180,000, which was the first time there had been an improvement in housing in the last five years. Therefore I am not as pessimistic as the hon. gentleman in terms of starts.

Mr. Deans: That's absolute nonsense!

Mr. Cosgrove: Second, the legislation before the House of Commons, Bill C-89, contains provisions to assist housing, and I wish the opposition would get off their legislative duffs and pass it.

Some hon. Members: Hear, hear!

* * *

LABOUR CONDITIONS

INCREASE IN UNEMPLOYMENT—LABOUR CONDITIONS

Hon. David Crombie (Rosedale): Madam Speaker, my question is directed to the Minister of Unemployment and Immigration. The minister will know that two years ago we were creating jobs at the rate of 35,000 a month in this country. The minister will also know that as a result of being under his direction for the past two years, we are now losing jobs at the rate of 35,000 a month. Indeed, we are looking at a situation where close to a quarter of a million jobs have been lost in the last seven months alone. As the minister responsible for job creation, how long does he intend to let the situation continue to deteriorate?

● (1430)

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, the hon. member for Rosedale has been in this House long enough and has certainly listened to enough debates to realize that the kind of economic situation we are in is not the cause of this government or of any one minister, but is in large part the result of circumstances affecting every industrial country in the world. I need only point out that the unemployment rates we are facing, which are very severe and tragic, are also being experienced by every other country in the OECD areas.

Some hon. Members: Oh, oh!

Mr. Axworthy: Those who scoff simply show they do not know. Ignorance is no excuse for that kind of loudness. The fact is there is a serious problem, a problem that we obviously share with many other countries. I would point out to the hon. member that, contrary to his assumption that we are presiding over the elimination of jobs, we have in fact been doing the opposite. We have been using government powers and resources to add to employment.

As I have pointed out in this House before, through our direct employment jobs we have created over 100,000 jobs in 1981-82. That is 100,000 jobs—

[*Translation*]

INDUSTRY

FOOTWEAR—INQUIRY WHETHER GOVERNMENT IS READY TO REASSESS LEATHER FOOTWEAR POLICY

Hon. Roch La Salle (Joliette): Madam Speaker, my question is directed to the Minister of Industry, Trade and Commerce. In view of the fact that a large number of representatives of the footwear industry are in Ottawa today, and considering that the new policy recently announced by the minister entirely fails to offer the protection and assistance this industry needs, could the minister inform us, in anticipation of representations that will very probably be made by government members, since they have been exposed to the same pressures and recommendations as I have, could the minister inform us today whether he is prepared to reassess his decision and include leather footwear in his over-all quota system, so as to prevent the loss of 2,000 more jobs in Quebec alone within three months?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, I may point out to the hon. member that the policy we announced is in line with the decisions and report made by the Anti-Dumping Tribunal. We have also set up a special fund of $17 million to help finance the modernization and positive restructuring of this industry. I am therefore very pleased that representatives of the industry have had a very useful meeting with four of my colleagues from the province of Quebec this morning, and I should be happy to receive any suggestions from my colleagues that could help us improve our present policy.

* * *

[*English*]

THE ECONOMY

RATE OF INFLATION—GOVERNMENT FORECASTS

Miss Pat Carney (Vancouver Centre): Madam Speaker, my question is addressed to the Minister of Finance. When I was first elected to this House two years ago the inflation rate was 9.4 per cent. In December, 1981, the inflation rate was 12.1 per cent, which is corroding the faith of Canadians in the country. When does the minister expect the inflation rate to be back below the 9.4 per cent that it was at when this government was elected?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the most recent forecasts that we have prepared for the inflation rate are contained in the budget.

ENERGY

INCREASED COST OF HOME HEATING FUEL

Mr. G. M. Gurbin (Bruce-Grey): Madam Speaker, my question is also for the Minister of Finance. The minister will know that in spite of some efforts by the government, many Canadians today and in the near future will continue to depend on oil for their home heating needs. In February, 1980, the cost of a gallon of heating oil was 69 cents. In December, 1981, it was $1.22 a gallon, a rise of 77 per cent in less than two years. Will the minister confirm to the House that 80 per cent of this increase, which is about 42 cents, is a federal tax that is at the direct expense of all users of home heating oil, including those who are on fixed and low incomes?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): No, Madam Speaker, I will not confirm that, but I will confirm the fact that the energy pricing agreement that now exists was entered into between the Government of Canada and the producing provinces of the west. When we were attempting to get a better deal for the Canadian people in that agreement, members of the Conservative Party, like the former minister of finance, were encouraging the western premiers to hang in there so that the prices would be even higher than they are under the agreement which we have succeeded in arranging.

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EXTERNAL AFFAIRS

EL SALVADOR—POSSIBLE CANADIAN ROLE IN OBSERVING ELECTION PROCESS

Mr. W. Kenneth Robinson (Etobicoke-Lakeshore): Madam Speaker, I have a question for the Secretary of State for External Affairs. In view of the fact that Canada, like a large number of other countries, has been invited by El Salvador to send special observers during the period of February 15 to March 30 to witness the process under way there to elect a constituent assembly to prepare a new constitution under which further elections will be held to form a representative government, can the minister indicate if the government has come to any decisions with respect to Canada's role in that election process?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, Canada had indicated a willingness to participate in an international observer force. We did receive an invitation from the El Salvador government to participate in a kind of observer force. However, discussions with representatives of that government have revealed that the kind of force which they are inviting us to participate in and the kind in which we have traditionally participated are very different. What they have in mind is not an international observer group which would monitor or judge their elections, because they would apparently view this as an interference in their internal affairs, but rather one where countries would

send reprsentatives to El Salvador to witness and inform themselves.

We continue to believe that elections in that country, imperfect as they may be, are better than none, but the terms of observation which are available to us are not consistent with what we believe to be necessary, nor with our practices of the past.

We will be witnessing the elections through our normal diplomatic observations and through the members of the parliamentary subcommittee who will be visiting that country. I would just add that our considerable interest in the area was indicated last week by my announcement of a tripling of our aid to Central America.

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DISASTERS

SINKING OF "OCEAN RANGER"—REGULATIONS GOVERNING OFFSHORE DRILLING RIGS

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, my question is to the Prime Minister. I congratulate him on his carnation. I believe it was supplied by Tony Merchant.

A couple of days ago the Minister of Energy, Mines and Resources told a reporter with respect to the *Ocean Ranger*, a drilling ship in Hibernia, "We are responsible for these rigs and everything that happens on these rigs". That was a quote from Mr. James Rusk of *The Globe and Mail*. Does the Prime Minister stand by that statement of his minister of energy and will he explain to the House why there will be two inquiries, one by the Government of Canada and one by the government of Newfoundland? Why not a joint inquiry?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I want to point out to the hon. member that he should learn about the distinction between a rose and a carnation. Then maybe he could distinguish between his razzmatazz and a hole in the ground.

Some hon. Members: Hear, hear!

Mr. Trudeau: In this case we are talking about holes in the bottom of the sea, and the authority of the minister that he referred to is in verifying the drilling aspect of the rigs. In so far as the concrete suggestion of the hon. member is concerned, it is perhaps not indiscreet to say that that is the course which the minister of energy had preferred. I know that before we announced our inquiry, or before Newfoundland announced its inquiry, he communicated with Mr. Marshall, the responsible minister in Newfoundland, and was hoping to discuss such an eventuality, but the government of Newfoundland chose to go ahead on its own and announced its own inquiry.

SAFETY AND SEAWORTHINESS

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, my supplementary is to the Prime Minister. I was informed this morning from St. John's that on February 6, when the *Ocean Ranger* rig began to list badly because of ballast problems and an abandon ship alarm was sounded on that day, the rig operator did not know whether the crew was to abandon the ship from the high or the low end of the rig. The crew complained about this at a safety meeting and were told by Mobil officials that they would try to send someone out to the rig two or three weeks later to give the answer.

● (1440)

My supplementary question to the Prime Minister is, has he looked at these documents that the Minister of Energy, Mines and Resources tabled in the House? They are really conservation documents, not health and safety documents at all. How can the Government of Canada and the Prime Minister who has just taken responsibility for what goes on on the rigs, as has the Minister of Energy, Mines and Resources, let a rig such as this, with almost criminally lax safety precautions and regulations, operate and not have it recalled into port?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, either the member was not in the House when the Minister of Energy, Mines and Resources and the Minister of Transport—

Mr. Waddell: I was here.

Mr. Trudeau: If he was, he should remember that the minister informed the House that there was the matter of international jurisdiction over the high seas, and the seaworthiness of the rig which was established by international bodies and internationally recognized.

The function of the Minister of Energy, Mines and Resources is not to testify to the seaworthiness but to testify to its operations as far as seeking energy on the ocean floor is concerned. If the hon. member wants to assert the authority of Canada over vessels on the high seas, he may be indicating a new course of international law. However, I want to put to him that the allegations he is making will, of course, have to be verified and reported on by the commission that we have established. If he has facts of this nature which he wants to put before the commission, of course he should do so.

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ENERGY

EFFECT OF TAXES ON PRICE OF GASOLINE

Mr. Don Blenkarn (Mississauga South): Madam Speaker, my question is for the Minister of Finance. In February, 1980, a gallon of gas in Toronto cost $1.18. In December of last year a gallon of gasoline cost $1.97. A report states that the federal tax increase on gasoline is 50 cents of that figure. Will the

minister confirm that federal taxes have increased the price of gasoline by 50 cents a gallon?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I will not confirm that.

Miss MacDonald: How about 75 cents?

Mr. MacEachen: I will confirm that we, as a government, refused to proceed with the 18-cent tax on gasoline which was proposed in the preceding budget.

* * *

LABOUR CONDITIONS

CREATION OF JOBS IN ATLANTIC PROVINCES

Hon. J. Robert Howie (York-Sunbury): Madam Speaker, my question is for the Minister of Industry, Trade and Commerce and the Minister of Regional Economic Expansion. Since the last election, the Atlantic VIA Rail passenger service has been removed, the Canadian Forces Base in Chatham will be closed, over half of the maritime lumber mills are down, and hundreds of CN employees have been laid off. When will the Liberal government start creating more jobs in Atlantic Canada than it destroys?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, in the past two years we have taken important steps in the area of job creation in the Atlantic provinces.

Mr. Clark: They have all been backwards.

Mr. Gray: In the hon. member's own province we have announced the Mitel project which will create over 1,000 jobs in the Buctouche area. We also announced support for a new zinc smelter project which will create hundreds of jobs in the hon. member's province. We also announced support for the expansion of the Saint John, New Brunswick shipyard, and the Halifax shipyard. These are just some examples of what we have been doing in a concrete, meaningful way to create new advanced technology jobs in the Atlantic provinces, and we will continue doing so.

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NATIONAL DEFENCE

CANADIAN FORCES BASE CHATHAM, N.B.

Mr. Bob Corbett (Fundy-Royal): Madam Speaker, in the absence of the Minister of National Defence I will address my question to the acting minister. The government has decreed that DREE be eliminated and CFB Chatham is being exterminated by the same government. Is it the intention of the minister to forget about Chatham and, if not, when will he announce what plans the federal government has to secure the future of this very important New Brunswick town?

An hon. Member: Somebody better answer.

Mr. Clark: Nobody speaks for New Brunswick.

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RAILWAYS

GOVERNMENT POLICY ON MOVEMENT OF GRAIN

Mr. Doug Neil (Moose Jaw): Madam Speaker, my question is for the Minister of Transport. During the last federal election the Liberal Party was silent on its plans to make grain farmers pay higher prices for moving their grain to market. Why is the government bringing in such a policy at a time when the net incomes of the producers are predicted to be reduced by 10 per cent to 15 per cent?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, the answer is obvious. The reason is to give western Canada the best railway transportation the world has ever seen. For that purpose the Minister of Finance has provided $1.35 billion for the next four years in order to accomplish that objective. The government also felt that in order to realize the full objective, which every westerner wants, it was necessary to rebalance the contribution that the railways, the government, and the farmers make to the transportation of grain. That is the basis for our decision. I dare say, and the hon. member knows it very well, that people from western Canada are quite willing to accept it and generally approve of it. There are a few reactionaries who do not, but I thought that they were all at that end, on my right side. I see there are also a few from Saskatchewan in the Conservative opposition.

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AGRICULTURE

COST OF FUEL USED IN PRODUCTION OF FOOD

Mr. Gordon Taylor (Bow River): Madam Speaker, my question is for the Minister of Agriculture. During the 1980 election the Liberal Party promised farmers low prices for the fuel they used in the production of food. Since then fuel prices have gone up by 67 per cent. Why has this government not rebated a portion of this gasoline tax to farmers as was proposed by the Clark budget in 1979? For once, will the minister give the House a straight answer and not the usual baloney garnished with manure?

Hon. E. F. Whelan (Minister of Agriculture): Well, Madam Speaker, I know the hon. member very well. He knows that our food inspection system does not permit bologna to be garnished with any such material whatsoever. He knows that we have one of the safest food inspection systems in the world.

Some hon. Members: Hear, hear!

Mr. Whelan: And I want to tell the hon. member that I know from which end of the bull his statement comes from, too.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Whelan: I also want to say to the hon. member that I am sure he realizes that farmers who are taking delivery of diesel fuel and gasoline in certain quantities, according to the regulations, do receive a refund on the federal excise tax. There is some concern for farmers who buy propane and use it to propel their vehicles at the present time. That is not allowed under the present act. We have made representations in the hope that those regulations will be changed so they can get refunds also. I would remind the hon. member that the farmers with whom we compete, namely, those in the United States, pay more for their fuel than we do in Canada.

Some hon. Members: Hear, hear!

Mr. Paproski: That is not true.

* * *

INQUIRY OF THE MINISTRY

Madam Speaker: The hon. Member for Bonavista-Trinity Conception.

Mr. Dave Rooney (Bonavista-Trinity-Conception): Madam Speaker—

Some hon. Members: Hear, hear!

An hon. Member: It is his anniversary question.

An hon. Member: Where is your trailer?

Mr. Rooney: I will get to that. Madam Speaker, when I came into my lobby today I was asked if I would wear a rose.

An hon. Member: A carnation.

Mr. Rooney: A rose by any other colour. I feel depressed.

Madam Speaker: Order, please.

● (1450)

Mr. Nielsen: Let him speak.

Madam Speaker: Order, please. The hon. member has the floor if he wants to ask a question. If he wants to make a speech, he can choose another time to do so. He is perfectly free to do so, but at this particular time he must ask a question.

Mr. Rooney: Madam Speaker, why are all the Liberals—and there were a couple on the other side—wearing roses when 84 people died on the oil rig off Newfoundland? Who wants to answer? I do not know.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

An hon. Member: Come on, Pierre.

Mr. Trudeau: Madam Speaker—

Madam Speaker: Order, please. The hon. member for New Westminster-Coquitlam.

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EXTERNAL AFFAIRS

NATO NAVAL EXERCISES IN CARIBBEAN

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, I am sorry to deprive the Prime Minister of the opportunity to respond, since he is the only one wearing a rose, but I will go ahead with my question, which is addressed to the Secretary of State for External Affairs.

As the minister will know, NATO is planning to hold its winter naval exercises in the Caribbean Central American region, assembling in the Gulf of Mexico and moving to the Straits of Florida, about a wave away from Cuba. This is the first time NATO has gone into the region for its naval exercises, and I want to ask the minister if he can tell the House why NATO has chosen to do this at this time.

Mr. Rooney: Madam Speaker—

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Madam Speaker: Order, please. The hon. member for New Westminster-Coquitlam has the floor.

Miss Jewett: Madam Speaker, I want to ask the minister why NATO has chosen at this time, for the first time in its history, to hold its winter exercises in the Central American-Caribbean area. Is it to promote American interests in that region, and is the visit of two NATO admirals to Ottawa next week connected with this?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, NATO military exercise decisions are made for military and not political reasons. I can assure the House that there is no political motivation whatsoever attached to this exercise.

As to the visit of some top NATO military officials to Ottawa next week, that is an event which has long been planned by the Minister of National Defence as a routine matter to inform us better on NATO military planning. It has no connection with any other event.

REASONS FOR CHOICE OF EXERCISE AREA

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, it is nevertheless reminiscent, as Walter Gordon was reminding us this morning, of General Norstad's visit 19 years ago.

If there is no political reason for this, why is NATO going contrary to its habitual practice of having these exercises in the Mediterranean? Why is it passing right adjacent to Cuba, and does the minister not think this will be a destabilizing influence in the area? I know the minister himself wants Canadian government policy to be one of promoting stability and avoiding provocation.

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, Canada's attitude toward the Caribbean and the Central America area is well known. It is certainly one of co-operation with all the countries in that area, including Cuba, for the advancement of peace. We have frequent discussions with Cuba. We have been having them in the last day or so, and the Cubans are certainly under no illusion that there is any threat in which we are participating. I do not think the hon. member does us any service in suggesting that there is some hidden political motivation in what is a normal military exercise.

* * *

ENVIRONMENTAL AFFAIRS

INQUIRY RESPECTING SAFEGUARDS TO PREVENT CONTAMINATION OF CANADIAN FISH STOCKS BY SUNKEN URANIUM

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is directed to the Minister of the Environment, who yesterday confirmed that 12 containers of uranium hexafluoride were destined to be on the Russian freighter which sank and waved away rescue attempts in mysterious circumstances. We do not know the size of those containers, although I am given to understand they could be very large, perhaps as large as 12 metric tons. Those containers could be lying now on the floor of the Grand Banks where, as a result of corrosion or the impact of sinking, they could cause leakage, which would seriously contaminate Canadian fish stocks. In light of that possibility will the Minister of the Environment tell us what safeguards and standards are in place to stop the potential contamination of Canadian fish stocks off the Grand Banks as a result of the shipping of Canadian processed uranium material to the Soviet Union?

Hon. John Roberts (Minister of the Environment and Minister of State for Science and Technology): Madam Speaker, I do have some information about the containers. They are specially designed, heavily walled steel cylinders which weigh about 13 tonnes and contain about eight tonnes of uranium. In more than 25 years of transporting thousands of these cylinders around the world, no cylinder has ever been punctured resulting in the release of material during transportation. It would take many hundreds of years before a cylinder could be corroded under water so that the uranium would come into contact with sea water. If and when that happened, the uranium would be dissolved in the water, adding eight tonnes of uranium to the ocean. The amount of uranium estimated to occur naturally in the world's oceans is about four billion tonnes. It would be impossible to detect or estimate the impact of such a release because it would be so small. I do not think the concern expressed by the right hon. gentleman is one which need preoccupy us.

Mr. Clark: In other words, the minister's standard is that he is not worried, so no one else should be.

* * *

NUCLEAR ENERGY

ENRICHMENT OF URANIUM IN SOVIET UNION—USE OF BYPRODUCT

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my supplementary is directed to the Secretary of State for External Affairs or to whomever reports in the House on behalf of Eldorado. Eldorado has indicated that uranium hexafluoride is enriched in the Soviet Union at the request of Eldorado's customers. That is why we are shipping it to the Soviet Union. Will he confirm that this Russian uranium process produces a byproduct which can be regarded as waste, but which in fact can be used to produce plutonium and to produce weapons? If so, will the minister tell this House of Commons now what are the final destinations of that byproduct?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, this is a practice which has gone on for a considerable number of years, including the time of the right hon. member's government. It has been a continuous commercial process in which countries—often neutral countries as in this case, which I am not at liberty to identify at this stage—

An hon. Member: Why not?

Mr. MacGuigan: Because it involves a competitive situation in which Eldorado is involved. However, often neutral countries request that we have our uranium hexafluoride enriched, which we are not able to do in this country. My information is that there is exactly the same tonnage out of as into the Soviet Union, and we are satisfied that there is no advantage being given to the Soviet Union by this process. Of course the right hon. member knows that the Soviet Union itself is a producer of uranium and does not need any uranium from us.

DESTINATIONS OF ENRICHED URANIUM

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, what the minister admitted when he said that the same tonnage goes out as goes in is that the Soviet Union is

disposing of this byproduct, which could be treated as waste but which also could be used to produce plutonium or to produce weapons. That is what is happening to Canadian uranium in Russian hands; he has just said that. However, he will not tell us which countries are receiving the benefits of this Canadian uranium chanelled through and processed by Russian hands. He has an obligation to tell the people of this country and the House of Commons which countries are benefiting from this Canadian uranium in a way that may allow them to make use of plutonium and may allow them to produce weapons. Which countries are they?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, the countries which are the recipients of this uranium are countries with which we have agreements, so we have their guarantee of non-proliferation. I repeat that this is the same practice which has been followed for many years. It is a commercial practice, and it was followed during the time of the right hon. member's government as well.

* * *

● (1500)

ESTIMATES

DATE OF TABLING OF MAIN ESTIMATES

Mr. Al MacBain (Niagara Falls): Madam Speaker, I should like to put a question to the President of the Treasury Board. Is the minister in a position to tell the House at this time when he will be tabling the 1982-83 main estimates, and if there will be a lockup?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, I hope to table the main estimates next Tuesday. Today I sent letters to the Right Hon. Leader of the Opposition and the leader of the New Democratic Party in an effort to work out arrangements that will make sure they are fully briefed. I hope this can be done without a lockup unless, of course, the hon. member for York-Peel (Mr. Stevens) insists upon having a lockup. I am sure we would be delighted to lock him up this year!

* * *

AUTOMOTIVE INDUSTRY

LIBERAL ELECTION CAMPAIGN PROMISE

Mr. Otto Jelinek (Halton): Madam Speaker, my question is for the Prime Minister. Two years ago during the federal election campaign the Prime Minister promised that the Liberal party would "—get a fair share for Canada of business in the auto industry". I do not have to quote any statistics to remind the Prime Minister and the House that not only did he not keep his promise but that the industry itself has reached an all-time low. I therefore would like to ask the Prime Minister—because it is his remark that I refer to—when he is going to take the necessary action to try to keep at least that one promise that he made to the Canadian public?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, as the Prime Minister promised, we have begun consultations with the United States with a view to getting action on problem areas connected with the auto pact. We will continue these consultations. That work is being carried on by my colleague, the Minister of State for International Trade, and myself.

In addition, we have taken other important steps aimed at strengthening and upgrading the manufacturing and technology base of our auto industry. The most recent step was the announcement of the $25 million fund to be spent over the next two years to assist auto parts companies in this country take advantage of production opportunities in North America.

We have also taken action to establish in Canada a new Volkswagen project. This will provide 1,500 jobs, 500 of which will be in the plant itself, and 1,000 in the plants of individual Canadian parts manufacturers. Another example I can give is the KHV diesel engine project.

I see you are about to call me to order because of the length of my answer, Madam Speaker, but these are just some examples that will demonstrate the concrete action we have been taking and examples of action that will be taken on behalf of the auto industry.

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PETITION

MR. JELINEK—LACK OF DOOR-TO-DOOR MAIL DELIVERY IN BRONTE MEADOWS, MILTON, ONTARIO

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table the one hundred and eighty-second report of the Clerk of Petitions stating that he has examined the petition presented by the hon. member for Halton (Mr. Jelinek) on Wednesday, February 17, 1982 and finds that it meets the requirements of the Standing Orders as to form.

* * *

[*Translation*]

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Pinard: Madam Speaker, since my colleague cannot seem to make up his mind to ask, next week, the business of the House will include consideration of Bill C-78 to improve benefits to laid-off employees and subsequently, Bill C-89 on national housing. Depending on the circumstances of the debate on these two bills, we shall probably have an opposition day on either Thursday or Friday of next week. I shall be

advising my colleagues which day it is to be. That will be the order of business for next week.

[*English*]

Mr. Nielsen: Madam Speaker, I am sure that I heard the government House leader correctly. He stated that next week we would deal with Bills C-78 and C-89, I presume on Monday and Tuesday, consecutively—

Mr. Pinard: And Wednesday.

Mr. Nielsen: —and Wednesday, the government House leader interjects—and that there would be another opposition day next week in addition to the allotted day now on the Order Paper for tomorrow. We will be proceeding, I presume, with the allotted day tomorrow, as he has indicated so many times.

Mr. Pinard: Madam Speaker, if my colleague requires that tomorrow be an allotted day, I am pleased to agree with him. As a matter of fact, tomorrow will be an allotted day as well.

Mr. Nielsen: Madam Speaker, tomorrow is the allotted day which has been on the notice paper all week. The government House leader is simply confirming that it is there, that he is not going to change his mind again and change tomorrow as an allotted day. Is that a correct understanding of what he said?

Mr. Pinard: Madam Speaker, all I can say is that I think we agree. The hon. member expressed a wish that tomorrow not be changed and I said that I am pleased to confirm that it is not my intention to change it; and that, furthermore, there will be another allotted day probably next week on Thursday or Friday, depending on the progress of business at the beginning of the week. If the hon. member now prefers that we change the day tomorrow, I will consider it.

Some hon. Members: Hear, hear!

Mr. Nielsen: Madam Speaker, I did not want the government House leader to change it last week and we certainly do not want him to change it this week.

Some hon. Members: Hear, hear!

Mr. Pinard: Madam Speaker, I think it is a bit late to tell me that now. I invited the hon. member to a House leaders' meeting last Thursday morning and he did not come. He could have told me that at that time.

Mr. Nielsen: Madam Speaker, if, as the government House leader says, he is holding regular House leaders' meetings and he held one last week, I wonder why he did not hold one this week to inform me of what he has just informed me across the aisle.

Mr. Pinard: Madam Speaker, the answer is very simple: I did not intend to change the allotted day tomorrow.

Some hon. Members: Hear, hear!

Sinking of "Ocean Ranger"

Mr. Beatty: Madam Speaker, could I raise a question of House business with the government House leader? He will remember that he indicated he was opposed to calling concurrence on the fourth report of the Standing Joint Committee on Regulations and Other Statutory Instruments because the government was actively considering what action it would take as a result of the recommendations of the Task Force on Regulatory Reform and the recommendations made by the Economic Council of Canada to the standing joint committee. He indicated that he would be presenting proposals to Parliament in the near future. May I ask him where those proposals are and when they will be put before Parliament?

Mr. Pinard: Madam Speaker, the hon. member asks a question that I suggest he take up with his House leader. I should not like to refer to what we have discussed together on the subject of parliamentary reform.

Madam Speaker: Taking into account that we must assume that tomorrow will be an allotted day, I want to inform the House that since there are two motions on the Order Paper, the Standing Orders require me to choose which one will be debated tomorrow. Of course, the deadline for other motions to be presented to the House is six o'clock tonight. In principle, I suppose that I should wait until six o'clock to announce my decision on which motion I choose; however, as a courtesy to the House I could, if the House wishes, announce my decision now so that everyone concerned could be prepared for the debate. If the House wants me to announce that now, there would be the caveat that if another motion were filed before six o'clock I would have to reconsider my decision and come back to the House and announce my choice.

I should like to have an indication whether the House would like me to announce my decision now or later.

Some hon. Members: Now!

Madam Speaker: My decision was not easy because we do not have very many precedents. I looked into the principles which might guide me in choosing which of the two motions would be debated. I considered the fact that the motion in the name of the Right Hon. Leader of the Opposition (Mr. Clark) is from the official opposition and also that it requires the House to come to a decision. Therefore I have decided that the motion in the name of the Right Hon. Leader of the Opposition will be debated tomorrow.

Some hon. Members: Hear, hear!

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DISASTERS

SINKING OF "OCEAN RANGER"—OBSERVANCE OF FRIDAY, FEBRUARY 19, AS DAY OF SYMPATHY

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, as the minister responsible for the parliamentary precinct, I should like to advise hon. members that flags will be flown at half mast tomorrow to join in the day of sympathy

in Newfoundland and that federal government offices in the province of Newfoundland will be closed tomorrow in order to join with that province in mourning its tragedy.

● (1510)

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I take it the statement of the Minister of Public Works (Mr. Cosgrove) was in the nature of a statement on motions. I must say in passing that we are pleased to have the tradition re-established in the House of Commons.

In response to the statement on motions of the minister, I should simply like to express our total approval of the action which has been taken and of the opportunity for hon. members of the House of Commons, and all of us associated with the activities of the federal presence across the country, to express our profound sympathy to the families and survivors of those who died in this tragedy at sea. Also I should like to express our great regret at this terrible tragedy and our hope that the survivors and their families find some solace in knowing that the nation joins in their sense of deep loss and great regret.

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I rise on the point raised by the Minister of Public Works (Mr. Cosgrove) and by the Leader of the Opposition (Mr. Clark). On behalf of the New Democratic Party, I should like to join both hon. members in the sentiments expressed. While it is not possible to express adequately the sense one feels at a time like this when such a tragedy occurs, I hope as a result of this we will redouble our efforts to ensure that it will never occur again.

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PRIVILEGE

MR. CORBETT—NOTICE OF QUESTION TO BE RAISED

Mr. Bob Corbett (Fundy-Royal): Madam Speaker, I should like to take this opportunity to reserve a question of privilege for a future date which arises out of my question to the Acting Minister of National Defence in the House today. If I decide there has been a breach of privilege, my position will be based upon the fact that in Monday's *Hansard* of February 8, 1982, the Acting Ministers of National Defence are given as the Secretary of State for External Affairs (Mr. MacGuigan) and the Minister of Veterans Affairs (Mr. Campbell), both of whom were present in the House today. The parliamentary secretary was also in the House today, and although the government benches may be in total disarray, surely someone speaks for the Department of National Defence in the House.

Madam Speaker: The hon. member need not give verbal notice of a question of privilege in the House. He should send written notice to my office, as the Standing Orders require. There is no need to take up the time of the House by giving verbal notice of a question of privilege.

Mrs. Ursula Appolloni (Parliamentary Secretary to Minister of National Defence): Madam Speaker, I rise on the same point raised by the hon. member for Fundy-Royal. I think the hon. member is suffering from a lapse of memory. He asked the same question on February 9—

Madam Speaker: Order. The hon. member's question of privilege has not yet been raised. If it is raised, the hon. parliamentary secretary will have an opportunity to answer it.

Mr. Corbett: If Madam Speaker did not receive the written notice which I sent with one of the pages, then at least the House should be aware that I gave written notice.

Madam Speaker: I received the notice of the hon. member during question period. I thought it was a notice telling me that he wanted to be recognized at the end of question period on a question of privilege arising out of the deliberations of today. I have the notice; this is why I recognized the hon. member at the end of question period. But I warn the hon. member that his notice was too brief to satisfy the requirements of the Standing Orders. Therefore, if the hon. member has a question of privilege to raise, I would be grateful if he rewrote his notice and sent it to my office.

ROUTINE PROCEEDINGS

[*Translation*]

TRANSPORT

TABLING OF EIGHTH REPORT

Eighth Report of Standing Committee on Transport and Communications—Mr. Dionne.

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

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[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 3,530, 3,723, 3,728, 3,729 and 3,734.

[*Text*]

ROYAL CANADIAN MINT

Question No. 3,530—**Mr. Cossitt:**

1. Was a Mr. Petrie hired by the Royal Canadian Mint and, if so (a) is he the father-in-law of Mr. Yvon Gariépy, former Master of the Mint (b) on what date was he hired and was it during Mr. Gariépy's tenure in office (c) was he classified as a consultant (d) what were his duties?

2. Did he leave such employment and, if so, on what date?

Hon. J.-J. Blais (Minister of Supply and Services): I am informed by the Royal Canadian Mint as follows:

1. There is no Mr. Petrie at the Royal Canadian Mint. However, we did have a Mr. Robert Pitre.

(a) No.

(b) Mr. Pitre was hired on February 16, 1976, during Mr. Gariépy's tenure in office.

(c) No.

(d) February 16, 1976, to January 1, 1979—Messenger

January 1, 1979 to May 26, 1980, supervisor of tours, Ottawa Plant.

Duties: —supervised tour guides

—scheduled tours as requested

—escorted VIPs on special tours

—supervised operation of the theatre

—supervised sales of numismatic coins to visitors

—co-ordinated all tours with security guards

May 27, 1980 to May 14, 1981—supervisor of tours. Under contract, duties as above.

May 15, 1981 to August 28, 1981, trained new supervisor.

2. Yes. August 28, 1981.

OFFICIAL LANGUAGES

Question No. 3,723—**Mr. Herbert:**

What percentage of public servants working in the Department of Fisheries and Oceans in Quebec indicate English as their first official language?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): The answer is 14.7 per cent.

Question No. 3,728—**Mr. Herbert:**

What percentage of public servants working in the Department of Supply and Services in Quebec indicate English as their first official language?

Hon. J.-J. Blais (Minister of Supply and Services): Data retrieved from the department's personnel administrative and reporting system indicates that out of 5,067 public servants employed in the province of Quebec by Supply and Services Canada for which linguistic data is known, 2,536 or 50.05 per cent indicate their first official language as being English.

Question No. 3,729—**Mr. Herbert:**

What percentage of public servants working in the Department of Transport in Quebec indicate English as their first official language?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): Of the public servants working for Transport Canada in Quebec, 7.8 per cent indicate English as their first official language.

PASSPORT GUARANTORS

Question No. 3,734—**Mr. Blenkarn:**

1. Are practicing optometrists not allowed to guarantee passports, when bankers, doctors, postal officials and lawyers are allowed to do this work and, if so, for what reason?

2. Does the government believe optometrists are mentally or emotionally incapable of serving as guarantors on a passport application, despite the fact they carry on professional practices and retain patients' records in a similar manner as medical practitioners?

Hon. Mark MacGuigan (Secretary of State for External Affairs): 1. Practicing optometrists are not on the list of eligible passport guarantors. The approved guarantor list is designed with two objectives in mind: first, to make the list broadly enough based to ensure that all Canadian citizens have ready access to one of the guarantors in their community; and second, to keep the categories to manageable proportions so that the Passport Office can, without disrupting rapid service, carry out the necessary security review and checks of the applicant and the guarantor. It is considered that the present list is broad enough to ensure that Canadians have access to a guarantor and that additions are not required at this time.

2. No.

[*English*]

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered.

* * *

QUESTION PASSED AS ORDER FOR RETURN

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if question No. 1,960 could be made an order for return, this return would be tabled immediately.

Madam Speaker: Is it agreed that question No. 1,960 be made an order for return?

Some hon. Members: Agreed.

[*Text*]

CANADIAN INTERNATIONAL DEVELOPMENT AGENCY

Question No. 1,960—**Mr. Blenkarn:**

1. Which countries have received CIDA loans and, in each case (a) what was the amount of the loan (b) what amount was repaid (c) what amount is outstanding?

2. Which countries are in default on loans made by CIDA?

3. Which countries receiving CIDA aid have nationalized Canadian companies without compensation?

4. What is the cost of the recent CIDA poll on Canadian opinions regarding foreign aid?

5. (a) How many CIDA personnel are engaged in responding to persons who write letters to editors in Canada about Canadian foreign aid (b) is writing such responses their full-time responsibility (c) what are their salaries?

6. (a) How many research fellowships have been granted by the International Development Research Centre in the past three years (b) what are the criteria for the fellowships (c) what is the remuneration?

Return tabled.

[*English*]

Mr. Stevens: Madam Speaker, could the parliamentary secretary indicate why question No. 2,042 which I asked on

January 29, 1981, has not yet been answered? I feel it is an affront to the House that we are not being told the total cost of the December 1980-January 1981 world tour of the Prime Minister or what percentage of the total cost was actually paid by the taxpayers of Canada. Surely it is an affront to the House.

Mr. Smith: Madam Speaker, I will make inquiries and endeavour to obtain the answers as soon as possible. As the hon. member knows, answers of that nature have been tabled before, and they will be in the future.

Mr. Cossitt: Madam Speaker, I would not want to disappoint the parliamentary secretary, having raised this matter on approximately 20 previous occasions. In view of the fact that the government has a habit of celebrating unfortunate anniversaries by wearing carnations, and that today is another unfortunate anniversary, I should like to indicate to the parliamentary secretary that five years, eight months and seven days ago today I placed a question on the Order Paper concerning the Canadian Transport Commission. I asked how many passes had been given by Air Canada to members of the commission, to their wives or to any officials of the commission.

The parliamentary secretary has been here for some time, and before that he had predecessors. I have asked every one of them when this question will be answered. There is a grave conflict of interest involved here. The situation is that the Canadian Transport Commission, the group which governs Air Canada, received free passes from Air Canada for wives, employees and various people. What are Benson's boys trying to hide that the government does not want to tell us? I should like to have some sort of answer, rather than the answer I have been given by the parliamentary secretary and every one of his predecessors, namely "soon". Obviously "soon" in terms of the Liberal Party means never. When will I know exactly why, for five years, eight months and seven days, the parliamentary secretary or any of his predecessors have not had enough gumption to rise and give the answer?

Mr. Smith: Madam Speaker, it should be pointed out that that question was on the Order Paper the entire tenure of the Clark government and was not answered. In any event, I do not want to disappoint the hon. member. I assure him that the question will be answered in due course, in the fullness of time.

Some hon. Members: Oh, oh!

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

Madam Speaker: Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

• (1520)

GOVERNMENT ORDERS

[*English*]

AN ACT TO AMEND THE STATUTE LAW RELATING TO CERTAIN TAXES AND TO PROVIDE OTHER AUTHORITY FOR THE RAISING OF FUNDS

MEASURE TO AMEND

The House resumed from Wednesday, February 17, consideration of the motion of Mr. Bussières that Bill C-93, to amend the statute law relating to certain taxes and to provide other authority for the raising of funds, be read the second time and referred to Committee of the Whole.

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, I join in this continuing second reading debate on Bill C-93, which is one of those common but regrettably deceptive bills the government has a habit of bringing in. It has a very innocent title— "An act to amend the statute law relating to certain taxes and to provide other authority for the raising of funds." It is an apples and oranges bill consisting of a borrowing authority, which is the apples part, taxes in the form of a natural gas and gas liquids tax and a petroleum gas revenue tax, which is the oranges part. This bill arises out of a budget brought down in October, 1980, almost a year and a half ago.

The borrowing authority provision, we argue should more properly be considered as a separate piece of legislation since it deals with a totally different subject from petroleum taxes. However, we are stuck with the fact that these two mixed items, and I believe inappropriately mixed, are considered in one bill. Therefore, we are forced to debate what amounts to two different subjects on the same occasion and vote on what amounts to quite separate principles. So be it. My colleagues have debated at some length the implications of the borrowing authority. Therefore, I would like to concentrate my remarks primarily on the oranges part of this bill, the petroleum and gas revenue tax and the natural gas and gas liquids tax.

These two taxes arose out of the National Energy Program, which was part of the 1980 budget brought down October 22, at which time these provisions were introduced. Given that fullness of time, it is interesting to look back at the National Energy Program to see what was promised and compare it to what was delivered to see what new nirvana the Minister of Energy, Mines and Resources (Mr. Lalonde) and his colleague, the Minister of Finance (Mr. MacEachen), promised us when they introduced the budget in 1980. It is interesting to see what hell has, in fact, ensued as a consequence of this budget and the accompanying national energy policy.

The national energy policy had three goals—security of supply, Canadianization and fairness of revenue sharing. These were magnificent goals, goals that no Canadian could oppose in terms of their objectives. But what has happened? What has this program led to? What is the reality as opposed to those statements of intent?

First let us look at the question of self-sufficiency. The minister of energy informed this House that there would be no question but that Canada would be energy self-sufficient by 1990 because of the extraordinarily good energy policies that he and his colleagues had brought in. What is the reality? There is not a single, knowledgeable individual or organization in this country that believes that assertion by the minister. There is not one, Mr. Speaker. Indeed, the National Energy Board, an independent body, after having held months of extensive public hearings across the country, and with the best information available to it, in its report in June, 1981, after looking at various alternatives, reported at page 9:

The board is not forecasting oil self-sufficiency in either of the above cases.

In other words, in terms of any of the alternatives the board looked at and any assumptions it could make, the board could not see oil self-sufficiency. In this connection the board was looking at the year 2000. The National Energy Board says that Canada will not be self-sufficient by the year 2000 based on the government's energy policies. Does that stop the minister of energy? Not at all. The Minister of Energy, Mines and Resources issues a press release saying that Canada will be self-sufficient. Why will Canada be self-sufficient? Because the minister of energy says so. Is there any evidence to that effect? There is not. The minister of energy says that Canada will be self-sufficient because a combination of the Alsands and Cold Lake projects, together with a conservation program, will make it possible. There are also some heavy upgrade programs that will help in this objective.

Let us look at what has happened. The Cold Lake project is dead. The Alsands project looks like it is dead. It is taking a while to die, but it certainly looks as though it will die. The heavy oil upgrading program of Polysar, which was a big part of the program the minister was trumpeting about in October, is dead. These things which the minister was counting on are dead. But what did the minister say last week when these facts were brought to his attention by a reporter with a good filing system? The minister said, "Well, we do not really need Alsands and Cold Lake anyway; we will be self-sufficient as a result of east coast offshore and Beaufort." If we take a look at what the minister said a year ago, we find that he said, "We are not counting on Beaufort or east coast offshore to make us self-sufficient. We are not counting on that; we will be self-sufficient because of Alsands, Cold Lake and these heavy upgrading programs."

If you were to buy a used car from the minister, Mr. Speaker, you would deserve to buy a lemon. The fact is, that because of the incredible incompetence of this government, self-sufficiency is out the window. We had better all pray that some new equivalent of the Ayatollah Khomeini does not come along. We had better pray that that madman in Syria, Assad, can keep those madder men in the city of Hama, who are trying to impose a Khomeini-type revolution in that country, under control. If anything happens in any Middle East country or in any other of the single-party states around the world upon which we rely for oil, then we will find ourselves in a pretty pickle indeed. But not to worry; by then the minister of energy and his colleagues will be long gone and will not be held accountable or responsible for the situation. We know that they will have no consciences to bother them about the legacy they have left to Canadians of the future.

What about the second part of the program, that of Canadianization? We are going to Canadianize the oil and gas industry. I heard the minister say that. He said that he was going to Canadianize the oil and gas industry by having at least 50 per cent of the industry owned by Canadians by the year 1990.

The minister did not tell the House how he would achieve that. It was not by having the Canadian part grow but by having the foreign part shrink. What we will be doing is making sure the oil and gas industry is such a smaller component than it used to be; the Canadian component of 50 per cent will be 50 per cent, but 50 per cent of a whole lot less than it was. The hypocrisy of the minister is absolutely mind-boggling.

One wonders about the editorial writers at the Ottawa *Citizen* who rate this minister as an A-1 minister. You wonder if they can read, if they keep records. Do they remember what in fact has been said? As just one example, Mr. Speaker, in July, 1981, the Canadian Development Corporation bought out the shares of Elf Aquitaine, a 75 per cent French-owned company. According to *The Globe and Mail*, the Minister of Energy, Mines and Resources said, in talking about the agreement between the CDC and Elf Aquitaine:

● (1530)

—the agreement was very welcome and demonstrated that the federal government's policy of increasing Canadian ownership of the oil industry is being carried out "expeditiously and effectively".

That is what the minister said; Canadianization is working. Well, Mr. Speaker, on January 30, 1982, the minister was in France, the country that used to own 75 per cent of Elf Aquitaine. Speaking of the France-Canada Chamber of Commerce, it is reported that:

He also made a strong appeal for increased French investment in Canada, particularly in the energy sector, in a speech at a luncheon meeting of the France-Canada Chamber of Commerce.

In July, 1981, he said "Hallelujah, Canadianization is working because we bought out this French-owned company." In January, 1982, he is in France saying, "We would like French money to come over here and invest in the oil and gas industry." He is trying to suck and blow at the same time. But that does not prevent George Radwanski of the *Toronto Star* saying what a great minister this is, that he is Canadianizing. On this same trip he stopped in Paris en route from Kuwait where he was trying to encourage the Kuwaitis and others in the Middle East to invest in Canadian energy projects. First he announces to great acclaim, fanfare and the singing of "Hallelujah, we are going to Canadianize, buy out these rotten foreigners;" and then announces with great pride and wide smiles, "I have talked the Arabs and French into investing in Canadian energy projects." If you bought a used car from that man, Mr. Speaker, you deserve to have a lemon.

The reality is, Mr. Speaker, that the National Energy Program had nothing to do with self-sufficiency or Canadianization. It was simply gimmicky phrases utilized, effectively I admit, by the government. What that policy was really all about was indicated by the minister in a speech in Sherbrooke, Quebec, on October 22, 1981, when according to the Canadian Press he said:

> —a stronger threat to Canadian unity than Quebec nationalism could soon be posed by the growing wealth of Alberta. The other nine provinces would eventually be at the mercy of Alberta's every fancy, he said, and a wave of Alberta nationalism of unprecedented strength could rise up if the federal government held back now from showing its teeth. "We don't pay enough attention to this threat," Lalonde said, "but it's a real one, it's there."

Well, Mr. Speaker, yesterday in the Alberta provincial riding of Olds-Didsbury we had the result of this minister baring his teeth. For the first time outside the province of Quebec Canadians voted for a separatist because of the policies of the Minister of Energy, Mines and Resources, who says that a bigger threat to Canadian unity than Quebec nationalism is Alberta's wealth. And to that kind of behaviour the Ottawa *Citizen* says A-1. I hope and pray, Mr. Speaker, that the message the people of Olds-Didsbury were trying to send yesterday will be heeded by some responsible people opposite. Hopefully there are some in that Liberal Party somewhere who will heed that message, who will say to the Minister of Energy, Mines and Resources, the Minister of Finance, the Minister of Transport (Mr. Pepin) and others who feel they can strengthen national unity by beating on the heads of western Canadians: Stop! We want this whole country to stay together. We do not want Canadians to feel that their national government does not represent them. We do not want Canadians to turn in frustration to separatism because they cannot get the attention of their supposed national government.

This feeling, Mr. Speaker, which exists in Olds-Didsbury and elsewhere, indeed I might say the feeling which exists in knowledgeable people here in central Canada—and there are some—is a reflection of the NEP and what it is doing. Because the fact of the matter is that that program, particularly as exemplified by the taxes in this bill, the petroleum and gas revenue tax and the natural gas and gas liquids tax, is hurting Canadian companies more than it is hurting the foreign multinationals which supposedly are the villains and the ones we are supposed to be hitting.

The fact of the matter is, Mr. Speaker, that the NEP hit Canadian-owned companies harder than foreign-owned companies. That is not my opinion, that is not information from a suspect source; that is from the Petroleum Monitoring Agency of the Department of Energy, Mines and Resources, the minister's own department. This report, which came out about six weeks ago, covers the first six months of 1981; in other words, the first six months of full operation under the NEP. It shows that the result of the NEP is that during that time foreign-owned companies suffered a 28.5 per cent income drop in their Canadian operations. In comparison, Canadian-owned companies suffered a revenue drop of 52 per cent. So, Mr. Speaker, for the purposes of Canadianizing the industry we introduce taxes which hit Canadian-owned companies twice as hard as foreign-owned companies.

The NEP, Mr. Speaker, has in fact driven Canadian companies out of Canada. The Petroleum Monitoring Agency report shows that Canadian-controlled junior companies increased their foreign exploration in the first six months of 1981 by 247 per cent as compared with the first six months of 1980. They were driven out of Canada. There was a 247 per cent increase in foreign operations by Canadian companies which were driven out of Canada by a government which says it will Canadianize the oil industry. That was a blatant falsehood, an out and out deception.

• (1540)

The reality is that the minister spoke the truth in Sherbrooke when he said that the object was to put those westerners in their place, to bare their teeth, because wealth in Alberta cannot be tolerated and is a threat to national unity. How effective were they? Again, the Petroleum Monitoring Agency, which obtained its data from StatsCan, showed that during the first six months of 1981 the petroleum industry earned an average return on capital employed of 9.4 per cent. In comparison, the manufacturing industry earned a return on capital of 11 per cent.

Therefore, this mythical, over-wealthy, rapacious beast, this western Canadian oil industry which must be put into its place, whose coffers must be dipped into because it is a threat to national unity, earned 9.4 per cent on capital employed. This was presumably so that the money could be used to benefit companies in Windsor such as Chrysler, or other manufacturing concerns which apparently, according to Statistics Canada, only earned 11 per cent and were in deep trouble. We beat on the heads of the companies which earned 9.4 per cent in order to subsidize the companies which earned 11 per cent. All of this is for national unity. However, the peole of Olds-Didsbury were not fooled by that. What we are doing is Canadianizing the oil and gas industry in the United States.

According to an article in *World Oil*, which is a highly respected technical journal:

> In addition, political and economic developments in Canada have created apprehension . . . (on the part of) . . . U.S. and Canadian investors. In particular, imposition of price controls and the prospect of impending confiscatory taxes caused petroleum capital to be shifted massively out of Canada and into the United States . . . Of the total drilling forecast for years through 1985, the combination of non-industry equity capital and flight capital from Canada will account for an estimated 9,000 to 10,000 wells per year.

Canada-owned companies which were supposedly to be helped by the National Energy Program have left Canada to the extent that they can expect to drill 9,000 to 10,000 wells in the United States per year for the next several years. In comparison, the whole oil industry will be expected to drill 5,000 wells in Canada in 1982 and 10,000 wells in the United States because of a national energy program designed to Canadianize the oil and gas industry.

The sheep in the backbenches on the other side say, "Aye, aye, that's great! Isn't it wonderful?" Isn't the minister wonderful? Isn't this policy wonderful? It really makes one

wonder. If one looks at the chart of drilling activity in Canada over the period 1971 to 1980, one sees an almost steady progression. The number of wells drilled in Canada in 1980 was about 10,000, 75 per cent of which were drilled by Canadian-owned, independent oil and gas companies. Since the National Energy Program, that amount dropped down to 6,800 in 1981, and will drop to about 5,000 in 1982. All of that energy, drive and money will be helping to make the United States self-sufficient, helping to generate jobs in the United States and helping to attract Canadian capital and money to the United States. The Minister of State for Finance (Mr. Bussieres) knows full well that that drain of capital from Canada as a result of the National Energy Program is very much at the root of, and is responsible for, the high interest rates we are bearing in Canada now. Because of that drain of capital as a result of Canadians being driven out of Canada by their own government, we have had to maintain interest rates in this country which are higher than those in the United States in order to attract back some of that money so that our dollar does not drop through the floor.

If hon. members opposite think interest rates are too high and would like to bring them down, the quickest and best thing they could do would be simply to erase the National Energy Program and the last budget.

Some hon. Members: Hear, hear!

Mr. Andre: Then interest rates would go down by at least three or four percentage points. All they have to do is to reverse what they have done and we would have a three or four percentage point drop in interest rates.

I have not spoken of the jobs which have been lost through this National Energy Program. There has been a colossal loss of jobs, tens of thousands of jobs, not just in western Canada but all across this country. According to a study by Foster Research, for every dollar of capital spent in Alberta on oil and gas, only 29 cents is actually spent on products from Alberta; 42 cents of that dollar is spent on products from Ontario; 13 cents is spent on products from Quebec; and 16 cents is spent on products from the rest of Canada. Therefore, because our exploration effort is being cut in half as a result of the National Energy Program, and because Canadians are drilling twice as many wells in the United States as in Canada, the amount of capital which would have been spent in Canada is at least $10 billion a year less than would have been the case under this budget. The number of jobs thereby lost is horrendous.

I wonder how many people know that the industry which purchases the largest number of trucks is the oil industry. I wonder how many of the workers in Ste-Thérèse who were laid off at the truck plant realize they were laid off because of the national energy policy of the Minister of Energy, Mines and Resources. I wonder how many realize that, in fact, many of the jobs lost in the auto industry are directly as a result of the national energy policy. I am quite certain they were not told that by their Liberal representatives.

There has been a tremendous loss of opportunity to this country in terms of jobs and investment which would have come in. I am speaking about conventional oil and gas development, and I have not spoken about the megaprojects. I am referring to the loss at Cold Lake and the probable loss at Alsands. The Economic Council of Canada, which is not a Progressive Conservative Party organ, stated that the only good thing that the Canadian economy has going for it, heading into the 1980s, is the development of the megaprojects. Where are those megaprojects?

Mr. Waddell: That's a myth, Harvie.

Mr. Andre: The hon. member says it is a myth. I invite him to read the report of the Economic Council of Canada. The hon. member should accuse it of putting forward myths. However, that is what it states in the report. The reality is that there has been an incredible cost to Canada as a result of the National Energy Program and the taxes which were proposed.

Has the consumer gained? Have we at least protected the consumer? Has the consumer in Canada received cheaper oil and gas as a result of these energy programs? I will read the promise given by the Prime Minister (Mr. Trudeau) on February 12, 1980. He said, "The Liberal price hike will be less than half what the Tories plan to inflict on you. We will negotiate an increase of less than 14 per cent."

Has that promise been kept? Not according to every single outside observer who has looked at it, not according to the facts, and not according to the people who must buy gasoline and heating oil. They did not impose an 18-cent-a-gallon excise tax on gasoline. They imposed a 20-cent-a-gallon petroleum compensation charge on gasoline and heating oil. We were not going to tax heating oil. Those in Quebec and Atlantic Canada who use heating oil to heat their homes this winter will pay 20 cents a gallon more that would have been the case under a Conservative government. That is the way they keep their promises; no 18-cent tax but a 20-cent tax. They are marvellous promise keepers. You can put that in the same category as no price and wage controls. Consistency in truth is not something that hinders a Liberal very long.

● (1550)

These two taxes, the natural gas and gas liquids tax, were imposed through the National Energy Program. I know the socialists, the Liberal Party west, would recognize and support the rationale given by the minister that it was necessary to impose these taxes because the foreign multinationals were draining the country dry, taking the revenues from our national resources out of the country.

In 1982 and 1983, according to the budget presented by the Minister of Finance on November 12, the petroleum and gas revenue tax will raise $3 billion. The natural gas and gas liquids tax will raise $1.5 billion. Between the two, they will raise $4.5 billion. In the entire period between 1970 and 1980, the sum total of all dividends, interest and profits taken out of Canada by the foreign multinationals did not equal $4.5 billion. Therefore, the government is taking out more in one

year than was supposedly taken out over the last decade. That is the rationale given for this policy.

Only the most obtuse, myopic or doctrinaire socialist could accept what has happened without feeling some remorse. Walking in downtown Denver today is like walking in downtown Calgary four or five years ago. There are geologists, engineers, Canadians anxious to get going, to get drilling and anxious to work.

One company alone, not that big a company in terms of the oil business, transferred 70 engineers and geologists out of its Calgary office to Denver. Every one was a Canadian. They had to go there because there was no work in Canada. There was nothing for them to do in terms of employing the skills for which they are trained. They are finders. They want to find oil and gas. That is what they are trained to do and want to do. We have lost them. They have gone.

One engineer or geologist working at his occupation generates 12 other jobs. That is the spin-off. From that one company, we have lost for Canada 8,400 jobs. That company represents less than 2 per cent of the Canadian industry. That is a typical story right across the country, and nobody cares.

There is something else I want to talk about with regard to the natural gas and gas liquids tax in particular. This bill establishes a precedent that I find absolutely incredible. It is something I will want to deal with very extensively before we complete all stages. I refer to the provision "whereas the rate of tax can be set by regulation".

If that is permissible, the next logical step is that the Income Tax Act will say tax rates will be set by regulation, the Excise Tax Act will say that the tax rates will be set by regulation and in fact the Crown will assume to itself the right to set all taxes. The historical rationale behind Parliaments, the reason for the Magna Carta, that the Crown shall not tax without the approval of Parliament, shall have been violated. This is a precedent that should terrify anybody but the most doctrinaire socialist who believes the government should do whatever it wants, whenever it wants, because the government knows all and has all wisdom, intelligence and so on.

This will be a matter that I and my colleagues will want to pursue with some vigour. This House would be committing a tragedy and leaving a legacy for the nation, in terms of this procedent if we allow it to pass, where the Crown by regulation can set tax levels. The power to tax is the power to destroy. To put the power to destroy in the hands of the Crown without a parliamentary check—and there would be none under this precedent—is so extreme that it is almost incomprehensible that something like that would be contemplated.

In conclusion, I hope with the passage of time, the 15 months, there will be enough sincere, concerned Canadians who will look at the National Energy Program objectively, will look at what has happened, at the fact that so many Canadians have been driven out of the country, so many billions of dollars have left, at the jobs we have lost, and say that maybe there is a problem. If for no other reason, they should look at what has happened to world prices. Much of the national energy policy was based on the supposition, admitted reasonably based at the time, that world energy prices would increase at inflation plus 2 per cent.

We now know that was a wrong assumption. That assumption was falsely based. It is quite one thing to have a PGRT and NGGLT at these levels when you have a commodity increasing at inflation plus 2 per cent. However, when you have a commodity decreasing, as is the case today, then these taxation levels are punitive and destructive. The destruction is all about us. Those of us in the west can see it more closely at hand. I can assure the House that people in the rest of the country are suffering as well, albeit second-hand, but many of the unemployed in central Canada are unemployed as a result of that consequence.

As has been recommended by a number of people, including myself in other speeches, let the government declare the national energy policy a victory, let them pat themselves on the back, let the minister keep his A-1 rating in the Ottawa *Citizen*. Then let us get after changing these dumb parts of the national energy policy and get the country back to work again, because that is really what we have to get after.

• (1600)

I hope more than just a few of us examine this precedent of taxation by order in council. If we allow that to happen, I am afraid one of the most fundamental freedoms in a democracy, freedom from arbitrary taxation levels by the Crown, will have been destroyed. If we are to fulfil our responsibilities as representatives of the people, we must not let that happen.

Mr. Len Gustafson (Assiniboia): Mr. Speaker, I would like to say that I am pleased to rise and speak to Bill C-93. However, I cannot say that in view of the economic difficulties we Canadians find ourselves in today. Our serious economic difficulties are not only a result of a poor budget, probably the worst in Canada's history, but also a result of a national energy policy that has been even more disastrous.

The bill we have before us which proposes changes to the natural gas and gas liquids tax, the petroleum and gas revenue tax, along with the introduction of an incremental oil revenue tax, causes me concern. It is the impact of this bill which particularly concerns me.

For three years and more western Canadians have experienced a boom. However, in the last couple of years the boom has been reversed because of the national energy policy. I would like to deal with that aspect today.

First, I would like to talk about the impact of the budget upon western Canada. It has driven out capital and provided no inspiration for development in any area. The budget has also had a negative impact on farmers and the agricultural industry in general. The national energy policy has caused the greatest impact.

We have sat in the House for several days and witnessed the Minister of Finance (Mr. MacEachen) brought to task over a budget which has been detrimental to our economy. In the last few weeks very little has been said to the Minister of Energy,

Mines and Resources (Mr. Lalonde), who is really responsible for a major cause of Canada's economic crisis today. The first priority for Canada's development should have been energy. Canada has an unequalled amount of natural resources compared to virtually every country in the world. Our country is one with vast opportunities, technology, engineers and production capabilities.

The Minister of Energy, Mines and Resources, under the supervision of the Prime Minister (Mr. Trudeau) and his government, introduced a national energy policy which literally laid the oil industry in western Canada flat on its back. This message was made clear by the results of the byelection which was held in Alberta yesterday. The government cannot remove $52 billion from an industry in one part of Canada during the next four years and expect people to like it. It cannot place the responsibility of the tax load of the whole country on one industry and expect that industry to continue.

I can illustrate with figures what has happened to the oil industry in western Canada. I live in southern Saskatchewan where the oil fields of Weyburn, Estevan, Radville and Midale have been affected. Oil fields all across Saskatchewan and Alberta have been affected in the same way as a result of the tremendous impact on the economy of Canada.

I will now illustrate some examples of what has happened. The economy in western Canada was buoyant two years ago. In my area of southern Saskatchewan there were 15 oil rigs at work. This is a lot for a small field like Estevan. Today, that number is down to one or two rigs which are drilling. Exploration in western Canada fell substantially during the year, with an estimated 6,650 wells in completion during the year, which is down from 8,938 in the year 1980. Expenditures on exploration and development declined by an estimated 22 per cent. We lost 180 oil rigs as of December 1, 1981, and that has probably climbed to over 200. In Saskatchewan and Alberta there were 454 oil rigs when the government started meddling in the national energy policy. We are now down to less than 250 oil rigs, of which 50 do not have any work today. In other words, more than 40 per cent of the rigs have either moved to the United States or are idle.

The Minister of Employment and Immigration (Mr. Axworthy) talks about creating jobs for Canadians while at the same time his government brings in a national energy policy which steals jobs from Canadians, robs them of their homes and puts them on the unemployment line. The impact on the oil industry in western Canada can also be related to eastern Canada through the spin-off effects. For example, a small General Motors dealer told me that two years ago he sold 50 GM trucks to the oil industry. He sold four last year. This means that jobs were lost to people in Ontario who worked in the auto industry and industries related to steel. It has cost Canadians a great deal.

In my area people who once had jobs are now unemployed. We did not know what unemployment was in southern Saskatchewan. There always was a job for a farm boy in the oil fields. In fact, the oil companies could not get enough help in southern Saskatchewan. However, there is unemployment there now.

Another impact on all of Canada has been the outflow of capital. The Canadian Petroleum Association has estimated it to be something over $7 billion. This relates directly to the national energy policy. They have lost confidence in Canada, a country which has all the potential of being the greatest in the world in every aspect. But we have an economy which is flat on its back. How did this happen?

I have with me an article entitled "Centralized Power Keeps Economy in Trouble" which appeared in the Ottawa *Citizen*. It concerns what happened in Russia over 60 years ago when certain people in the government were bent on centralizing power and strength in one area. The result was a sad and dismal record of people in that country lining up to get food because of socialistic, nationalizing policies.

● (1610)

After losing the byelection in Spadina, what did Mr. Coutts, the so-called favourite son of the Prime Minister, have to say when speaking to the Ontario Liberal Association? He said we must do in four or five industries what was done by the national energy policy. Can hon. members imagine what would happen to this country if the people of Canada allowed the government opposite to continue in the direction of nationalizing industries? Mr. Coutts mentioned the farm machinery industry, the auto industry, the forest industry and so forth. I do not have the article before me, but he mentioned five major industries which he thought should go in the same direction of centralized power and control, but that would do nothing but drive capital out of the country.

Today it was said in the House that the Conservatives have no solutions to the high interest rate problems we have today. I say the Conservatives do have some solutions. We would invite capital back into this country. We would bring about investor confidence in the economy of this country. We would see lower interest rates which might be at least as low as those in the United States. We would see a strengthened Canadian dollar. Capital would not flow out of the country, and therefore it would not be necessary to keep interest rates so high. High interest rates are stifling the economy of this country. High interest rates are robbing people of their homes and jobs and all the things young people want to see in the expanding economy we should have. High interest rates have deprived us of these things.

I want to read into the record some figures because it seems that Mr. Trudeau has two fuel pumps.

Mr. Deputy Speaker: Order, please. It is the practice of the House to refer to hon. members by their titles or their constituencies.

Mr. Gustafson: Thank you, Mr. Speaker. It seems that the Prime Minister has two fuel pumps. He has one fuel pump for an election, the less-than-18-cent-increase fuel pump. The other is the fuel pump from which the people of Canada are taking their fuel now. The Minister of Energy, Mines and

Resources is at that pump, and fuel from that pump costs us about 80 cents a gallon more. In Toronto, Ontario the price to the consumer on January 1, 1979, was 99.9 cents. On August 31, 1981—and the price is probably up ten cents since then—the price was $1.728, an increase of 72 cents a gallon. In St. John's, Newfoundland during the same period of time the price went up 83 cents a gallon. In Halifax, Nova Scotia, the price went up 74 cents a gallon. In Saint John, New Brunswick, the price went up 72 cents a gallon. In Charlottetown the price went up 88 cents a gallon; in Montreal, 81 cents; and in Saskatchewan, 72 cents. Do hon. members remember the fuss about the 18-cent increase? Now it is 80 cents a gallon and climbing. That is the result of the national energy policy. I said earlier that the national energy policy will take $52 billion out of western Canada over the next four or five years, and hon. members wonder why there is a reaction like the one yesterday in an Alberta byelection!

I want to say something else about the direction the government is taking toward centralization and nationalization. I come from the province of Saskatchewan where we have what is called the Crow rate. The Minister of Transport is trying to pluck that rate, and we have a very, very serious situation.

Mr. Waddell: More than pluck.

Mr. Gustafson: Our economy is flat on its back now. Farmers are paying the highest fuel prices in the history of farming. The price of diesel fuel is up 65 cents a gallon. That situation is about the same in all provinces. Machine costs have increased 100 per cent over the last three years. The cost of production is the highest it has been in the history of the country, and the Minister of Transport is suggesting that the Crow rate should go and that when farmers are already faced with increased costs they should be asked to pay that added expense.

Mr. Nystrom: Shame. That is as bad as the Tories.

Mr. Gustafson: The farmers cannot do it.

What has brought all this about? Let us take a little history lesson. I hear members of the New Democratic Party shouting down at the other end. I wish they had shouted for a victory for the Tories when the Tories were in power, and had left us there instead of defeating us.

Mr. Nystrom: You would have got rid of the Crow.

Mr. Gustafson: The NDP-Liberal coalition must bear the responsibility for imposing the national energy policy on the people of Canada.

Mr. Waddell: Hear, hear!

Mr. Gustafson: Let us look at the history of the NDP on this matter of a coalition. I was not going to mention this, but because members of the NDP have become so upset, I should just bring this to their attention. Hon. members will recall the debate about the Constitution, although we have not heard much about it lately. However, it is very important to Saskatchewan farmers that they be able to own their farms.

Mr. Nystrom: Hear, hear!

Mr. Gustafson: That is a very important part of farming. One headline read: "Property clause must go: NDP".

Mr. Kristiansen: Mr. Lougheed too.

Mr. Gustafson: The NDP made a deal with the Prime Minister. The NDP could not support the Prime Minister's constitutional proposals unless the right to own property was removed. We must thank the NDP for that. We have much to thank the NDP for, including that coalition. The Liberal-NDP coalition also defeated the Conservative Party.

Mrs. Mitchell: Now, now, be nice.

Mr. Evans: It was the people who defeated the Conservative Party, not the NDP and the Liberals.

Mr. Gustafson: Now a member of the Liberal Party tells us it was the people.

Mr. Evans: It was two years ago today. Do you remember?

Mr. Gustafson: I think the Liberals got 136 votes out in Alberta yesterday.

Mr. Evans: How many did the Tories get?

Mr. Gustafson: I think that is what the Liberals got.

Mr. Taylor: One hundred and thirty.

Mr. Gustafson: Even less, 130.

This Liberal-NDP coalition has brought to an end one of the biggest booms that ever existed in western Canada.

Mr. Nystrom: Yes, Sterling Lyon.

Mr. Gustafson: That coalition has brought western Canada the national energy policy, an increase of 83 cents a gallon and a tax load increase of $52 billion.

Mr. Nystrom: Tell us about Sterling Lyon.

Mr. Riis: How did the Tories do in that byelection?

Mr. Gustafson: These are the kinds of problems we have when government and power are centralized.

● (1620)

There was a great deal of talk about Canadianization. The Conservative Party believes that Canadians own the resources and that benefits from them should accrue to the Canadian people. But what has been the result of this policy, Mr. Speaker? If you were to go to Williston, North Dakota, you would find that most of the men working in the oil fields are Canadian. Last spring 1,000 loads of oil-related equipment crossed the border at Crosby, North Dakota, within a 24-hour

period. The Liberals and the NDP in this House cheer about that.

Just two years ago United States investors were putting their money into Canada; today, Canadians are investing in the United States because they have lost faith in this Liberal administration. They have lost faith in this Liberal-NDP coalition.

It might be well to point out something that is positive, although there is not too much to be positive about in the way the Liberals have been handling things in this country. Our economic situation is the result of a colossal blunder, but the budget promises no hope of recovery and absolutely nothing will happen as a result of the National Energy Program. There must be a complete turnaround in thinking and I hope the Liberal and NDP backbenchers will wake up in time to restore confidence to the people and investors of this country.

Last weekend the NDP made it clear that it did not want to defeat the government. It made it clear that it is the Liberal Party of western Canada. I suggest it is time the people of Canada called for responsibility from the coalition that exists in this House and in the country.

The national energy policy has affected the megaprojects. The Alsands project could have had spin-off benefits amounting to billions of dollars; it could have created jobs in Ontario, Quebec and all across the country in the auto and other industries. But those projects are at a standstill. Nothing is happening and nothing will happen. The same thing holds true with the Cold Lake project; nothing is happening and nothing will happen. What positive approach can we take, Mr. Speaker? We must call on the government to reverse its policies. I realize that a lot of apologies would be called for and that it would have to back off from some of its proposals. Ten backbenchers have started to squirm about jobs.

I believe that there will be jobs. Canada is a country of potential and we should capitalize on that potential. Jobs will be created if we put the oil industry and the manufacturers of eastern Canada back to work; if we allow capital to flow into the country instead of watching it flow out; if we bring interest rates down and operate in a businesslike manner.

A great deal more could be said about this bill, Mr. Speaker, and I should like to make some comments about natural gas. In the short period that this party was in power—and people will never forget it, especially when they see the results of this national energy policy—we recommended the sale of natural gas to the United States and that the proceeds be invested in oil exploration in this country. That would have led to a boom in Canada but the NDP and the Liberals opposed it. As a result, today there are trillions and trillions of cubic feet of natural gas in western Canada; well after well is capped and there is a glut of natural gas. At the same time, we are buying oil from Mexico at the highest price we have ever paid. Just a few weeks ago the Prime Minister tried to sell some of our other commodities to the Mexicans but did not succeed. Is it right that we should spend taxpayers' money buying oil when we already have it in Canada? This keeps men and women, boys and girls, from getting the jobs and the homes that they need so badly.

The chaotic situation of the economy in this country should weigh heavily on the conscience of every Liberal backbencher, Mr. Speaker. It is too bad that the Minister of Energy, Mines and Resources is not in the House today so that he could hear some of the recommendations put forward by this party to correct the serious mismanagement of the National Energy Program.

Some hon. Members: Hear, hear!

Mr. Ian Waddell (Vancouver-Kingsway): Mr. Speaker, I should like to begin my remarks on this budget measure by referring to the speeches of the last two members of the Conservative Party who spoke—the two hon. members from Denver. We heard a lot of rhetoric and very little reality from them except for the suggestion by the hon. member for Calgary Centre (Mr. Andre), with which I agree, that there is a danger of taxation by order in council. He said that he would raise that matter again when we reach clause by clause consideration of the bill in committee.

The hon. member for Calgary Centre said that this taxation is doctrinaire socialism. Mr. Speaker, when the OPEC countries increased the price of oil from $2 per barrel to $34 per barrel, that was a windfall for them. When the price of oil in Canada is $18 or $19 per barrel and, with the agreement of the producing provinces, particularly Alberta, is to be increased to about $66 per barrel by 1986, someone is going to get a windfall and the consumers will pay for it. It makes sense to split the take—industry receives some, the federal government receives some, and the provincial government receives some. It is not doctrinaire socialism; it is the reality of the situation. The Conservatives would have had to do the same, and were in the process of doing the same thing with the short, beloved Clark government which came to its demise two years ago today. Its demise was not caused by Liberal members or members of the NDP, but by the Canadian people.

• (1630)

Let us not hear this nonsense about the removal of the property clause from the Constitution; I am tired of it. I suspect the hon. member for Yorkton-Melville (Mr. Nystrom) who served on the constitutional committee is tired of hearing it as well. No one in the NDP would say that farmers cannot own their farms. We believe that farmers should own their farms. The property clause was removed because it was a mischievous one. I understand it was removed on the request of some provincial governments which were worried about the use of the clause to stop provincial legislation, such as Prince Edward Island, a great socialist province. Let us not hear any more of that rhetoric or rhetoric about a Liberal-NDP coalition.

Let us look at the facts. As the hon. member for Skeena (Mr. Fulton) indicated in a motion under Standing Order 43, the Conservative Party has voted with the Liberal Party more than has the NDP. This idea of a coalition is nonsense. I

repeat that it was Canadians—pardon the expression—who threw the bums out; it was not the other way around. To say otherwise is really idle rhetoric. I think the Conservative Party is tearing itself apart. The hon. member who spoke, was he pro-Crow or anti-Crow? He was pro-Crow, but the hon. member on my right was anti-Crow. Was he pro-Joe or anti-Joe? I suppose he is not telling. It is rather sad to see the party tearing itself apart when there is so much room for ammunition to throw across the floor.

Another myth is that somehow the boom was ended in western Canada by a coalition of Liberal and NDP ideas. I remind the House that the NDP is not in power in British Columbia, Alberta or Ottawa. A likeminded government is in power in Saskatchewan, and its economy is relatively healthy.

The final myth is the entire Conservative position. What is its position with respect to energy? It is that we should let foreign capital come in and make Canada a big Bermuda. Surely there is a fundamental flaw in the position. If the hon. member listened to his own words, he would see the flaw. The fact is that foreign capital will come in and, when investors do not like it here or find greener pastures elsewhere, they will go to Denver or Indonesia.

Mr. Gustafson: Do you want a banana republic?

Mr. Waddell: As the hon. member is heckling, Canada will then be a banana republic. It is the banana republic strategy; it is no strategy at all.

Mr. Nystrom: It is the Conservative strategy.

Mr. Waddell: That could be. I listened to the comments of the Conservative energy critic and one of his distinguished colleagues who is a member of the energy committee. Its strategy seems to be to solely let foreign capital come in. It is willing to repeat past mistakes and continue that way, but I do not think it will hold up.

I should like to make some reference to the separatist victory in the provincial byelection in Alberta yesterday. As a western Member of Parliament, I should like to make a couple of comments about it. Basically I see it as a collapse of the Social Credit Party in Alberta and as an indication of disappointment and disillusionment with the Lougheed government. It is an attack on the Lougheed government as well as on government in Ottawa. Ottawa has not been listening to the problems of the people of that area. As I deal with the budget provisions in my speech, I hope to show where improvements could be made to those policies. I wish people in eastern Canada would really try to understand some of the problems of western Canada. I understand the difficulty of understanding when one hears idle rhetoric such as the allegations of the last two speakers. If westerners could be faulted at all, I suppose we could be faulted for not articulating our position clearly. The position certainly exists, and the east is not listening.

There are perhaps three traditions in western Canada which are never reflected in the eastern press or in the words of eastern members of the House. There is a sort of wild, anti-Ottawa, populist tradition which fluctuates up and down; perhaps it is somewhat redneck. It was reflected in the byelection.

Mr. Shields: Mr. Speaker, I rise on a point of order. Would the hon. member clarify what he means by eastern press? Was he referring to the press of Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland, or was he talking about the press of Ontario and Quebec?

Mr. Waddell: Mr. Speaker, I am from Vancouver and any press east of Cranbrook is eastern press, such as *The Calgary Sun* and so on. Perhaps I will give the hon. member an example. Recently an article appeared in the *Toronto Star*, a very good newspaper, which referred to this nonsense about all the power in Canada suddenly moving to Calgary and that Calgary would surpass Toronto in the near future; it was absolute nonsense. I am glad to see Calgary and the province of Alberta growing, but in the near future it will not surpass the power and influence of Toronto. In my view that is stupid journalism.

I should like to return to what I was saying about traditions in western Canada. The first tradition is that rather odd populist tradition about which I talk. It is reflected in this separatist victory, and I think it is an aberration which will go away. It is not similar to the situation in Quebec which I think is a more fundamental problem.

The second tradition is the Conservative tradition, the legitimate Conservative and private enterprise tradition of the west. This tradition has been reflected in many speeches, sometimes with less rhetoric, by hon. members on my right. Those speeches are worth listening to, although I disagree with them in terms of the Conservative position. It is a legitimate tradition, but it is not the only tradition of the west.

The third tradition is that of socialism and co-operation. It has existed in western Canada for some time and it is a growing tradition. It is reflected in the governments of Manitoba and Saskatchewan and in the opposition of British Columbia. It has a different focus; perhaps it is a little more people-oriented in a different sort of way. It believes that government is not the big bad wolf. It believes in government initiative and direction. It believes in co-operative federalism between federal and provincial governments. It is somewhat populist and anti-Ottawa. It is looking at decentralization and participation in government in different ways. It is looking at reform of existing political structures. I am a member of that tradition because I like to think it is the way of the future. There is a sense of outrage in the west, as the hon. member for Kootenay West (Mr. Kristiansen) indicated.

There has been a housing crisis in Vancouver for three years. Just last week there were reports in Ottawa that vacancy rates were low and that housing prices were rising; I bet we will now see some government action on housing. Although we yelled and screamed about the housing crisis in British Columbia, the whole crisis was ignored by Ottawa.

We have seen government members rise and dismiss our objections regarding the Crow rate as reactionary. It is easy for the Prime Minister (Mr. Trudeau) to do that. It sounds good and the whole eastern press—this time east of the Lakehead—picks it up and indicates that it is reactionary. But they have not examined the real situation. Westerners feel that is part of the bargain of confederation. If you change the grain rates, you have to change a lot of other things as well; for instance, some of the bargains that westerners made with the national policy of eastern Canada, the tariffs, the anti-Crow position, and so on. This should not be dismissed so easily.

• (1640)

I want to say something about the National Energy Program. This program is a limited success. It is perhaps the only success of this government. The direction of the program is correct. I said that in this House in June, 1980, before the program was introduced. The public want more. The committee to Canadianize released a poll showing that the public supported public ownership of the oil industry. I think the public is in favour of greater Canadianization. You have to distinguish the vocal critics from the majority of the people of this country. The hon. member from Calgary reflects the oil industry. Of course, Imperial is not very happy about this program. It does not want to give up any of its profits. The crucial point is that oil is a strategic commodity. That is where the National Energy Program and the Conservative Party differ.

This is not putting westerners in their places. The oil is there in the west. The same problem will arise with Newfoundland and with the north when development starts up. Oil is a strategic commodity and has to be developed through public direction. You cannot have a few cowboys being totally free to run the industry. That does not stop private initiative in the industry, but you have to have some overriding direction.

There are problems with the National Energy Program which are not helped by this bill. The program has not attracted small Canadian industry to the frontier. It has attracted big corporations and foreign-owned corporations. The government will have to take another look at that.

Mr. Kelly: What is your evidence?

Mr. Waddell: I suggest to the hon. member that he talk to his own Department of Energy, Mines and Resources and he will get the evidence.

The second problem is the slow rate of Canadianization. We now have an industry which is 60 per cent to 65 per cent foreign controlled. The government has said it is not going any further with Canadianization. The government has stopped the procedure. That is the problem with the Liberals; philosophically, they cannot complete a progressive program. I hope some day there will be a realignment in this country between a conservative group and a progressive group.

Mr. Crosby: There is; it is the Progressive Conservative Party.

Mr. Waddell: Not a Progressive Conservative group. But I think the realignment will come about.

The third problem with the National Energy Program, and I think the hon. member from Saskatchewan who preceded me is right about this, is that the little guys are not being helped. There seems to be evidence that drillers and small companies are not being helped. Perhaps that is the reason the Conservatives did not do very well in the byelection. Premier Lougheed has not protected small drillers, neither has the National Energy Program. The government of Saskatchewan took some steps with respect to royalties. That government is rebating and reducing royalties to help small drillers. That sort of thing should be looked at. I hope members opposite will not call me a doctrinaire free-enterpriser for saying that.

In my opinion, it is a false premise that the National Energy Program will take us to self-sufficiency. Right now we import 20 per cent of our oil. The established remaining reserves of conventional oil in western Canada amount to about five billion barrels. We have about ten years of reserves at the present rate of consumption. The Hibernia reserves are projected to come on stream in 1986, which will bring in an additional 1.5 billion barrels of oil. But there will be delays with this project. Hon. members are aware of what happened the other day and the tragedy that ensued on the oil rig there.

The Beaufort Sea has a potential of about ten billion barrels of oil, but that oil will be hard to extract. We have not yet recovered a drop from there. That Arctic islands, especially the Cisco find offshore Lougheed Island, is very promising. There is a potential five billion barrels in the north. However, we have no way of getting that oil to market. The tar sands projects are delayed. There are technical problems today with both Suncor and Syncrude. The Alsands project is not financeable. That is why the companies are coming to the federal government for welfare. They want both the federal government and the government of Alberta to bail them out and subsidize the program. That is not at all promising. Cold Lake is a better project. Maybe we can get 450,000 barrels from the tar sands by the early 1990s. Drilling for gas has declined in western Canada whereas drilling for oil has increased.

Let us try to deal with the facts, not rhetoric. It seems to me the problem with the National Energy Program is that it concentrates on the supply side. Instead, we should be looking at the demand side and putting some money into the area of conservation and alternate energy. When we reach the energy security legislation I propose to go into greater detail about how we can conserve and move to alternate energy instead of spending $4 billion in PIP grants.

Specifically, I want now to give some of our positions on Bill C-93. First, it deals with offshore. That point has to be addressed. It is a very difficult problem. Hon. members might note that the Ottawa *Citizen* took me to task in an editorial. It can be found in "Quorum". *The Citizen* took Premier Pecl-ford and me to task for trying to "exploit" the Hibernia crisis because we complained about overlapping jurisdictions. I think it was a pretty shameful editorial. In fact, I think it was a low blow.

Some hon. Members: Oh, oh!

Mr. Waddell: I do, and I suspect the hon. member over there agrees with me. He has a right to ask questions about Hibernia and about safety. He has asked questions and so have his colleagues. I have a right to ask questions too.

There are nine conflicting jurisdictions in the federal government. Two inquiries are under way, and with the Americans joining in there will be a third. Both the federal government and the Newfoundland government are trying to shirk responsibility for the accident. What about the American government? Who has jurisdiction? I think that is a legitimate point to raise. I think the editorial in the Ottawa *Citizen* is pretty disgusting. The editorial is also inconsistent.

When Bill C-48 was being debated, editorials and news reports in the Ottawa *Citizen* said that we should be looking into all these matters of oil spills, safety and so on. But when we start asking questions about them, the Ottawa *Citizen* criticizes us. Journalists have every right to criticize us; politicians are fair game. But in this case I think the criticism is wrong and the writers have been inconsistent. I have a perfect right to say that.

Basically, the provinces should have jurisdiction over offshore, but we should have interlocking jurisdiction. Under Section 91 of the British North America Act, the federal government has jurisdiction over navigation, ports, defence, external affairs and fisheries. Unless we amend the Constitution they will remain, no matter which way we decide about the offshore.

I do not agree that we should spend three years on this matter by going to the Supreme Court of Newfoundland and then working up through the Court of Appeal. Let us go now if the governments cannot decide. I would prefer a negotiated settlement, but if the governments cannot decide the matter should be referred immediately to the Supreme Court of Canada. The disaster in Hibernia shows that we have to solve some of these problems. And if the Ottawa *Citizen* wants to criticize me for this, it can do so.

• (1650)

As a westerner I know how control of our resources has fueled our growth. I think that is something that should be considered soon. Meanwhile I think the minister was right to include in the bill the clause on the offshore because if they are subsequently changed by virtue of agreement with the provinces or by virtue of the Supreme Court decision, it is important that we have them there.

With respect to Clauses 4 and 5, Mr. Speaker, the tax on domestically consumed natural gas, we are happy that the government for once listened to western Canada and did not put a tax on export gas. Western Canadians said, how come they are going to put a tax on the export of our gas and not on electricity from Quebec or Ontario? It was hard to explain that, so the government quite properly, after questions in this House, withdrew that proposal and then proposed a tax on domestically consumed gas.

The problem with that, and I say this to the minister, is that it is a regressive tax. Hon. members recall the Liberals promised in the 1980 election that we would have lower energy prices. In fact, they gave us higher energy prices. They argue that they had to raise prices, but if you do that you should redistribute some of the extra money. If you are going to tax low-income people, the old and the poor, as you do with this tax, you should give them some of it back in the form of a cost of living tax credit. I think that makes sense.

Mr. Evans: We did give it back, Ian.

Mr. Waddell: I do not think it has been given back. Total energy costs, as measured by a component of the CPI, have gone up 46 per cent since 1980 under the Liberals. Natural gas prices went up 28 per cent in 1981. The present cost to consumers for oil and gas will double by 1986. I hear from my riding about increased hydro and gas bills, and I suspect other members from British Columbia are hearing it. It is regressive and is hurting older people and those on fixed incomes.

Now, Mr. Speaker, the petroleum and gas revenue tax, the PGRT, is a very complicated matter but I will try to make it as simple as I can. Simply put, it is a royalty. It has a certain advantage because you put it on at the wellhead and you cannot deduct this tax here or this expense there. The Conservative government was going to put the tax on at the refinery, the infamous 18-cent-a-gallon tax which some commentators said was responsible for our being here today in these particular positions. The problem with the tax is that it seems to be hurting some of the small producers. As I said previously, it may be the obligation of the federal or provincial governments, following Saskatchewan's lead, to alleviate that problem somewhat. Rather than just export our gas, I suggested a gas bank, because we may need it since we have been converting to gas in eastern Canada. In any case, I will have detailed questions on that when we deal with the bill.

Now, Mr. Speaker, I have alleged, and it has never been denied, that there has been a windfall gain for the oil companies for one quarter of 1981 in which no higher taxes were levied. What happened was that the government boosted the price by $2.50 a gallon for the three months from October 1 to December 31, 1981, but the taxes did not come in until January 1. So a government which says they talk tough to the oil companies to turn around and give them a windfall creates a bit of a credibility gap. I hope to explore that when we go into the details of the bill. I see the minister nodding, and I will put those questions to him or the Minister of Finance (Mr. MacEachen).

I would like to conclude my remarks, Mr. Speaker, by saying something about the myth of the megaprojects. This great spin-off of jobs, and so on, is a myth. There are a lot more jobs in all kinds of other projects. I was counsel to the Mackenzie Valley pipeline inquiry and used to hear these great stories about all the jobs that a megaproject like a pipeline would create. However, when you got into it and examined the witnesses, you found there were a few construction jobs for basically foreign welders who travel around the

world doing that. There were some jobs for small construction companies, and there were a few security jobs after it was built. And you were paying $10 billion to build it.

So we have to have a debate in this House, I hope soon, on what I call the myth of the megaprojects. I know the government likes these projects. I suspect Canadians have bought the myth that we have to get these megaprojects going to produce jobs, but I think it has to be looked at very carefully. The hour for that debate is coming because we are going to look at the Alsands project in some detail.

Finally, Mr. Speaker, I would like to warn the government that they are running the risk, in the agreement with Alberta, that the Canadian price of oil may be more than the world price by 1985. There is a glut on the market, world prices are falling, and there is a clause in the agreement that our price be no more than 75 per cent of the world price for old oil, and no more than 100 per cent for new oil. However, that does not include all the special taxes and levies, so it is possible—and this would be most ironic for a Liberal government elected two years ago today partly on a promise of lower energy prices, certainly less than world prices—that they may have put us in a position where we will go beyond world prices. If that happens then there will have to be a renegotiation of the agreement with the producing provinces.

Having given that dire warning, and having dealt, I think, with the many aspects of this bill relating to energy, I will sit down and let the government ponder those allegations.

The Acting Speaker (Mr. Blaker): The Chair will recognize the hon. member for Athabasca (Mr. Shields). Having been recognized, he might like to defer his opportunity to speak because we are approaching five o'clock and private members' hour. However, if the hon. member wishes to proceed for a moment or so, of course he can.

Mr. Jack Shields (Athabasca): Thank you, Mr. Speaker. I am glad to have the opportunity to speak on Bill C-93, and I hope the previous speaker will be in the House when I start my speech because I have a few brief comments to make in reply to his remarks.

With that I would like to call it five o'clock.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Blaker): It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Parkdale-High Park (Mr. Flis)—Air Canada—Mandatory retirement age—Request that pilot be reinstated; the hon. member for Prince Edward-Hastings (Mr. Ellis)—National Harbours Board—Purchase of equipment manufactured in Japan. (b) Request for tabling of memoranda; the hon. member for Richmond-South Delta (Mr. Siddon)—Industry—Canadian content in manufacture of mining equipment. (b) Contract awarded to Japanese company.

• (1700)

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

PRIVATE MEMBERS' MOTIONS FOR PAPERS

[*English*]

Notices of Motions Nos. 22, 35, 1, 48, 28, 43, 5, 54, 69, 34 and 84 allowed to stand by unanimous consent.

CANADA ASSISTANCE PLAN

Mr. Hal Herbert (Vaudreuil) moved:

That an humble address be presented to His Excellency praying that he will cause to be laid before this House copies of all correspondence, memoranda, records of telephone conversations and other communications between the Department of National Health and Welfare and the appropriate ministers of the governments of the provinces relating to the standards for programs and the conditions for federal participation in a revised Canada Assistance Plan.

He said: Mr. Speaker, in this federal government structure there are many sacred cows. Certainly the Canada Assistance Plan is one of those sacred cows. Any suggestion concerning the existing legislation or its administration which might be considered critical is immediately implied to be a criticism of the objectives of the plan itself.

I hope to allay any fears that I am in any way criticizing the objectives of the Canada Assistance Plan. However, the Canada Assistance Plan is financed by the federal government on roughly the basis of 50 per cent of the costs incurred by the provinces. I say "roughly", because the federal government itself imposes the terms and conditions under which it will make the payments. The provincial governments render an invoice, in effect, to the federal government, and the federal government pays according to the amount of invoice submitted. This year, the amount estimated to be paid by the federal government was some $2 billion. However, just last week in the House, the Minister of National Health and Welfare (Miss Bégin) told us that the amount which was to be paid this year had increased by some 19 per cent, 19 per cent being approximately $400 million. Therefore, the payments this year from the federal treasury will be of the order of $2.4 billion. If one multiplies that by two and then adds some more, the "some more" being the additional amounts paid by the provinces, one can see that we are looking at an expenditure in the social service field considerably in excess of $5 billion.

It is interesting to note that during this year, the Quebec province share of the $2.4 billion which is being paid out of the federal treasury is of the order of $700 million, or, per capita, between $160 and $170. One can compare that with the other provinces. The next highest province is the province of Newfoundland, at $96. One notes that the per capita payment in Ontario is $77. These figures, incidentally, were produced by the department for the benefit of a committee which was looking into the Canada Assistance Plan earlier in 1981.

For the record, I would like to look at the two parts of the program. I will divide it into what I shall term as the social assistance programs, which are payments to persons with no other source of income, such as the disabled, single parents with children, those whose unemployment insurance payments have run out, and so on. The federal government has a very direct interest in these particular social assistance programs because it has a tremendous influence on the need at that level. It does have that influence because of federal programs such as the old age pension at one end of the age scale, and the family allowances program at the other end of the age scale.

I referred earlier in my remarks to sacred cows, and I want to interject at this point to say that one of the sacred cows is the subject of universality. That irritates me somewhat. There seems to be all-party support for universality, but there is certainly nothing universal about the programs as they are presently applied, for example, to the old age pension. The major benefit of the old age pension program goes to those who receive the supplement which, of course, is income tested. In the case of the child tax credit, it goes to those with the greatest need, whereas family allowances, of course, are paid to everyone right across the board.

The point I am making is that universality is an excellent objective and one which I would strongly support; but from all practical points of view, we cannot infer that our programs are universal, for the reasons I have stated. I have often made two suggestions. One may not be popular with all my constituents, but I do not mind as I have made this public. I suggest that we should stop increasing old age pensions and increase the supplement by an additional amount. Thus, if we were to index, we would index only on the supplement plus the old age pension and, of course, we would have some additional funds so that we would be able to increase the amount of the supplement.

At the other end of the scale, I have suggested that we completely eliminate the family allowances scheme and that we fold the total amount of this program into the child tax credit. While I am referring to the child tax credit, one of the urgent things we must do is to substantially reduce the limit up to which a child tax credit is paid.

I shall put on the record what may be a somewhat amusing story, but in a certain sense, I think, it is also critical. I was astonished last year to receive from my accountant, who looks after my individual tax returns, a document under which my wife was able to sign her name and apply for a relatively small refund, but, nevertheless, a refund from the federal government under the child tax credit plan. Of course, Your Honour is aware that I have two children. However, I found it rather ridiculous that I was in the position of receiving a child tax credit. Furthermore, the amount was not very much because I was obviously right at the top of the scale. I do not need to disclose what the salary scale is for Members of Parliament because it is public knowledge. However, because I was at the top of the scale, the child tax credit was quite small. One could imagine my feelings, almost amounting to anger, or my intrigue when from my accountant I received a bill for preparing that return amounting to some $40, which was more than four times the amount of the child tax credit!

Just to complete this little story, the bill which I received from my accountant for the preparation of my tax return was deductible. Therefore, I put it in, and because I paid taxes at approximately 50 per cent, 50 cents on the dollar, I therefore saved $20 out of the federal treasury. Therefore, the federal treasury paid $20, I paid $20, and my wife received $10. That was a pretty good deal, and I have put this story on the record because I think it is time that we looked at the administration of these programs. I think I have made it clear here that I am not criticizing the program itself.

The other part of the Canada Assistance Plan on which I wanted to spend some time is the social service area. This includes the personal services or welfare services, including day care, homemakers, counselling services, child welfare, etc. I have suggested that we should get out of social services and do so by transferring the tax room to the provinces.

Mrs. Mitchell: Never!

Mr. Herbert: I heard the word "never" from the NDP.

Mrs. Mitchell: What happened to health care when you did that?

• (1710)

Mr. Herbert: First of all, this is the position of the Quebec provincial government. They believe that since they administer these programs, they should have full control over them, finance the programs themselves and should not have to go cap-in-hand to the federal government. If you look at these programs in detail, you find that there is a tremendous variation from province to province. The federal government simply says, "Send us the bill and we will pay 50 per cent".

I have already mentioned the amount per capita in Quebec. The split in that province for social assistance programs, is approximately $94 per capita this year. Those are the programs in which the federal government has a tremendous influence, as I have already explained. The payments for social service programs or welfare services over which the federal government exercises no influence whatsoever approximate to $44 per capita in the province of Quebec.

Many of the programs shared under CAP are delivered by non-governmental organizations such as Children's Aid Societies, which are given enforcement responsibility for functions such as the apprehension of children. In some provinces,

particularly Ontario, municipalities play a significant role in the delivery of both social assistance and social services.

Many groups maintain that they have insufficient information about what is cost shareable under the CAP. For example, the Canadian Rehabilitation Council for the Disabled had argued that voluntary organizations and disabled individuals need to be better informed of the potential benefits available through CAP so they can lobby their provincial governments effectively. Municipalities in Ontario, charged with the delivery of general welfare assistance and many social services, complain that they do not know whether the rules governing their funding are provincial or federal.

Municipalities may not even be privy to the contents of the federal-provincial agreements. This is the subject for discussion this afternoon. As a result, they do not know whether the rules regarding services are needed to conform with Canada Assistance Plan requirements or are simply rules established by the provincial government.

Health and Welfare Canada occasionally issues guidelines on what is cost-shareable in terms of dollars and specific criteria. It is these guidelines that present problems of understanding the limits of CAP for the public and social agencies. These guidelines have not generally been made public.

The special committee to examine federal-provincial fiscal transfer payments recommended that, and I quote:

—the Minister of National Health and Welfare have a Canada Assistance Plan manual compiled to include all guidelines, notes and administrative directives, and that this manual be made public, with appropriate provision to respond to questions by the public on its application.

Objections at the provincial government level are based on the totally unacceptable assumption that the release of these documents would facilitate their municipalities in making interprovincial comparisons. It should be noted that even under the proposed freedom of information act, items which could be detrimental to federal-provincial relations can be exempted from release.

I had put a notice of motion for the production of documents on the Order Paper. In November of last year I received a copy of the latest signed agreement between the government and the province of Ontario under the Canada Assistance Plan. It is a very voluminous document. I would suggest that no one rush to get a copy. First, it includes the memorandum of agreement made on March 28, 1967, pursuant to part I of the Canada Assistance Plan. Attached to that document is a listing of amendments. For example, I will refer to the last three in the pile. There is one made October 31, 1979, listed as Amendment No. 34. Amendment No. 35 is dated September 15, 1980, and Amendment No. 36, the last one in the pile that I was given, is dated February 20, 1981.

All these documents provide is a listing taking off certain locations, certain institutions that are no longer to be financed under the Canada Assistance Plan, and adding on other institutions and listings. This is interesting reading. I have no idea whether it is an issue in the respective provinces, but if any provincial social welfare groups have need of this document, I will be very pleased to supply them with a copy. Of course, it is now in the public domain.

I should also advise them that the documents in the other provinces under Motions Nos. 74 to 82, which are the corresponding agreements in the nine provinces, other than the province of Ontario, have been delivered to me. They are in my possession and are available to anyone interested in seeing them. Unfortunately, they do not include the real information, the regulations. These are in the hands of the Minister of National Health and Welfare.

I would like to read three short extracts from a letter from the Department of National Health and Welfare for the benefit of members of the special committee on federal-provincial fiscal transfer payments to which I referred earlier. I quote:

—shareable welfare services under the plan are being provided in all provinces, to a greater or lesser degree.—

Provincial definitions of "social services" may not necessarily be consistent with CAP's definition of "welfare services".—

Provinces may provide services which are recognized welfare services for cost-sharing purposes under CAP, e.g., daycare, but if CAP requirements are not met, sharing is only partially available or not available at all.

The important sentence reads as follows:

—the provinces are not required to submit detailed information on individual services—

Enough is enough. Whether the members of this House agree with my attitude toward the division of social services and social assistance programs is irrelevant. I accept and recognize that there is unlikely to be any major change in this regard. I put my opinion on the record for what it is worth. However, I believe that the information on the type of programs that are being funded, the extent to which they are being funded, and the criteria under which they are being funded should be available for all members of the public in order that they can compare. The provinces may be somewhat afraid because they realize that this could lead to additional claims. It could lead to pressure from the public to provide in one province the kind of service that is provided in another province.

The reason I have brought this motion forward is that I believe the information should be on top of the table. Whatever we as individuals may desire to do in changing the administration or the legislation, the fact that the program exists means, in my opinion, that the public should have full access to all the information which will enable the public to make maximum use of the program while it is in force and in the fashion in which it is in force.

I have brought this matter forward for debate simply because I recognize that what I am asking for, which is the discussions which are presently under way, is not likely to be provided before the expiry of the period at which time a new agreement has to be signed. It is just as well to allow interested members to express their opinion on what they would like to see in the revised Canada Assistance Plan which will become operative at the start of the next fiscal year.

Canada Assistance Plan

• (1720)

Mr. Howard Crosby (Halifax West): Mr. Speaker, the motion brought before the House by the hon. member for Vaudreuil (Mr. Herbert) raises two questions of real concern and interest to all members of the House. First, there is the matter of the free flow of information and the need for freedom of information legislation which would allow Members of Parliament, and all Canadians, to have access to any information from the government necessary to make a study, form an opinion or evaluate a government program. I am always willing, as I am sure are many other members, to support the need and desire for freedom of information legislation to allow this information to flow without the need of special or formal steps to be taken within the procedures of Parliament.

As you may know, Mr. Speaker, there is a piece of freedom of information legislation before the House in the form of an access to information and privacy act. However, that bill has been delayed in committee and the minister in charge has indicated that he may withdraw the bill. This is, indeed, unfortunate, because without the freedom of information legislation, which would require the government to produce information which ought to be made available for the study and assessment of government programs, we will have to continue to use these parliamentary devices to obtain that information. There is a general solution available to the problem of government information being unobtainable. That is the channel we should follow in order to obtain information. We cannot do this until legislation is presented and enacted by the House.

The second matter which the motion brings forward is the status of the Canada Assistance Plan. I would like to make some general remarks about the Canada Assistance Plan and the social services program which is based on that legislation.

I worked for some years in provincial government administration and I remember the state of social services legislation which existed in provinces like Nova Scotia, even as late as the early 1950s. At that time, there was a mass of provincial legislation dealing with such programs as mothers' allowance under which support was provided for unwed mothers, mothers who were separated or widowed and those who had no other means of support. There was also the blind persons' allowance and a myriad of provincial legislation which provided necessary welfare benefits.

I know the same was similar in other provinces. During the 1950s, the provincial and federal governments attempted to bring some order to this morass of provincial and federal welfare legislation. What eventually emerged was the Canada Assistance Plan which became a statute of the Parliament of Canada. There was similar legislation under various names in most provinces.

The purpose of this legislation was to codify in a very clear and formal way the base for social services. The Canada Assistance Plan, which was enacted in 1966 or 1967, became the base for our modern and current social service system. Unfortunately, 15 years later that social service system is in jeopardy as a result of the financial policies which were brought forward by the Canadian government in the budget of November, 1981.

I would like briefly to illustrate the effect of the budgetary provisions which were introduced by the Minister of Finance (Mr. MacEachen). As I have said in the House and elsewhere, the minister has proposed to transfer the federal deficit to the provinces. The result will be that those provinces which are now in a deficit position will simply not have sufficient funds to contribute to those social service programs, educational services and health services. They will not have the financial ability to maintain these services.

I would like to pay particular attention to that fact because it is supported by the Economic Council of Canada. The Economic Council has said that this is the thrust of the budget provisions with respect to the reduction of the federal deficit. The Economic Council of Canada has confirmed that this will flow through to the provinces in the form of cutbacks on the available funds for health, educational and social services. We must be wary of this and bring it to the attention of Canadians.

I would like briefly to talk about those services which are available and will be until March 31, 1982 under the Canada Assistance Plan and supporting provincial legislation. There are a wide variety of services available and I would like to indicate the effect of those services. According to my statistics, which relate to 1978 and 1979—the numbers are probably much higher for the current fiscal year—approximately $1.6 billion was spent under the Canada Assistance Plan. There were 1,547,000 Canadians who received benefits in all the provinces and territories of Canada under programs which were included within the Canada Assistance Plan. These programs constitute a broad range of social service programs under the Canada Assistance Plan. We should not forget that the Canada Assistance Plan and its services are in addition to programs such as old age security and many other programs which are funded through the provinces and the federal government.

The programs we are talking about in relation to the Canada Assistance Plan deal primarily with assistance to persons in need. These programs include welfare services for those needy persons or those likely to become in need, as well as work activity projects.

If we look at what is occurring in our cities, towns, villages and rural areas, we will see people who, for various reasons, cannot provide for their own welfare. In some cases, they may have reached the age where they can no longer work to support themselves, there may be people who are mentally or physically disabled, or there may be cases where there are children whose parents are not able to provide for them. I am sure that all Canadians recognize that there are many people who find themselves in these unfortunate circumstances in our society.

I believe that the role of the Canada Assistance Plan is clearly established. I cannot believe that any Canadian—

certainly not any Member of Parliament—would be in favour of abolishing any of the programs which have been proven to be essential and necessary. There should be no question of abolishing or cutting back these programs, but rather how these programs can be rendered more effective and efficient. If there are to be any savings or cutbacks on the use of public funds, they should be used to make these programs more effective and efficient.

It is easy to speak with conviction on these matters when you are from the maritimes and a province like Nova Scotia. The services, which are included in the Canada Assistance Plan and supporting provincial legislation, are absolutely essential although a great drain on the revenues of the government. I have statistics which demonstrate this fact clearly. In Newfoundland, for example, 17.9 per cent of all provincial expenditures are for social service programs. In the province of Nova Scotia, 20 per cent of all government expenditures are on social services. For the province of New Brunswick, the figure is 19 per cent. These provinces also spend a great deal of their available revenue on education and health. In Newfoundland, approximately 46 per cent of total government revenue is spent on education and health. In Nova Scotia, it is 42 per cent.

It does not take a great deal of imagination to realize that the Atlantic provinces spend a vast amount of their available revenue on programs which are related to education, health and social services. At the same time those provinces have to incur deficits which ultimately have to be supported by taxes. If these deficits are increased it is not hard to see that those provinces will be financially unable to continue those services at the level which was enjoyed in the past.

• (1730)

We are at a point in our history when we ought to be improving those services and ensuring all Canadians have a decent way of life and a decent lifestyle. As I have said, we know there are many Canadians who simply cannot do it on their own and need help.

When we talk about social services and programs and the financial ability of provinces to provide those programs to their people so there will be equality across Canada, it is interesting to note how the provinces spend their money. For example, it will surprise no one that the province of Alberta is number one on the list of per capita expenditures. The government of the province of Alberta spends $3,135 per person on government services. It is also interesting to note that the poor little province of Prince Edward Island is next on the list. The province of Prince Edward Island spends $2,618 per person to provide services to the individuals of that province.

Statistics such as these demonstrate graphically that the province of Alberta, with its great wealth and resources, is able to spend $3,135 per person for government services, and it is easy to see how that province can afford that kind of money, but we must ask ourselves how the province of Prince Edward Island, which is next on the list, at $2,618, can afford to maintain those services. Bearing in mind that this province has a budgetary deficit and bearing in mind that it has a permanent government debt, I can tell hon. members that if there is any cutback in transfer payments to that province, it will not be able to maintain the services, and that if this province has the desire to maintain services, it will only do so through increased taxation. This is a very serious situation, and it is not helped—it is rendered more extreme—by the budgetary provisions. The message we as members of the House of Commons have to get out to Canadians is how budgetary provisions and government financial policies affect the services Canadians require.

Let me talk very briefly about the system in use under the Canada Assistance Plan. As I have said, it covers a variety of services which are directed to persons in need, and those persons quite often are senior citizens, disabled persons and the young. The method by which those services are delivered is through provincial social services departments and the municipalities, which maintain departments to provide social services. In most cases there are financial tests which are the bases for administering those services. In some cases the financial tests are quite difficult; that is to say, people who may feel they need government assistance are not able to get it because they do not qualify under the financial test.

This raises a matter which was discussed earlier and referred to as the matter of universality in government programs. It is true that in bringing in old age assistance and many other assistance programs, the federal government established the principle—if we can call it a principle—of universality; that is to say, if there is assistance available to persons of a certain age—in the case of old age assistance the age is 65 and over—it ought to be given to all persons who reach that age and ought to be universally applied and should not be based on any kind of need or means test. Even though universality is a matter of principle which commands broad support, there comes a time in our history when we cannot afford that kind of program; that is to say, our desire to provide assistance to a group of persons without reference to their special financial needs affects our ability to provide effective services to those who really require the services. As has been pointed out, I think it is true that we must review the principle—if we can call it a principle—of universality. We must make sure people are not being deprived of necessary and essential services merely because we are trying to conform to a principle which can no longer be practically applied.

I agree that we ought to examine universality and consider tests and methods which will identify those in our society across Canada who need service at public expense. We ought not to waste our financial capability by providing services to persons who do not really need them.

In my view—and I am sure in the view of most members of the House—there is no way the federal government ought to get out of the field of providing social services. That would be a tremendous danger, not just to the individuals who might be affected but to the whole fabric of Canadian society. In addition, it would contradict the very idea of the constitutional changes which have finally been approved in the House. It

would contradict the idea that Canadians right across the country ought to have equal services. The new constitutional provisions indeed indicate that the government ought to direct its attention toward the removal of any causes of regional disparity. It ought to take action which will allow people in the maritime area to enjoy the same level of service and standards as those enjoyed by persons in central Canada and western Canada. If the federal government at this stage of our development were to vacate the field of social services, that would be a disaster. The federal government has that obligation, the obligation has been accepted and this is no time to reject it.

I am afraid there is some truth to the suggestion that the federal government is getting out of social services because I have indicated—and I do not want to repeat it—that it has been demonstrated by this budget that the federal government is in fact reducing its assistance to the provinces in the way of transfer payments and in the way of support for established programs. This indeed could lead to withdrawal of social services and services which are now being provided in the educational and health fields. Again we must be on guard to ensure that the federal government does not go too far down this road because that would have a disastrous effect and would destroy the equality we are trying to achieve in Canada for all Canadians.

I want to touch very briefly on some of the developments in the social assistance field. I am pleased to note that a study was undertaken in the province of Nova Scotia of the plight and of the situation of unwed mothers.

Mrs. Mitchell: What about unwed fathers?

Mr. Crosby: What about unwed fathers? I include unwed fathers too, if they are supporting children, but the point is that when we are speaking about unwed mothers, we are usually speaking about particular situations in which people have become the mothers of children and are not able to care for them. Nobody likes nomenclature which has the effect of casting aspersions on female persons or anybody else in society, but I have important things to say, and I want to communicate them and get a point across. If everybody in the House and across Canada understands what we mean when we say, "an unwed mother", that is good enough for me. When a better terms comes up, I will use it, but right now I am talking about unwed mothers and the fact that services have been provided to them in the past, and I am happy to see that the whole situation is being reviewed and has been reviewed in the province of Nova Scotia. A 325-page study report has been issued entitled "Vulnerable Mothers, Vulnerable Children". I want to point out to my friends to the left in the New Democratic Party, who think they have a monopoly on concern for the people of Canada, that there are other people who are concerned. The government of the province of Nova Scotia is concerned. There are even people in the federal government who are concerned about these problems, and they are doing something about them. They are looking at the situation. As pointed out in that title, "Vulnerable Mothers, Vulnerable Children", we are interested in children. We cannot have children in this country in need and not being helped and assisted because that would simply mean greater problems down the line, not to mention the humane side of it, which is reason enough. I want hon. members in the New Democratic Party to know that we are aware of these situations. We want to see them dealt with.

There is another point I want to make just to indicate how government policies can have an effect on social services. Recently the Government of Canada indicated it might be cutting back on requirements for eligibility for unemployment insurance. This comes up all the time and plays into the hands of reactionaries who say unemployment insurance is regressive, discourages work, encourages fraud on the government and so forth. That may be so. There certainly are people who are abusing the unemployment insurance program in Canada, but let us not cut off the arm just to remove the lump that causes the disease on the arm. Let us deal with the problem. The government should be careful about changing the criteria of eligibility for unemployment insurance, however, because it could mean that more people would need welfare, and it has been indicated very clearly that the provinces do not have the financial capacity to deal with this.

● (1740)

We owe it to the people of Canada to deal with the problems inherent in the Canada Assistance Plan. It is the instrument that is to be used to deal with very serious problems, and so we should examine it very carefully and try to improve it. We cannot improve the welfare of people by cutting back on necessary services, however. That is the message this party wants to get across, Mr. Speaker. It must be realized that these services are essential not only to the people who receive them but to the nation as a whole. For that reason we all ought to support this motion.

Mrs. Margaret Mitchell (Vancouver East): Mr. Speaker, I am pleased to speak on the Canada Assistance Plan and how it can be improved to meet the needs of the people. Like my colleague to my right, I should like to challenge the hon. member for Vaudreuil (Mr. Herbert) on what I believe was his statement concerning abolishing the Canada Assistance Plan and the federal responsibility for social services. This would be a very serious mistake. Even changing the method of funding to the block method, as is the case with health care services, would be a mistake because there would be less opportunity for the government to make sure that the system is just and equitable for those people who need the service.

I should like to review some of the background of the Canada Assistance Plan, Mr. Speaker. It was developed in 1966 under a federal-provincial agreement, and it can be terminated by any province on one year's notice. The cost of social services is shared 50 per cent by the federal government and 50 per cent by the provinces. I believe that in some cases a province can bill the municipalities for 25 per cent of their share.

In 1980-81, $2.2 billion was spent on social services funded by the Canada Assistance Plan. This provided services for 2.8

million poor people in the country or about 12.4 per cent of the population. Just the very poor people in Canada qualify for social services, Mr. Speaker. This includes 639,000 poor families, or one out of every ten families in the country. It also includes 826,000 single people. We know, of course, that many of these are elderly and that many of the elderly are women, so about 31.4 per cent of single people are poor. There is a tremendous need for services in the country, Mr. Speaker, and it is growing every day as a result of lay-offs and unemployment.

When we say $2.2 billion, it sounds like a great deal of money, and of course it is, but a lot of it is used for administration programs and personnel in the social service field. The average welfare cheque for a family of two in British Columbia, a parent and child, is $595 per month. Of this, $300 is used for shelter and $295 for food, fuel, clothing and everything else. Shelter for an average family in Vancouver costs in excess of $300 per month, so little is left for food and the other services that are needed by a family. No matter how we look at it, the level of social assistance falls well below subsistence needs in the country today, and as parliamentarians we must come to grips with this problem.

The National Council on Welfare has stated that last year the poverty level for a single person was $5,928 but Mr. Speaker, the actual welfare payment was only $4,500. For a parent and one child the poverty level was $8,595, yet in my province of British Columbia, in many cases the welfare cheque for that family was less than $7,000. The average income for women last year was $10,860, well below the $25,000 for men.

These figures show that there should be a major review of income support and the welfare system and, of course, the Canada Assistance Plan must be upgraded. We need federal leadership in this field and we need a greater investment of the welfare dollar in the programs of prevention.

I should like to summarize several criticisms of the Canada Assistance Plan including some made by the Minister of National Health and Welfare (Miss Bégin). There are major discrepancies in income support levels and in the access to and quality of social services in different provinces. Some provinces receive less benefit from the Canada Assistance Plan in proportion to their needs than others, particularly the Atlantic provinces. Because a province has to spend a dollar in order to receive a federal dollar and some Atlantic provinces do not have that initial dollar to spend, they are unable to extend services to meet the need which, in many cases, is greater than in other provinces. The CAP guidelines are restrictive and some programs are not fully cost-shared. Some provincial governments could do much more under the guidelines if they accepted their full responsibility. There is a lack of control, accountability and responsibility for federal spending on the program.

In a presentation to the federal-provincial fiscal arrangements task force on the Canada Assistance Plan the minister said that CAP was conceived in the sixties—now we are in the eighties—and asked how the plan can better address the social and economic realities of our time. She said that the level of social aid in almost all the provinces does not lift people over the poverty level; that this is unjust and must be corrected. I should like to know what steps the minister has taken in this regard.

She went on to point out the great inequalities between the different levels of services within the provinces and between the provinces and the federal government. She made the important point that usually the working poor have no place in welfare programs; that they are not included in those which we share and which are strictly for the poor—that is for people who, for one reason or another, are unable to work or are outside the work force or earn very little on a regular basis and, of course, are forced to apply for social assistance. On the broader scale, she said that another problem with CAP is that it does not include, in the usual sense of the word, any equalization, any principle of redistribution; the provinces that are poor have difficulty finding the front-end money to start programs in the first place.

That is what the minister said, and I think we should hold her accountable for making some changes in the directions she mentioned. She should do that or else come and join us in this party and continue to be a more aggressive advocate for change.

I should like to give an example of the negative kind of applications of CAP funds which provinces have been known to introduce. I believe that any changes we make to the Canada Assistance Plan should include some kind of veto system to ensure that 50 per cent of the cost of certain programs which have a negative impact on people, should be disallowed. There should be a method of policing this as far as the provinces are concerned.

• (1750)

I should like to refer to an example in my province of British Columbia. In October of last year the categories of employables and unemployables were changed by the minister of human resources. Of course, there has always been a rather judgmental and punitive approach to single people on welfare, but it was extended to include single parents with an infant child or two children over the age of 12 years. It was decided by the minister of welfare that the best way to force these unworthy people off the welfare rolls was to cut back on their payments. Of course, jobs were not available, and there were no jobs suitable for mothers with several children who perhaps had never been in the work force or did not have available daycare. Those considerations were ignored, and the welfare payments to those mothers were reduced by $55 per month or $660 per year. It is a punitive provincial policy. There is no way that the federal government and those of us in Parliament should allow Canada Assistance Plan funds to be used in this manner by provinces.

I should like to refer to another example in British Columbia. Recently the minister of human resources reduced funding for rape centres which are extremely important and much needed in various areas of the province. The reason or

the excuse for cutting back on funds and refusing to fund these essential centres was that the centres would not provide the provincial government with specific personal records. In this case the province really breached the whole concept of confidentiality. It is another reason for the federal government's requiring certain standards in general programs across the land which provinces could not treat in a negative way.

Now I should like to look at our concerns respecting how most of the welfare dollar, or the subsidies through the Canada Assistance Plan covering a range of social services, is geared in almost a negative direction. Most of the social services budget in the provinces is used for what I would call hard core social services which are necessary. They are crisis-oriented. They provide band-aids and, of course, essential financial support. They are very costly services. For example, there is basic income support, but a very high proportion of money goes into institutional care because problems have gone on for too long, families have broken up and other serious problems have developed. Also a very high proportion of the child welfare budget is going to remove children from their homes rather than keeping them there, in which event we are required to pay for very expensive institutional group care or payments to foster parents. In the long run, neither of these do very much to help the persons who are involved. The income support system requires an entire review and major change. The whole question of social assistance should be taken out of the human resources field and integrated with unemployment insurance and various computerized cheques which go out to people. Of course, this would only be the first step toward moving into an integrated system which, hopefully, would become an adequate guaranteed income system. If we took the responsibility for cheques from the social welfare system, those workers could become more involved in the area of prevention.

I hope the federal government gives active leadership and takes a look at putting some teeth into CAP regulations, so that there will be more emphasis on prevention, self-help and positive support programs to break the welfare cycle, to prevent poverty, and to help people realize their potential in a more positive manner. There should be a much greater investment in self-help programs in local communities, to develop the potential of people and to assist them in developing their own community services. There should be more investment in training and in paraprofessional service roles. For example, we could use people in the communities, many of whom have experienced poverty. There should be programs to strengthen families and to keep children in their homes. We should think of the number of young teenage mothers at the present time. This number has increased at a critical rate during the past few years. If ever they required help and support from the community, indeed it is now; it is very much a priority. We must become involved while they are young and before their young children are damaged. We should provide support in health and educational opportunities as well as needed job training. Also, we should think about the working poor who are struggling, some of whom have large families, to survive on barely minimum wages. We should provide them with a system wherein they could retain their independence and receive some help with the provision of daycare or supplements to their family income, in order to prevent them from saying that it is much easier to go on welfare than to keep working. It is not easier on welfare, but certainly it is not easy to work at low wages with a family. We must become serious about what I would call social investments, which will prove less costly in the long run.

I should like to refer to a specific example concerning people who live in a public housing neighbourhood in my riding. This is what I would call a community development program. The Canada Assistance Plan has a category for community development, but I challenge someone to show me how many provinces are actually using it. This is the type of thing we must stress. We must build on the strength of people and open up opportunities in local communities. The example to which I refer is a movement started close to ten years ago by some mothers on welfare. They refused to be regarded as victims or second-class citizens. They insisted on their rights, rather than being just passive recipients caught up in the welfare cycle. They organized and participated in a lot of local action activities on behalf of their children. Then they began to think of ways in which they could expand as a co-operative community in order to provide their own services, to train their own people, and to heck with the welfare department. They felt that they had many talents and could do many things themselves, and they soon proved it. First, they organized a food co-operative in which they used a lot of their own people. They trained some of them who gained expertise and developed new skills. Along with some mothers in other housing projects, they convinced the minister of human resources to provide what they called an opportunities allowance of an extra $100 per month to do community work in the interests of their own communities. Also they helped to develop daycare and child-care services. They developed the concept of a co-operative community. They realized that if they could establish a food co-operative, the same could be done for various services. Thus they received a three-year LEAP grant, which is the kind of grant that should be available through the Canada Assistance Plan. In this case they received it from the old Canada manpower department. They trained some of their people in child care and developed daycare centres. Other people were trained in providing services for senior citizens and have gone on to work as homemakers in paid capacities. Eventually they obtained their own building, into which they moved their services. It was operated by a local board and they hired as many people from the community as possible. They introduced special pre-employment training programs, of which quite a number of Indian women who had no job experience took advantage.

The Acting Speaker (Mr. Collenette): Order, please. The hour provided for the consideration of private members' business having expired, I do now leave the chair until eight o'clock.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

Mr. Deputy Speaker: I see the Minister of Transport (Mr. Pepin) rising on a point of order.

Mr. Pepin: Mr. Speaker, may I have the unanimous consent of the House to return to tabling of documents?

Mr. Deputy Speaker: The Minister of Transport has asked for unanimous consent for the tabling of documents. Is there unanimous consent?

Some hon. Members: Agreed.

An hon. Member: No.

[*Translation*]

Mr. Pinard: I apologize for interrupting the hon. member, and I shall be very brief. If it pleases the House to give unanimous consent, I should like to ask the member for Vancouver-Kingsway (Mr. Waddell) why he objects to the Minister of Transport (Mr. Pepin) tabling a document in the House, for the purpose of informing Parliament before making a public announcement?

[*English*]

Mr. Deputy Speaker: The President of the Privy Council (Mr. Pinard) would require the unanimous consent of the House in order to put a question to the hon. member.

Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Deputy Speaker: Would the hon. member for Vancouver-Kingsway (Mr. Waddell) care to respond to the question?

Mr. Waddell: Mr. Speaker, I hesitate to give unanimous consent because we feel on this side of the House that perhaps we had been somewhat inadvertently misled in the House the other day when the President of the Privy Council (Mr. Pinard) stated that there were to be no announcements made on this terrible disaster.

But then the Minister of Transport (Mr. Pepin) and and the Minister of Energy, Mines and Resources (Mr. Lalonde) announced an inquiry would be established.

I will be finished in a moment, Mr. Speaker.

We wanted an announcement made on motions in the House so there could be reply from the other parties and we could have a better working of Parliament.

Mr. Deputy Speaker: Order, please. It is clear that the hon. member does not give unanimous consent. In the circumstances, I will recognize the hon. member for Athabasca (Mr. Shields).

Mr. Waddell: Mr. Speaker, I just wanted to comment that I am prepared to give unanimous consent.

Mr. Deputy Speaker: Order, please. The hon. member does give unanimous consent?

Mr. Waddell: Yes, Mr. Speaker.

Mr. Deputy Speaker: In that case there is unanimous consent for the minister to table documents.

ROUTINE PROCEEDINGS

[*English*]

DISASTERS

TABLING OF ORDERS IN COUNCIL APPOINTING CHIEF JUSTICE HICKMAN

Hon. Jean-Luc Pepin (Minister of Transport): Mr. Speaker, I thank hon. members for giving me unanimous consent.

Pursuant to Standing Order 41(2) I am pleased to table two documents. The first is an order in council appointing Chief Justice Hickman under the Inquiries Act as commissioner to inquire into and report upon the loss of the semi-submersible and self-propelled drilling rig *Ocean Ranger*. His terms of reference are described.

The second is an order in council appointing Chief Justice Hickman as commissioner under Section 548 of the Canada Shipping Act for the same purposes. It reads:

—to be a Commissioner for the purpose of holding a formal investigation into the circumstances attending the loss of the semi-submersible self-propelled drill rig *Ocean Ranger* on the continental shelf of Canada on or about February 15, 1982 with the loss of all of her crew members.

The government thought that both acts could be used in order to allow the commissioner the broadest possible powers of inquiry.

Mr. Deputy Speaker: Order, please. I must call to the minister's attention that the rules of the House permit only the tabling of documents. He is not permitted to make a statement under this Standing Order.

Mr. Waddell: He could, on motions.

Mr. Deputy Speaker: If the House wishes to revert to motions, the minister may make a statement on motions. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

GOVERNMENT ORDERS

[*English*]

AN ACT TO AMEND THE STATUTE LAW RELATING TO CERTAIN TAXES AND TO PROVIDE OTHER AUTHORITY FOR THE RAISING OF FUNDS

MEASURE TO AMEND

The House resumed consideration of the motion of Mr. Bussières that Bill C-93, to amend the statute law relating to certain taxes and to provide other authority for the raising of funds, be read the second time and referred to the Committee of the Whole.

Mr. Jack Shields (Athabasca): Mr. Speaker, I have a number of replies to make to the hon. member for Vancouver-Kingsway (Mr. Waddell) who preceded me in this debate. My replies are to his seemingly not too well thought out comments. I think that the episode which just occurred showed that my hon. friend from Vancouver-Kingsway is all show and has very little substance.

Today we witnessed all the Liberal members of the House walking in with red carnations in their lapels. This was the celebration of the second anniversary of the Liberals' coming to power and running Canada and the Canadian economy.

Mr. Wilson: Into the ground.

• (2010)

Mr. Shields: On December 13, Mr. Speaker, the Liberals and the NDP joined together to defeat the Conservative government. I would like to read into the record the motion which was amended and supported fully by the NDP, just to remind people across Canada what the NDP did by throwing out the Conservative Party.

Mr. Deans: We did the country a service.

Mr. Shields: The motion reads:

—this House condemns the Government for its budget which will place an unfair and unnecessary burden of higher gasoline prices, higher fuel oil prices, and higher taxes on middle and lower-income Canadians, and this House unreservedly condemns the government for its outright betrayal of its election promises to lower interest rates, to cut taxes, and to stimulate the growth of the Canadian economy, without a mandate from the Canadian people for such a reversal.

Mr. Deans: Why not move it again? We will support it, it is equally applicable.

Mr. Shields: Mr. Speaker, my hon. friend from the NDP says to move it again and they will support us.

Mr. Deans: The two of you make a great pair.

Mr. Shields: If I may refresh his memory, it was just last Friday that our House leader approached the NDP House leader with a motion of non-confidence and asked for their full support so that we could attempt to defeat this government. What happened? We in the House know as well as he knows that it was the NDP who went shuffling off to the Liberals and said: "Be careful, they are trying to defeat the government." He knows full well we had an opportunity to defeat the government last Friday with NDP support, but where were they?

Mr. Wilson: They could not face the vote.

Mr. Shields: They looked at the polls, Mr. Speaker, and their pollsters told them, "Do not have an election now because the NDP is down the tube." That is what he found out, so let us hear him scream now. That is exactly what happened, and he knows it. We wanted the NDP's support last Friday and where were they? They could not make it. Their excuse was that the official opposition were going to use that day and take away their rights, because they wanted to debate the Crow rates. I would like to remind the hon. member that the Crow rate and the attack on it would have gone down the tube with the government, but they did not have the guts to put principle before expediency. Political expediency, that is what happened with the New Democratic Party.

Mr. Waddell: How about speaking on energy, Jack?

Mr. Shields: All show and no substance, Mr. Speaker. Let us look at the motion and see where we are on the "unfair and unnecessary burden of high gasoline prices". The price of gasoline has increased by 75 cents. That is what this Liberal government did with the help of the NDP, this party of principle. Higher fuel oil prices is what we have today. Unemployment at an all-time record high is what we have today. All this because the NDP, the party of principle, supported the government in a mealy-mouthed way because they thought they could gain seats. They are a party of principle only if they can gain seats.

Now, Mr. Speaker, I want to speak about the budget as it relates to the borrowing bill. The money borrowed to run the government affects every area of our economy. It is spent in every department. Let us look at what happens. In 1980 our economy experienced zero growth, the worst performance in 26 years. Productivity fell by 1½ per cent and housing starts fell to their lowest level in 13 years. While the first half of 1981 saw reasonably healthy economic growth, the economy is now in severe recession. Severe recession? It is moving toward a depression of unparalleled proportions, something we in this country have never seen before. What has the government continually been told, Mr. Speaker? In October, Statistics Canada warned as follows:

Signs that a slowdown in economic activity will extend over the second half of 1981 proliferated in July as the Canadian composite leading indicator fell for the second consecutive month, and the weakness that characterized several components in June broadened and intensified in July.

Six days before the Minister of Finance (Mr. MacEachen) brought in his budget, Mr. Speaker, Statistics Canada said this on November 6, 1981:

—market slowdown in activity could develop into a recession during the coming months. The sharp decline in indicators of economic activity has already led firms to cut production, and lay-offs have become widespread.

Again on December 7, 1981, Statistics Canada said this:

The third quarter downturn of real GNP will not be reversed in the near future. The index and its components indicate that the negative forces accumulating in the economy continued to spread and intensify. The outlook for all major components of final demand remains dim.

That was when the Minister of Finance was contemplating changes in his anti-growth budget, a budget which was stifling initiative in Canada. Statistics Canada was saying, in other words, that unemployment is going to get worse; bankruptcies are going to become commonplace; farmers are not going to get the prices they need for their commodities and will go under; small businessmen are going to suffer and go out of business; the young people coming out of our universities and technical colleges have absolutely nothing to look forward to in the form of jobs because there are none. All this because of the budget and the national energy policy proposed and implemented by the government. This is what they said as recently as last month:

—the marked slowdown in the economy currently under way will not likely be reversed for the first quarter of 1982.

In other words, there is not a hope unless the government does something by the end of March, 1982. It goes on:

The filtered composite index fell 2.6% in October, one of the largest declines since the 1975 recession. The downturn was generalized among all the components, including those, . . . which have the longest leads in signaling a turning point. . . . the weakness in the manufacturing sector broadened in reaction to the slackening of final demand. . . . the speed of descent will not be substantially attenuated before the end of this quarter.

There is not a great deal of hope that it will be stopped then. Well, I can go on and on. Certainly we know what they have done. They are ruining our economy, a system where men and women could look around and say: "I can do." We in Canada were blessed by God Almighty with an abundance of resources. We have an abundance of fresh water, an abundance of people who have the foresight and drive to go out and do something, to say "I am going to do it." But we have not been blessed with a type of government which recognizes that in the Canadian people. Over the past 14 years, we have not been blessed with a kind of government which recognizes the freedom of the individual, allowing that individual to proceed on his own, allowing him to take the risks, allowing him to work and save, and thereby contribute to the growth of the country. Instead, we have had a government which has very systematically stated, "We will intervene in the economy. We will control the economy. We will do it in such a way." The government then starts using phrases such as, "It is for the people of Canada." Well, are the risk-takers not the people of Canada? Are those who want to go out and build something with their own two hands not the people of Canada? No, no.

● (2020)

It reminds me of the story, which I am sure all hon. members of the House have heard, about the little red hen baking the bread. Finally, after all the interventions and all the government interference, it sits on the fence and crows away. Everyone wonders, why does this little hen not bake any bread now? No one is baking bread. Why? That is what is happening.

Taxation

Today I received a phone call from a gentleman in Grand Centre. Many hon. members may not know where that is. It is in northeastern Alberta, right in the heart of the Imperial Oil project; the Imperial Oil project that was, that hopefully will be, but which is indeed stalled because of a national energy policy brought in by this government. This man listed off small businesses which have gone down the tube and are going down. J & J Drive-In Restaurant was started by two brothers who decided that they would pool their money and work long hours frying hamburgers and French fries to sell to the public. However, they were going to build something for themselves and their children. What are they doing now?

Mr. Waddell: They have a health food restaurant!

Mr. Shields: They have boarded it up. They have shut it down. Oh, the hon. member for Vancouver-Kingsway (Mr. Waddell) interjected. I do not know what he said, but he is all wind and no substance anyway, so it is really not important.

Mr. Waddell: I came back to hear you, Jack!

Mr. Shields: Yes, I am sure I pegged the hon. member by saying he is all wind and no substance. He makes the most idiotic statements in the House about his party never having a part to play with the Liberal government, and by propping up that socialist government which goes under the guise of Liberalism.

Mr. Waddell: Hurt a guy! That hurt!

An hon. Member: Oh, oh!

Mr. Shields: The NDP come in and talk about Canadian ownership. I would like to refer back to the energy policy for a moment. It is very clear that Canadians right across the country, from coast to coast, would like to see more Canadian ownership. That is very clear. I do not think that there is a man or a woman across the country who would not agree that a vital industry like the oil industry should be owned by Canadians or that we should encourage every Canadian to go out and get a piece of that action. However, we are not talking about Canadian ownership, ownership by individuals, when we are talking about nationalization. Clearly, the national energy policy was a clear grab and a move on an industry which was healthy, and it was, in effect, nationalizing. The government was saying, "We are going to go in. We will take it over. We will control it." Can one imagine the complexity of developing the Beaufort Sea, the complexity of building islands where there are no islands, and drilling for oil where, hopefully, oil and gas would be found? Can one imagine the bureaucrats and politicians in the Department of Energy, Mines and Resources sitting here and trying to direct that activity from Ottawa? It is absolutely ludicrous to think that any hon. member in the House would subscribe to the idea that the bureaucrats sitting in Ottawa can direct these most complicated, clearly innovative developments which are going on in the Beaufort Sea, in the offshore, or indeed the tertiary recovery, the megaprojects in northeastern Alberta or the coal deposits in Alberta and British Columbia.

The more that the government bureaucrats become involved in the day to day operation of these enterprises, the further they go down the tube. However, what do we hear from the New Democratic Party? Hon. members in that party say, "We want more intervention. We do not want you people out there who have the initiative, the drive and the desire to do something or to do anything because big government will do it in the name of the people."

I want to tell Your Honour that I am sure that we would consistently hear the same kind of rhetoric as we hear from the NDP if we were in Poland, Czechoslovakia, Russia or Cuba, because that is the ultimate result of a government, which is hell-bent on an election, going in and taking over what is going on in the country.

Mr. Waddell: Next, Alberta!

Mr. Shields: My NDP friend down there said, "Next, Alberta."

Mr. Riis: How many Tory provinces are there?

Mr. Shields: I think the New Democratic Party should pick up the papers and do a little bit of reading.

Mr. Waddell: Hey, Jack, they are the enemy!

Mr. Shields: Then maybe they would understand a little bit more about Alberta and they would understand that a clear message was being sent to the government, which they support, this government that they are in bed with, this government which is touting Ed Schreyer, the good old NDP premier—

Some hon. Members: Order, order!

Mr. Shields: —to be the next leader of this party.

Mr. Riis: We are not the government; it is those guys over there!

Mr. Shields: The NDP is supporting the government. They say they are not the government. They are the government, as clearly as the government that sits across there, because when the chips are down, the NDP is there to do the pairing. We will see tomorrow night, when the time comes for a vote of confidence in this House, how many of the NDP will conveniently not be in their seats. We will see how many of the NDP will be conveniently out of the House or somewhere else in Canada, and not here voting to destroy the present government.

Some hon. Members: Oh, oh!

Mr. Shields: We will see, because there will be lots of pairing going on. I guarantee that no hon. member from the Conservative Party will be pairing with hon. members opposite. So put your money where your mouth is, boys. Through Your Honour, I would suggest that my hon. friends in the little red rump down there show up tomorrow night for the motion which will be before the House. We will see.

The hon. member for Vancouver-Kingsway was speaking about the national energy policy and how the government should take over more and should become more involved, and that this government was not going far enough, and so on. I have in my hand a letter from the Chamber of Commerce at Fort St. John. The hon. member for Vancouver-Kingsway may not know where Fort St. John is located. Fort St. John is in northern British Columbia. I do not know if the hon. member has ever taken the trouble to go up and see the pioneering kind of spirit which arises in that community. However, this letter is from the Chamber of Commerce at Fort St. John. Maybe my hon. friend, the hon. member for Vancouver-Kingsway, could answer this letter, which states:

Dear Sir:

Northeastern British Columbia is, and apparently will be, one of the areas of Canada hardest hit by the national energy policy.

Since the announcement of this policy last fall, the Fort St. John & District Chamber of Commerce has viewed with concern the decline in drilling activity in this region—

Mr. Waddell: That's what I said in my speech, Jack!

Mr. Shields: It continues:

—and the announced reduction of exploration plans over the next few years.

As the representatives of the business community in this area which up until last fall probably had the most buoyant economy of any place in the nation, we feel that we must bring to the attention of the elected representatives of the entire nation our concern.

Oh, listen to the hon. members squeaking now. Do not squeak, my hon. friends. I would suggest they do not squeak. Why do they not leave the protection of Ottawa? Why not get on a plane, go to Fort St. John and talk to the members of the Chamber of Commerce, those in the community, the rig workers who are today on welfare because of the absolute stupidity of this government?

● (2030)

The NDP supports this government right down the line. I continue the quote:

Our corner may be a small one in relationship to Canada as a whole but our needs and wellbeing are the needs and wellbeing of Canadians.

It is signed by Ivan G. Strome, President. Maybe the hon. member would like to read that. I would be happy to pass it over to him. I would like him to go there and talk to those people.

Mr. Riis: Who signed it?

Mr. Shields: One of the members asks me whose side I am on. I am on the side of the ordinary Canadian.

Mr. Riis: I asked who signed the agreement?

Mr. Shields: The members of the NDP know about signing any form of an agreement with a government hell-bent on an election and taking over and controlling the oil industry. The more we delayed, the more they delayed in Alberta, the more the premier would delay, the worse it would get for every industry in this country. We were pushing this country into a recession. The premier of Alberta, although not satisfied with

the type of agreement, did eventually sign. He looked at Canada and realized that we had to get the economic wheels going again. It is my view that he was willing to sacrifice something to get that to happen. However, it did not happen and is not happening. We have unlimited numbers of small businesses in the oil patch, and the western basin going out of business.

The members of the NDP alluded to the separatist vote. We even had one member cross the floor before this evening's session suggesting that we were not doing our job in Alberta because in a provincial byelection we allowed a separatist to be elected. I say to those across the way that we are trying to do our job. However, we cannot do our job and fight Liberals and stupid Liberal policies at the same time.

That is a clear warning. I know some of those people who voted. They would have voted for the Western Canada Concept, not because they do not love their country and not because they do not see the blessings this country has from God Almighty who looked down upon our country, blessed us with resources and gave us people with initiative. These are the people who dirtied their hands. They broke the soil and built something with their own hands so that when they leave this world, they will have something to pass on to their children.

This government with its energy policy and budget is stifling that kind of initiative. It sickens me to sit here and listen to the tripe that we get day by day from the government benches about what they are going to do, how they are going to make the economy go again, how they are going to stimulate the economy and create jobs. My God, all you have to do is to leave people alone, get out of their daily lives, and allow them to do the work they want to do.

I talk daily to men who want to accomplish something. They are willing to work 14, 16, 18 hours a day in order to build something. They are being stifled by the government. How in God's name can someone start a business today with interest rates on borrowed money running around 20 per cent? That is the rate on a normal bank loan. How in God's name can anyone get a Small Business Development Bond? They are only available for businesses in dire straits. Imagine a direct government policy not to help healthy small businesses develop through the Small Business Development Bond. We are not going to help a small enterprise grow and create jobs through this bond. Only those in dire straits, those going belly-up are going to be helped. My goodness, it defies logic.

Today, the second anniversary of their election, the Liberal members walked into this chamber wearing red carnations. Believe me, I would have been happy to wear a red carnation today had this government brought in policies recognizing the need to encourage development of the individual so that by his sweat, tears and dirty hands he can build a business which he can pass on to his children.

I would have been happy to wear a red carnation had I not read in the paper today that housing starts are at an all-time low and, for the first time in Canada in 25 years, people are having to double up. Young people getting married today cannot look to the future in the same way as those who married ten or 15 years ago. They knew that if they worked hard some day they could own their own homes. What is happening now? These young married couples must now live at home with mother and father, they must live with their in-laws. That is no kind of future for our children.

I would have been glad to wear a red carnation today if the unemployment rate were at a tolerable level. We talk about the unemployment rate reaching 9 per cent. There are over a million people unemployed in Canada. There is no need for that with our abundance of resources. We have the technology, understanding and desire to get this country moving.

I would have worn a red carnation today had this government shown that it is willing to cut back on the expenditures it is making daily. The spending of the government is out of hand. It prints money like it is going out of style. The government is growing.

Every time the government makes an announcement, it costs the people of Canada another half a million dollars. What is that with a deficit of $17 billion? A billion dollars staggers me. I have no way of comprehending what it is. All I know is that the people of Canada are carrying this burden on their backs. They are frightened.

People right across this country from British Columbia to Newfoundland are frightened about the erosion in their standard of living, their opportunity to make a living, the future for themselves and their children. Can you imagine that in our Canada which is blessed with an abundance of resources? Our Canada has the kind of people who want to accomplish something.

There is no reason for the situation we are in today. We do not have to track U.S. interest rates. We do not have to confiscate through the national energy policy in the name of so-called Canadianization. All we have to do is to encourage Canadians to go out and buy, work and take over some of the oil industry that is here. Will that Canadianize it? That is not Canadianizing. It is not one man taking steps to become an owner.

• (2040)

It is my hope that my remarks tonight will cause some members to think. I hope it will help some members to talk to their constituents and help encourage members to visit an unemployment insurance office to ask those people who are unemployed the most resounding question which is most often asked—why? They are not blaming anyone; they are just asking why this is happening in Canada, a country with the great wealth and population we have. How can the government allow this to happen? The answer is there, Mr. Speaker, if we are willing to take the time to find it.

I would suggest to the Liberal government that if it allowed members of the House, for even half a day, to participate equally with them in drafting a policy to attack the economy, they would be astounded at the results. I do not believe for one moment that all the talent in the House is in the Conservative ranks. I am sure the New Democratic Party believes that all the talent is in its corner. They do have some talent, and there

is considerable talent on the Liberal side. There is all this talent sitting in the House of Commons while the government is being run by a close-knit, select few.

I have participated in committees and I have tried to have some input on the national energy policy when the bill was in committee. I do not have to tell you, Mr. Speaker, because you have been here longer than I, that it is useless. One sits in those committees, which are mainly composed of government members and, in most cases, are chaired by a government member. It is a process whereby if there is any possibility that they might lose a vote in committee, the government members leave the room in order to destroy the quorum so that a vote cannot be taken. Opposition members who go into committee try their best to have the government at least attempt to change legislation and alleviate the impact it might have on people. However, it is an exercise in futility.

During the two years that I have been here, the only committee which I have seen make any progress was the constitutional committee. It was held in the open, in front of television cameras for all Canadians to see. Canadians could see positive suggestions being made and who was making them. It did not matter who was making these suggestions because we were working as a group. This would never have been accomplished had we not fillibustered in the House. What a waste!

I would like to give my opinion on an issue which I feel is very urgent. It is the byelection in Olds-Didsbury in southern Alberta where a member of the Western Canada Concept was elected. To my knowledge, it is the first time that an avowed separatist candidate will be sitting in the Alberta legislature. This alarms me. I am alarmed that people whom I know, including some of my relatives, who live in the Olds-Didsbury area may have voted for the Western Canada Concept. In other words, they are saying that there is no use. They have tried, they have signalled Ottawa time and again that it is not allowing them to do what they want. But the bureaucrats and politicians in Ottawa do not understand what is happening in Alberta, and indeed in western Canada.

I will not get into the argument of whether they have been treated poorly in the past. I will not get into the argument of whether the westerner is being treated badly. All that I am saying is that there is a very clear perception in southern Alberta that, according to the government here in Ottawa, Canada is made up of Quebec and Ontario. When one sees the VIA Rail cuts and the attack on the Crow rate, there is no other conclusion to which they can come.

I believe that we must revise the Senate in order to provide the representation which this country deserves before it is too late. The Senate should be reformed to allow perhaps ten elected senators from each province so that our upper chamber will have an input into our government. We must put a ceiling on the number of members who will come into the House of Commons. We must make provisions which would allow members of the House of Commons to participate more actively in government policy making. As the situation exists now, I am here to represent my constituency of Athabasca, but my job in sitting in the opposition is to oppose everything the government introduces. I am sure if I had some input into the drafting of government legislation—even just to give ideas—we could all work much better and provide a more positive view of Canada and its economic direction.

It is my plea to all members of the House that there is talent on all sides of the House and we must all sit down together to attack the most threatening problem facing Canada today, namely, the state of emergency of our economy, before riots break out in the streets and our country destroys itself.

Mr. Waddell: Mr. Speaker, may I put a question to the member who just spoke, if I have the unanimous consent of the House?

Mr. Deputy Speaker: In view of the fact that the hon. member's time has expired, it would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Waddell: I thank members of the House and you, Mr. Speaker. I want to ask the hon. member whether he subscribes to the argument that the problem in northeastern British Columbia with respect to gas exploration is that the pre-build of the Alaska Highway Pipeline will now take Alberta gas and destroy those traditional B.C. markets, which would therefore make it pointless to go ahead and increase the drilling in the area which the hon. member spoke about?

Also would he agree, that the real problem is tied into the pre-build of the pipeline and not entirely with the National Energy Program?

Mr. Shields: Mr. Speaker, I am glad to see that the hon. member, by his question, is going on record as supporting the National Energy Program.

Mr. Waddell: That is not what I said.

Mr. Shields: It confirms what I said earlier in my remarks that he is propping up the Liberal Party. There is a coalition; that has now been established.

• (2050)

If the hon. member's allegations were correct, I suggest to him there would be considerable activity in Grande Prairie and in northwestern Alberta generally. There would be considerable activity to develop the Elmsworth natural gas fields. However, as a result of the national energy policy there is virtually no activity in the Elmsworth field. It is absolutely zip. There is no exploration going on to develop the field or to see how large the field is. There are rig workers in Grande Prairie today who are on welfare rolls because they have run out of unemployment insurance benefits. These are healthy and strong individuals who cannot go to the United States to work on the rigs there. Some are on unemployment insurance, and after that they have to go on to the welfare rolls. This is causing untold hardships for those people. Less than two years ago, those men strutted down the street saying, "We are part

of a great oil industry in this country." These people are now on welfare, and there are untold hardships for their families and children.

Mr. Cooper: Any more questions?

Mr. Shields: I hope that has answered the hon. member's question.

Mr. Orlikow: I didn't hear the question.

Mr. Shields: It was stupid to imply that the pre-build of the pipeline is causing the delay in northwestern Alberta and the Peace River block because, for the information of the hon. member, the Great Peace River country takes in Dawson Creek and Fort St. John. It is called the Peace River block. Activity has been reduced in the Peace River block, not because of the pre-build but because of the national energy policy.

Mr. Anguish: Mr. Speaker, I rise on a point of order to set the records straight. In his speech, the previous speaker mentioned the process of pairing which, if I understand the definition of pairing in the political sense, means that when a member of the government is away, a member of another party conveniently is away also. That is an agreement which is made between different parties in the House of Commons from time to time.

Mr. Deputy Speaker: Would the hon. member please state his point of order.

Mr. Anguish: My point of order is to set the records straight. My party does not participate in any kind of pairing with any other political party.

Mr. Deputy Speaker: The hon. member is not making a point of order.

Mr. Shields: Mr. Speaker, my point of order is that we will see tomorrow whether they are pairing.

Mr. Deputy Speaker: The hon. member is not making a point of order.

Mr. Roy MacLaren (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, during our debate about the borrowing authority bill now before us, we have heard so much about the energy policies of the government that I decided to say a word about the three aspects of that policy which other members have already taken as their theme today. I speak of energy security or self-sufficiency; second, Canadianization; and third, the policy of fairness which is embodied in the National Energy Program.

Canadians are today self-sufficient in all forms of energy but one. We are self-sufficient in coal, in hydroelectricity, in uranium and in natural gas as well as various renewable forms of energy. The one energy source where Canadians do not enjoy self-sufficiency for the time being is, of course, oil. During the past year, 79.5 per cent of our oil needs were provided from within Canada. During the course of this year, it is estimated that 81 per cent of our oil needs will be met from domestic sources.

The policy of the government with regard to energy security and oil self-sufficiency has two major elements. One is our conservation and substitution program, and the other is supply. With regard to conservation it is, for example, intended that we shall reduce our industrial oil consumption in Canada in the non-transport sectors to 10 per cent of their total energy needs by 1990. I am glad to see that Canadian industry has demonstrated during recent years, and especially during the course of last year, substantial progress toward that goal. The goal of self-sufficiency in oil by 1990, which is some 19 percentage points away from us today, can also be achieved through such conservation measures as the home insulation program, which is now running at some $265 million annually. The total amount disbursed under that program has approached some half a billion dollars. The benefits in terms of reduction in domestic oil consumption are evident everywhere. The manifold benefits are also apparent in the macroeconomic picture in terms of reducing our total consumption of oil in Canada. Equally successful has been the industrial conservation program, a program of co-operation between the private and public sectors—

Mr. Wilson: Quite apparent in Alsands and Cold Lake.

Mr. MacLaren: —in terms of identifying additional methods to reduce the consumption of oil in the manufacturing and service industries. It is evident to anyone who looks at that program that it represents another promising form of co-operation between the government and the private sector and one which holds substantial promise for further reductions in oil consumption.

A third conservation area which I might touch on is that of transport. Under the energy security legislation which will be before the House in a matter of days new automobile consumption standards will be set. They will, over a period of time, accentuate the trend already evident, of reduced consumption of gasoline by automobiles.

Those conservation measures are matched by a range of substitution programs which have also had a significant impact of reducing our demand for oil. COSP, the Canadian Oil Substitution Program, offers grants of up to $800 per household. Within the six months since that program was introduced $50 million has been paid to home owners to convert from scarce oil to more plentiful natural gas, electricity or various renewable forms of energy, depending on which region the recipients live.

The off oil utility program provides assistance to the provinces to devise methods to replace costly oil generation of electricity, particularly in eastern Canada.

Further, gas pipeline extensions are now on their way to ensure that a more plentiful form of hydrocarbon energy is available right across our country. The National Energy Program provides incentives for the substitution of oil with natural gas. There is an incentive price. The cost of natural gas is to be

held at two thirds of the domestic price of oil. In addition, the Alberta government has undertaken to offer gas market development incentive payments, which will help to ensure that natural gas in eastern Canada continues to replace oil.

Programs for propane development and for compressed natural gas for use in the automotive industry and especially in fleet operations are already proving to be a substantial success. I do not doubt that we shall see those two fuels used increasingly in transport.

● (2100)

The new Crown corporation Canertech, based in Winnipeg, which was established as part of the National Energy Program, is already active in working with private sector companies in viable research and development projects in the field of renewable energy. Partly as a result of Canertech, all Canadians will have access to various renewable forms of energy as well as more conventional forms.

These and other programs of conservation and substitution have meant that, in contrast to the annual increases in oil consumption during the 1970s, demand for refined petroleum products was reduced in Canada in 1981 by some 4.5 per cent. It is estimated that during 1982, the demand for refined petroleum products will be reduced by another 3.5 per cent. These figures represent significant progress in terms of ensuring our energy security and oil sufficiency by 1990.

On the supply side of the equation, the government has achieved what the previous government was unable to do; that is, it signed agreements with the principal producing province, Alberta, some six months ago, and shortly thereafter with the other producing provinces, British Columbia and Saskatchewan. Those agreements put in place a framework which will help to provide a dependable supply of petroleum products in the years ahead. When matched with the conservation and substitution programs that I have already outlined, they will help to ensure self-sufficiency by 1990.

The new oil reference price which is available for all oil coming into production from the introduction of the National Energy Program will be approximately at world level. That will help to ensure that there is a price incentive for Canadian oil companies, and indeed for all oil companies, to search out new sources of oil. In addition, if they are active in the Canada lands, petroleum incentive grants of the federal government, replacing the former depreciation allowances, will also encourage more exploration. This is all happening, Mr. Speaker, and it is evident that the petroleum incentive program, which is part of the forthcoming energy security bill that I have mentioned, will—

Mr. Andre: When?

Mr. MacLaren: I said a few moments ago that it will be within the next few days. This will ensure that exploration in the frontier regions, the most promising regions of Canada, will go forward at an accelerated pace.

Within the Province of Alberta, the Alberta government will provide petroleum incentive grants identical to those offered by the federal government on the Canada lands.

Reference has been made to the Alsands project which is under active discussion at the moment. I am optimistic about the outcome of the discussions with regard to invitations to others to participate in this massive project which I am confident will be undertaken.

Discussions have been pursued with the governments of Newfoundland and Nova Scotia in an effort to ensure that there will be no hindrance to the development of the promising areas offshore. In that regard, I should like to quote from the letter of the Prime Minister (Mr. Trudeau) to the Premier of Newfoundland on February 12 in which he said:

> I am sure that you share my hope that we shall arrive this month at a settlement which will reflect the interests and responsibilities of both governments. More than that, it must respond to the pressing energy security and economic development needs of Newfoundlanders and all Canadians.
>
> I am confident that, even with the short time remaining, we can build the framework for co-operation which will ensure the best possible development of our rich offshore oil and gas resources.

That brief quotation sums up the attitude of the federal government to the question of offshore jurisdiction and development. It has been our position that the important thing is to get a regime in place now which is satisfactory to both provincial and federal governments and which would allow early development of those promising new areas of oil exploration.

With regard to the conventional oil lands in western Canada, it has been evident for some time that our current exports of natural gas are well below the amount approved by the National Energy Board. At the present time, less than 60 per cent of the contracts approved by the National Energy Board provide gas to the United States market. In fact, for the past two years or more, the United States market for Canadian natural gas has been soft, and Canadian producers have been unable to find new markets there in competition with domestic suppliers. That situation was evident well before the introduction of the National Energy Program. Indeed, hon. members will recall that before the program was announced in October 1980, the Canadian Association of Oilwell Drilling Contractors had already indicated there was an oversupply in the industry and that the number of drills built was in excess of contemplated needs. In fact, despite that oversupply in the face of the large surplus of natural gas, the number of wells completed in 1981 was less than 1980, but only slightly below the number in 1979.

Mr. Wilson: What about 1974?

Mr. MacLaren: The number was higher than in any other previous year. Today, drilling has again increased in the conventional lands, including Alberta. The level is about 76 per cent of that of a year ago and 80 per cent of the level achieved in 1980.

Mr. Andre: It is what?

Mr. MacLaren: In the past year, a number of Canadian companies that were facing gas surpluses in this country were attracted to the United States in the hope of achieving success in that market. They were encouraged by the rate of success in exploratory wells there and by world level prices. Many of those companies are now returning to Canada, having experienced high interest rates, poor economic conditions and disappointing drilling results. The situation, in short, is rather different today. An extensive report in *The Calgary Herald* a few days ago noted that many of the companies that had plunged into the United States have begun to return to Canada.

The Canadianization element of the National Energy Program has been discussed today. This element, as any public opinion poll will indicate, has the broad support of the Canadian people. I should like to spend a moment noting the progress that has been made in this area.

Since the National Energy Program was announced in October, 1980, ten Canadian companies have acquired foreign companies worth more than $100 million each. In total, more than $6 billion has been spent in acquiring previously foreign held oil and gas assets. The vast majority of those deals, contrary to what some people have alleged, were private sector deals. They were not government deals, not nationalization but Canadianization. Of course, there were two exceptions—the Petro-Canada acquisition of Petrofina and the 25 per cent share in Suncor acquired by the Ontario government. All the acquisitions since the announcement of the National Energy Program have contributed to increasing Canadian ownership of upstream production revenues by about 6.3 percentage points. According to Petroleum Monitoring Agency data, to which several references have been made today, the level of foreign ownership of production revenues was 72 per cent in 1980. As of the middle of last month, this figure declined to 65.7 per cent. Those statistics indicate the degree to which there has been a marked change of ownership in the petroleum industry within the last 18 months. I am quite confident that we shall achieve our goal of 50 per cent Canadian ownership of the petroleum industry by 1990.

• (2110)

In discussing the success of the Canadianization program, and against the background of allegations that somehow the program was engaged in nationalization as distinct from Canadianization, or was a government take-over as distinct from a private sector venture, I want to note that not only have there been both private and public sector ventures, but the government recently concluded an agreement with co-operatives in Canada to form new oil and gas ventures. The Co-operative Energy Corporation and the Co-operative Energy Development Corporation provide the opportunity for literally millions of Canadians to participate in their own oil industry. This opportunity has been limited to more restricted numbers of Canadians in the past. For the first time, partly through the vehicle of the new Co-operative Energy Corporation, many more Canadians will have the opportunity to participate in an enterprise which has been closed to them in the past.

Additional to the acquisition route and the new venture route upon which I have briefly touched, there is another way in which Canadianization in the petroleum industry is going forward, that is, farm-ins by Canadian companies with foreign-controlled corporations. We have seen a number of such farm-in arrangements in recent months. I refer the House to the Alberta Energy Corporation, the state enterprise of Alberta, which arranged a farm-in of Gulf Canada lands in western Canada. More recently, both Imperial Oil and Texaco have not only agreed upon farm-ins with various Canadian companies but have repeatedly indicated their interest in additional farm-ins, so as to qualify for the higher incentive grant.

We have had some discussion during this debate about the borrowing authority as to energy prices and fairness. It is our contention that, in the first instance, fairness was introduced in the National Energy Program by the grants which are available to all Canadians to participate in conservation. This route was not open before to those who did not have the resources to make necessary changes to their dwellings or in some cases to their vehicles. Now they have the opportunity to gain the benefits of conservation.

Beyond that example of fairness is, of course, the price agreement reached with the government of Alberta under which the refinery cost of crude oil at Toronto in 1984 will be $52 per barrel. Under the budget of the previous government, the price would have been about $58 per barrel, even under a moderate international price increase projection.

Mr. Wilson: Mr. Speaker, I rise on a point of order. Would the hon. member table the background information upon which he made that calculation?

Mr. MacLaren: Mr. Speaker, I should be pleased to provide the hon. member with the information. Under the Alberta-Canada agreement, the gasoline price in Toronto in 1984 will be in the range of 62 cents to 66 cents per litre. Under the Conservative budget, it would have been in the range of 73 cents to 86 cents, an average of 25 per cent higher. Equally, heating oil prices in Toronto in 1984 will be in the range of 43 cents to 46 cents per litre. Under the previous government's budget, the price would have been in the range of 48 cents to 58 cents, some 19 per cent higher.

Not only are there those considerations of fairness so that all Canadians share in their petroleum industry, and have the opportunity to conserve petroleum and to substitute it with more plentiful forms of energy, but there is also the sharing of the revenue flowing from the petroleum industry. In recent years we have seen the situation where some 45 per cent of the total revenue of the industry went to provincial governments, some 45 per cent to the industry, and 10 per cent to the federal government. Under the Alberta-Canada Energy Agreement and those subsequently reached with British Columbia and Saskatchewan, the situation is markedly different. For example, some 30 per cent of the revenue will now go to the government of Alberta, some 44 per cent to the industry, and 25 per cent to the federal government. Through the new

arrangements and the federal-provincial agreements, all Canadians will have the opportunity to share more fairly and equitably in their own petroleum industry and to benefit from the revenues flowing from the most dynamic sector of our total economy. I do not doubt, with regard to the benefits for the consumer, with regard to energy self-sufficiency, and with regard to Canadianization, that the National Energy Program will go down in history as one of the great achievements of government in Canada since the Second World War.

Some hon. Members: Hear, hear!

Hon. J. Robert Howie (York-Sunbury): Mr. Speaker, I should like to congratulate you on your duties in the chair tonight. It is always pleasing to see the hon. member for Bow River (Mr. Taylor) in the chair.

Bill C-93 implements a number of commitments made to energy producing provinces, provides several technical changes in the federal excise tax system, and seeks to obtain new borrowing powers for the fiscal year 1982-83. In the first part, the government is seeking borrowing authority for $6.6 billion, and this borrowing authority is directly connected with the budget. In light of the current economic situation, I agree with the minister that a review of the budget's objectives is important to provide a background for evaluating the merits of the bill.

In the budget, the government correctly identified rapidly rising inflation as the main problem in the country. Inflation pushes up interest rates, destroys investor confidence and generally slows down economic activity. In turn, this leads to a number of problems such as rising unemployment, erosion of real income, and borrowers saddled with the burden of ever-increasing interest rates. In Canada this has been marked by a period of stagflation in which the economy has been stagnant but inflation has continued to accelerate. In dealing solely with the problems of inflation, the government has failed to come to grips also with the problem of unemployment. The government appears to have failed to realize that there are two problems facing Canada and that each of them can be addressed at the same time.

● (2120)

To do this we need policies to restore the level of confidence in our country that will encourage Canadians and non-Canadians to invest in Canada. We must create a climate in which creative and courageous men and women may take risks and realize rewards. We must ensure that the public interest shall be preserved and that both the strong and the weak shall have equal opportunities. The great need at the present time is to build a property-owning democracy where not only do conditions encourage the individual to own the home in which he dwells and the farm fields he cultivates, but in addition allow him to save sufficient income to share in the ownership of the social and industrial future of this great country.

We must embark on a national development policy that will strengthen all areas. Canadians of all groups and regions must have equal opportunities to share in the national prosperity.

This involves an investment, not a mere spending, and the distinction between those two elements is one of the basic concepts that has escaped this government and that has been brought to the attention of the government, not only by myself but by one of the speakers on my left who spoke in this debate earlier.

Canada is one of the most beautiful and blessed of nations, and Canadians have the right, the obligation, and should be given the opportunity to create the world's finest society. It is important that the Foreign Investment Review Act and the capital gains tax be re-evaluated in light of our great need to attract investment in our country. By doing so this will revive our dollar and give us the flexibility to drop interest rates to the level they should be so we can get Canada moving forward again.

To do this we have to maximize the involvement of the private sector because small Canadian business employs more Canadians than any other sector of our economy. We have also to get on with the megaprojects and use them as development tools in all parts of our country.

We have a crisis in housing caused by high interest rates. The Clark government program to permit deductions of mortgage interest and property taxes from income tax, which was opposed by the Liberal and New Democratic parties, was then and is now the right measure to stimulate home building and the building materials industries in Canada today.

If ever there was a time when all governments in the country should be moving in the same direction, it is now. At this moment, federal-provincial relations are probably at an all-time low, with the federal government avoiding cost-sharing programs and local expertise and electing to take unilateral action to dissolve the Department of Regional Economic Expansion and to do its own thing in the development of areas that suffer from regional disparity.

The budget failed to recognize the tremendous importance and the potential of research and development in this country. The high technology industries have become the winners in today's economy. Our government has failed to follow the lead of these enlightened corporations. It has not stimulated industrial research nor has it regained lost markets. It has not moved into new ones nor expanded the great export potential of our country, which is so rich in terms of its natural resources and its educated population.

The budget should have allowed a reduction in taxable income by the excess interest that people are paying who have had to renew their mortgages. It should have allowed farmers a tax credit for the interest paid for seed and fertilizer. It should have allowed the small-business man to pay interest only on his long-term borrowings for at least a year. It should have allowed normal depreciation for new purchases or even accelerated the depreciation.

With huge revenues from the oil pricing agreements starting to flow into federal coffers, we have a rare opportunity to attack our deficit position and our accumulating deficit and at the same time to invest in the development of Canada. We

have to maximize our benefits from megaprojects, develop our natural resources, such as forestry, fisheries and agriculture. We have to update our creaking transport system and modernize our ports so that we can move more readily into export markets.

Shrinking space availability on ships registered under flags of convenience calls for an urgent evaluation of the merits of a Canadian merchant marine.

Hand in hand with an industrial strategy to bring about the economic recovery of our nation go training programs to enable Canadians to avail themselves of these opportunities.

It was just 24 months ago that the Liberal Party was elected nationally on a platform that higher energy policies were unnecessary and that they could manage the economy better than the Clark government. Now, 60 to 80 cents a gallon later, people are beginning to recall that during the Clark government inflation remained stable, jobs were being created at the rate of 30,000 a month and that purchasing power of wages rose. Under the self-proclaimed economic miracle workers now in office we have seen 30-year record level of unemployment and inflation, a decline in real wages, the biggest tax burden since the war, the gutting of the passenger rail system and proposals to reduce the financial commitment of the Liberal government to equalization, health and post-secondary education.

One of the cruelest things about the current budget is that it penalizes Canadians who are trying to provide for their future and their families. It appears to penalize Canadians who adopt the noble and important concept of providing for the severely disruptive financial burden caused by unexpected dental or medical bills and incapacity due to illness.

It also penalizes the Canadian breadwinner who attempts to provide for himself and his dependants on retirement and after his demise. I am speaking again of the serious retrogressive step being taken by the government in taxing life insurance, dental and medical plans. In my opinion, this is a cruel and merciless tax grab that can cost the government more in social justice payments and unemployment insurance than it can hope to gain from these measures.

I do not often speculate about the future, but I do try to learn from the past. One of the things that I learned early on in Parliament was to read the budget papers that are filed with the budget. The Department of Finance analysis of the federal tax expenditures for individuals, which was tabled as one of the budget papers accompanying the November, 1981 budget, identified provisions of the tax system that in effect exclude certain types of income from tax, and the authors of the paper refer to these as tax expenditures because their economic effect makes them equivalent to spending programs.

In his budget speech of October 28, 1980, the minister noted that tax expenditures are expensive and it is incumbent on government to ensure that the incentives are effective and costs justified. In a prophetic statement, he went on to add that he wondered whether the economy might not be better served by a tax system with lower rates but with fewer and more selective incentives.

The paper tabled in the House describes tax expenditures as being composed of four different types. The first category includes cases where certain kinds of income are excluded. Examples are one half of capital gains, the full gain realized on the sale of principal residences, and various employment benefits, including interest free or low interest loans from employers. In this same category is included imputed rent on owner-occupied dwellings. That is right. The bureaucrats in the ivory towers of finance have identified the fact that Canadians living in the homes which they own pay no rent, and they feel that this is in fact a tax expenditure.

There are others. The second category deals with deduction tax expenditures and includes unemployment insurance contributions, tuition fees, gifts to the Crown, charitable donations, etc. Exemption tax expenditures include such things as married exemption and exemption for wholly dependent children. Tax credits tax expenditures is the final category and it includes refundable income tested child tax credits and tax credits for investment in machinery and equipment and buildings in certain sectors. I have by no means attempted to identify the very large number of tax expenditures which are discussed in the paper, but rather to attempt to identify the subject matter. Why is it important? It is important because it gives us an idea of the thinking of the senior bureaucrats in the finance department who are charged with the responsibility of making tax proposals to their minister. The November 1981 budget affected nine tax expenditures mentioned in this paper.

● (2130)

The paper admits that many of the tax expenditures serve important policy objectives and do so in an effective manner. It goes on to say that while some may wish that the budget had gone further in the direction of removing tax expenditures and lowering tax rates, it has to be recognized that any changes in tax expenditures must be part of an ongoing process of evaluation and review. It takes into account the prevailing economic circumstances and the capacity of the tax system to deal with large-scale changes. The paper admits that the existence of tax expenditures is important, but it also adds that for some purposes the tax system is a legitimate tool with which to address social and economic goals. In my opinion the ownership of one's home free of imputed rent is a worth-while social goal, and so too is the attempt of Canadians to provide for their dependants through life insurance and medical and dental plans. Tax exemptions for wives and children, tax credits to encourage industries to locate and provide jobs in areas that suffer from regional disparity and exemptions for those over 65 are all measures that are worthwhile and have grown up with our tax system.

I have no quarrel with government departments studying these tax expenditures, reviewing and evaluating them. My concern is that we have to be very much aware that many of the things we value highly and have come to take for granted are being examined by many of the people who have already

identified some of the measures and convinced their minister to propose their elimination in his recent budget. It was an aroused opposition and an aroused Canadian public that forced the Minister of Finance (Mr. MacEachen) to change his mind on some of these proposals, and we witnessed the spectacle of his public retreat. We are now witnessing a very significant delay by the minister on some of the other measures which are repugnant to a large number of Canadians.

I have recognized the philosophy reflected in the budget papers, and I believe that my colleagues in all political parties are becoming aware of it. A large number of letters from my constituents, and constituents of all Members of Parliament, have protested these changes and advocated, as I have tonight, a better way to go. I do try to learn from the past, and one of the lessons I learned long ago when I was growing up in New Brunswick, and one I think the minister should consider, is that while the wheels of justice may grind slowly, they grind exceedingly fine. Abraham Lincoln said you can't bring about private prosperity by discouraging thrift. You cannot strengthen the weak by weakening the strong. You cannot help the wage earner by pulling down the wage payer. I hope my message tonight will be seen as a constructive attempt to suggest ways in which the government, by developing our country, can create more taxpayers and thus increase our revenues, reduce our borrowing both in the short and the long term, and eliminate the serious impediment to national growth represented by its high interest rate policy. I have tried to make constructive proposals to move in the direction of attaining that goal.

I hope also that the mandarins will get the message very clearly that this member, and hopefully this Parliament, will not permit the inclusion of imputed rent in any future tax policies or erosion of the noble and important concept that Canadians should be encouraged to provide for themselves and their dependants in so far as they are able, and that the state will treat them with generosity and respect in that worth-while endeavour, and not discourage them with a retrograde tax philosophy.

Mr. Paul E. McRae (Thunder Bay-Atikokan): Mr. Speaker, I have spoken on budget bills, particularly borrowing bills, many times in the House and I do not recall, in the nearly ten years I have been here, a borrowing bill on which there were two Conservative speakers in a row who really did not condemn us very strongly for borrowing money. It strikes me as being a very strange phenomenon, and I think perhaps the reason for it is that the money the government is seeking to borrow in the next fiscal year is considerably less than the authority given for the last fiscal year. In the last fiscal year we had authority to borrow something in the order of $14 billion, and of course it must be understood that the authority does not mean you borrow that much. It looks as if we will have borrowed about $12 billion of the $14 billion. This year the authority allows for about $6.6 billion, and given the $2 billion left over, we will be borrowing something less than $9 billion. That is the anticipation. So we can see that the borrowing authority in this bill is for about $5 billion less than last year.

Now I think it is fitting that we periodically have borrowing bills in the House. Usually it is once a year, but it has been more often when the government requires supplementary borrowing. This, of course, is in contrast with the United States where Congress puts an absolute limit on the national debt and the government can borrow up to that limit. In Canada, when we have to borrow additional sums, the government has to come to Parliament for approval. I think that is a worth-while activity and gives us a chance to debate how the money is spent, the merits or demerits of deficits and their size.

I think I would like to deal with two problems which are usually raised by more conservative speakers with regard to government indebtedness, expenditures and so on. The first, of course, is that government spending is wasteful. It is throwing money away and has a negative impact on the economy. The other is that almost all inflation stems from government spending. Those are the two myths which cloud the conservative mind.

First, I would like to deal with the nature of government spending. There are basically two areas where all governments spend their money. One is on the actual operations of government itself. In Canada, this accounts for roughly one third of all federal government expenditures, going for such things as the post office, national defence, and so on. The vast majority, two thirds of government expenditures, is in the area of what would be called transfers. These are transfers to the people in the form of pensions, family allowances, welfare and so forth. These are transfers to the provinces which, in turn, transfer the money to people and also pay their own costs of operation. They are transfers in terms of paying off debts, again to people. I think we should clearly understand the difference between those kinds of expenditures because it is the first expenditure, the cost of operating the government, that actually takes away from the economy of the country. It is the expenditure which takes goods and services out of the economy which could be used, otherwise.

● (2140)

The second category, the transfers, are moneys which are taken from one pocket and put into another pocket, with no net loss in between. The net costs are the costs of providing the service, and that is included in the first category. I think it is good that we understand this and that we look at these two kinds of expenditures.

I would first like to look at the transfer side, because it is a side which provides two thirds of the expenditures of the federal government.

I would particularly like to deal with one very current aspect, and that is the aspect of the transfers to the provinces and, in turn, to the municipalities. This is an area I think we should really consider. The transfers to the provinces in the year 1981-82 will amount to a little over $13 billion. Also, the transfer of tax points, which was done in the last few years, adds up to something a little over $18 billion. That is, almost

one third of all the money that the federal government spends goes to the provinces. We should look at the nature of this transfer and the growth of the transfers themselves.

In 1959, the Government of Canada transferred $0.6 billion, or roughly $600 million, to the provinces. The figure which appears in the chart that I have, although it has gone up considerably since then, shows that it rose to $11.8 billion in 1979, which amounted to a 2,000 per cent increase, or 20 times as much. There are all kinds of factors there; but the fact is that the amount of money which was transferred from the federal government to the provinces in that period of time increased by 20 times. If one compares the growth of federal revenues with that of provincial revenues in that period of time, one finds that federal revenues rose from $5.8 billion to $43.5 billion, or an increase by seven and a half times. The transfers from the federal government to the provinces tripled, or grew three times as fast as the revenue of the federal government. Therefore, we see a significant shift from the federal government to the provinces. That is very significant when we talk about federal deficits and about the way we organize things in this country.

When the Minister of Finance (Mr. MacEachen) speaks of his concern about the degree of this transfer, of his concern about the amount of money which is going from federal coffers to the provinces, and when he says we must keep this under some control, he is referring to the fact that those transfers have increased at almost three times the rate of the revenue in the federal government.

Let us look at the revenues of the federal government itself and of the provincial governments when we are dealing in terms of these transfers. In 1959, the Government of Canada had received approximately 52 per cent of all revenues in this country. The provinces and the municipalities received 48 per cent, which was very close to half and half. Half the money went to the federal government and half went to the provinces. It was very close.

Let us look at it in 1979, again which reveals the situation. By 1959, the amount of all government revenues had declined from 52 per cent to 33 per cent. It went from one half to one third of all revenues going to governments in this country. The provincial and municipal revenues rose from 48 per cent, again roughly half, to 67 per cent or two thirds. Therefore, we see this tremendous shift. From a point where federal and provincial revenues were almost 50-50, it went to the point where the revenues to the federal government amounted to roughly one third of all government revenues, and the provincial revenues amounted to two thirds.

I am not decrying this situation. There is a lot of logic to it. One of the very substantial reasons that provincial government revenues increased over this period was that we expanded our educational institutions considerably. In the latter part of the period, we expanded our medical and hospital facilities even more. These were two of the very large pieces in the extension of revenue.

It is extremely important that the revenue situation be understood by those who claim the federal government is destroying this country because it is taking so much out. In the beginning, I said that I wanted to speak about the two major classifications of expenditures of the federal government, the one being the expenditures on goods and services, or operations of government itself, and the other being the transfer to people in provinces and so on. I dealt with the second one.

I would like to deal with the first one for just a moment because it is important that we take a look at how extensive this is before we condemn government expenditures as being the great crime of our time. Again, I have a chart which illustrates expenditures from about 1953 to 1979. I would like to deal with what is called government expenditures on goods and services; that is, the operation of the government. This chart deals with the government expenditures as a percentage of the gross national product. We see that all government expenditures, as a percentage of gross national product, in current prices, rose from 1953, when it was about 17 per cent or 18 per cent, to approximately 24 per cent by 1978. There was a substantial increase of the portion of the gross national product. What really counts is what governments take away from the economy for goods and services, not transfers. When we break this down, we see quite a different picture if we consider what the federal government's expenditures were in terms of the gross national product, or goods and services. In 1953, the federal government spent approximately 10 per cent of the gross national product on goods and services. I am talking about the post office, national defence spending, the whole business. By 1978, the federal portion had dropped to about 6 per cent of the gross national product. When I look at these figures, I find it hard to believe that the great enemy of the people, our economy, our growth and what makes Canada work is federal government expenditures. That has not increased. It has decreased in terms of the GNP.

• (2150)

Mr. Nystrom: We have to deal with the Liberal Party.

Mr. McRae: I will deal with that on another occasion when I have time.

I would like to go to the second argument that is made basically by the Conservatives. I certainly do not hear it from the NDP. It goes something like this. Inflation is the great evil. Most inflation, and I have heard some people say all inflation, is caused by wasteful government spending. I want to deal with that. I do not have the figures as neatly put together as I would like. They are not available in a neat form.

I would like to deal with a myth. In Canada today credit is extended to Canadians in terms of mortgages, business debt, inventory debt, private debt, industrial debt. It amounts to roughly $250 billion. I do not know why the members of the NDP are so exercised. I am really making a point on their behalf. In round figures, the debt amounts to about $250 billion. The increase in government borrowing this year, given the $6.6 billion plus the $2 billion from the last authority which was not used, let ust say $9 billion in round figures, is less than 5 per cent of the total amount of credit extended in this country. I do not believe that 5 per cent is the single factor

creating all the inflation in this country. It is only 5 per cent of the factor.

It is important that we see this in its true perspective. The major cause of inflation is not government debt. It is one cause, an expensive one, but it is not the major factor which is causing inflation.

In the few minutes remaining tonight, I would like to talk about my concerns in terms of the economy of the future, both the global economy and that of this country. There are many myths. I have dealt with only two.

Mr. Riis: Mr. Speaker, I wonder if the hon. member who is speaking would table the source of his statistics. I find them particularly interesting. Would he table the source of the figures he is using?

Mr. McRae: I can table some of them. I certainly do not have all the figures with me. I can table two or three of the items. I will try to put them together. I am pleased that people are interested. I think it illustrates some points.

I would now like to deal more in generalities. I believe I have put to rest two myths. One is that government expenditure is terribly wasteful, that the government is throwing money away. The other is that government debt is the cause of all inflation.

There is a more prevalent myth which affects the whole economic world at this point. It is what I call the myth of macroeconomic activity or action, solving problems today the way they were solved in the Keynesian era. I do not think that will work. Those monetary policies will not work. I do not believe a reduction of the money supply, increased rates and so on, are having the effects that we had hoped for. On the other hand, I do not think lower taxes and attempts to increase the fiscal means to meet increased demand will work either. There are all kinds of reasons for this. I do not have time to give them now. I would like to continue the next time this debate resumes.

I think we are all satisfied that the monetary policy is not working well. One reason is the side effects it creates. High interest rates are inflationary. A figure was given to me. I will have to qualify it a bit. If the exchange rate was the same as it was in 1975, the additional cost to this country for imports would be about $12 billion a year. If interest rates were the same as in 1975, the additional cost to this country would be approximately $23 billion a year. That factor creates some difficulties.

Let us go to the other side, the one which the NDP praises. Their notion is that by lowering taxes and thereby circulating more money, demand is increased, which really tends to be inflationary. It would not have the effect it used to have. The money goes into savings, luxury goods from foreign sources rather than creating the desired effects. With deficits of $10 billion to $12 billion a year, we should have solved our problem a long time ago, but it did not happen that way. We have to look away from macroeconomics and look at micro, although I do not like that term. We have to look at inflation in terms of structure, the ingredients and what tends to be inflationary. At one time it may be wages, and at another time, energy. This is what you look at. If you want to cure inflation, you determine the specific inflationary factor and deal with it, but not in a macro way. If I want to stimulate the economy, I would like to create more than that. I do not go to the side that you go to and say, "lower taxes". I say that we should go to a megaproject.

● (2200)

An hon. Member: You are a socialist.

Mr. McRae: If we go to the megaproject, we can easily measure the number of jobs which will be created according to the number of tons of steel required and the miles of pipe required, and so on.

I believe that this is the direction in which we should head. We should provide stimulation which is structural in nature, where a number of projects can be built, thereby creating jobs.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

AIR CANADA—(A) MANDATORY RETIREMENT AGE
(B) REQUEST THAT PILOT BE REINSTATED

Mr. Jesse P. Flis (Parkdale-High Park): Mr. Speaker, at the risk of being labelled a one-issue member, I again rise on a matter of human rights.

It is now almost two years since I first began protesting and urging the government and members of this House to take all possible action to eliminate the discriminating practices of mandatory retirement which exist in Canada; practices which, needless to say, are denying many Canadians their right to work and contribute to the general wellbeing of our country.

At this point I do point out that, as mentioned, I have already spoken on this troubling concern on several occasions. My views are well recorded in *Hansard*. However, I will take this opportunity to express some further concerns as a result of my question to the Minister of Transport (Mr. Pepin) on February 11, 1982, regarding an order in council ordering Air Canada to reinstate Captain Ross Stevenson to his original position as an airline pilot.

As numerous members of the House are aware, the Supreme Court of Canada has recently ruled unanimously that Ontario municipalities cannot impose a mandatory retirement age of 60 on their firefighters, even if that had been negotiated into their collective agreement.

Considering this fact and considering the fact that this case is identical to the case of Captain Ross Stevenson, an Air

Canada pilot who was forced to retire because of the collective agreement between the Canadian Airline Pilots Association and Air Canada, there remains no doubt in my mind that the minister should introduce an order in council designed to reinstate Captain Ross Stevenson with Air Canada.

Granted, I can understand the Minister of Transport wanting to leave the decision to the union and the company involved, but I cannot understand how the minister can allow a double standard to exist among different groups of workers. This is clearly a time for leadership and the minister should be leading the way for equality within our system. Are we, as members of the House, to ignore that a discriminatory practice exists? I say no to this practice which denies to the individual a healthy self-image as a result of being actively involved in the work force.

The fundamental problem and main obstacle to equality for federal employees is Section 14(c) of the Canadian Human Rights Act which permits age discrimination and denies some Crown corporation employees the right to work beyond 60 years of age. Why is it not possible for all Canadians to work past 60 if they are capable and want to, especially when some are permitted to? Why should the others be discriminated against?

The Canadian Human Rights Act, Section 14(c), is preventing federal employees of Crown corporations from continuing their employment past what is called the normal retirement age. Why are we, as members of the House, allowing this cruel game of semantics to continue within our legal system? Are we not elected here to serve the Canadian people with equality and without discrimination?

Captain Ross Stevenson is a victim of this "fixed" game and three times now he has gone to court to change the rules of Section 14(c) to remove the discrimination which exists; spending thousands of his retirement dollars. Why should Mr. Stevenson be spending his money to do a job which is our responsibility? That responsibility is providing a non-discriminatory system of social justice. This policy of placing thousands of our productive work force "on the shelf" is not only expensive and wasteful, but extremely unjust.

● (2205)

It is morally wrong to reject efficient and willing workers because of their date of birth. All that is required is to delete Section 14(c) from the Canadian Human Rights Act, as recommended two years ago by both Senator Croll's special senate committee on retirement age policies and by the Canadian Human Rights Commission. It is on this note that I urge the House to bring equality to our system by deleting Section 14(c), and to put an end to the cruel semantics game of "normal retirement age" within our legal system.

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): Mr. Speaker, first allow me to say that I, like the Minister of Transport (Mr. Pepin), have the greatest respect for the support the hon. member has given his constituent, Captain Stevenson, in this particular case. I know the hon. member for Parkdale-High Park (Mr. Flis) is fully cognizant of the facts involved. In a former adjournment debate on November 19, 1981, he referred to previous discussions with the Minister of Transport, stating:

> The minister clearly stated that Transport Canada has no retirement age for pilots . . . Once the pilot has been issued the licence, he can continue to hold and exercise the privilege of licence, provided he can continue to meet the medical standards based on those set by ICAO—

He was referring to the International Civil Aviation Organization.

> —and pass periodic flight testing to demonstrate his competency.

These facts, as the hon. member stated, outline Transport Canada's position in the matter of mandatory retirement.

I also refer to the minister's comments of February 11, 1982, to remind the hon. member and the House that the issue of mandatory retirement is the subject of a collective agreement between Air Canada, the employer, and the Canadian Airline Pilots' Association, which negotiates on behalf of the pilots.

It should be noted that the ruling of the Supreme Court of Canada last week does not apply to those employees under federal jurisdiction.

Since the federal Human Rights Commission has the case of Captain Stevenson under investigation and since Captain Stevenson himself is seeking leave to appeal a previous decision before the Supreme Court of Canada, it would not be appropriate to comment further at this time.

NATIONAL HARBOURS BOARD—(A) PURCHASE OF EQUIPMENT MANUFACTURED IN JAPAN (B) REQUEST FOR TABLING OF MEMORANDA

Mr. J. R. Ellis (Prince Edward-Hastings): Mr. Speaker, it should be interesting to hear what the parliamentary secretary has to say in response to my questions. My question was a very simple one, asking for three memos. The Minister of Transport (Mr. Pepin) took part in a decision to give jobs to Japanese and not to Canadians. I do not think that is the policy of this government, but it almost has to be, since that is the only motivation I can see.

The only company in the world which to date has made the type of equipment required for the Ridley Terminals Incorporated stacker-reclaimers at Ridley Island near Prince Rupert is Stephens-Adamson. We understand that company's bid was $1 million lower than that of the Japanese. Its delivery date was two months earlier. The minister says time is of the essence. The delivery could still beat that of the Japanese, even if Stephens-Adamson was given the order today.

Finally, with respect to guarantees in relation to technology and quality, at Westshore Terminals some years ago Stephens-Adamson was asked to guarantee a piece of equipment. The company gave a guarantee. There has been only one fault in that piece of equipment since and that was three years after the five-year guarantee period.

I am asking for three memos. Two are from the National Harbours Board. The first one, frankly, is full of falsehoods, and that is the reason I want to have a look at it, and the

second is an internal memo. These memos have to do with the decision by Ridley Terminals to buy this Japanese equipment.

Ridley Terminals was created in December of 1981 after two years of playing around, trying to get this job under way.

● (2210)

I know that a letter of intent was given to the Japanese firm at least a week before the board of Ridley Terminals met to consider this decision. I sounds to me as if the intention was to give the contract to the Japanese from the beginning. I have been putting pressure on the minister for some six weeks about this matter, Mr. Speaker, and I suggest to you it is only because I upset the plans that the letting of the contract was delayed for two and a half to three weeks. I should like to see it delayed even further.

The second item I want to deal with is the point made by the minister in his answer when I put the question regarding the memos. The minister said he had directed that the National Harbours Board should meet with the company to give a full explanation of the decision. That was just not done, Mr. Speaker.

I have a copy of a telex sent to the minister today in which the company says it had been informed of the arrangement to have the meeting, by his office, and had subsequently arranged a meeting in Vancouver on February 8 with the vice-chairman of the National Harbours Board, the acting chairman of Ridley Terminals, and the president of Swan Wooster, which is the engineering consulting company involved, before a full review meeting on February 9. The telex says that they were shocked when the meeting was refused, and more astonishing was that the offer to meet with them was on the condition that they would not use any information to pursue further evaluation. They state that they could not agree to this condition.

All I am looking for is three memos, Mr. Speaker. If the minister or his parliamentary secretary can convince me and Stephens-Adamson that in fact there was a fair evaluation of this contract, then they will hear no more about it—that will be the end of it. But we have not seen the memo, we have not had the meeting and, in fact, we have been stonewalled. The government obviously has something to hide and will not expose the real reason why it gave the contract to the Japanese. It will not explain why hundreds of thousands of man-hours, many many hundreds of days of work, have been given to a Japanese firm rather than to a Canadian firm.

The minister mentioned the percentage of Canadian content. The Japanese will not come anywhere near the 50 per cent content while the Canadian firm would have meant 96 per cent. There is a staff of close to 500 in a plant in Belleville which needs this kind of work. It seems to me that the production of three simple memos to explain to some 500 people why work is being taken from them and given to the Japanese is not too much to ask. If the minister and his parliamentary secretary have nothing to hide, then surely these memos should be made available. If they are not made available, then we must assume that the policy of this government is to give work to other countries.

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I want to emphasize that a considerable effort has been made to ensure a high degree of Canadian content in the Ridley Island coal terminal project. Of a total estimated cost of $230 million, over 80 per cent will be Canadian manufactured content.

In the particular case referred to by the hon. member, the purchase of two stacker-reclaimers, the winning bidder ensured 53 per cent Canadian content. As the minister indicated in his answer, this should not be taken as a reflection on the excellent reputation of the Canadian bidder Stephens-Adamson of Belleville, Ontario. Stephens-Adamson has had major recent sales in Canada and abroad, in the face of stiff international competition.

The minister accepted the decision of Ridley Terminals on grounds that this was the technical advice he was given. He was, of course, mindful of the critical timing and magnitude of the northeast British Columbia coal project, and hence the importance of having it proceed on schedule.

● (2215)

INDUSTRY—(A) CANADIAN CONTENT IN MANUFACTURE OF MINING EQUIPMENT
(B) CONTRACT AWARDED TO JAPANESE COMPANY

Mr. Thomas Siddon (Richmond-South Delta): Mr. Speaker, the questions I raised with the Minister of Industry, Trade and Commerce (Mr. Gray) were supplementary to the ones asked by the hon. member for Prince Edward-Hastings (Mr. Ellis). They can be found on page 15046 of *Hansard* for Tuesday, February 16.

The main question I asked was basically why Canadian content of mining equipment for domestic use had fallen from almost 70 per cent in 1970 to a mere 29 per cent in 1980. In fact, if we look at the figures given by the minister two days ago we see that there would be only 27 per cent Canadian content in mining equipment; those are the figures of Statistics Canada for 1980.

There was a $167 million trade deficit in 1980 in mining equipment, and this includes a total importation of some $330 million worth of mining equipment. If we use the minister's figures, $372 million worth of imported mining equipment came into Canada. This is all part of Canada's current balance of trade deficit of $21 billion in manufactured goods, which is having a negative and devasting impact upon the economy and upon employment opportunities for young people in Canada.

There were two basic questions. Why has the Liberal government allowed this deterioration of Canadian content to such a rock-bottom level of only 27 per cent over the past decade? What specific plans does the minister or the government have now to correct this very regrettable situation?

The minister, known as the guru of industrial strategy, has been making promises for nigh on three years in the House now, but he has yet to produce one positive initiative or one shred of evidence that in fact this devastating trend in manufactured products, particularly in the mining sector, is being reversed. Of course we are talking about the kind of

equipment which will be in great demand in the next decade as we develop megaprojects in mining, in particular, and in oil sands, coal and various minerals. We are talking about heavy machinery such as the stacker-reclaimers, to which my colleague referred a few moments ago, draglines, bucket wheels, rock drills, ore trucks, compressors, electrolyte cells for processing, crushers, roasters, flotation cells, process control equipment, and various types of conveyers. There is tremendous opportunity here for Canadian enterprise.

We note that our unemployment now exceeds 1.2 million people, that there is an unemployment rate of 17 per cent in the under 25 age group, and that we are experiencing unprecedented lay-offs. These lay-offs have led to massive applications for UIC benefits and claims, thus contributing to the deficit of the Government of Canada.

Since the November 12 budget there have been 2,200 lay-offs in the mining industry, with an anticipated 8,000 by the end of next summer. In British Columbia alone there have been 120,000 lay-offs, 9,000 of them represented by UI applicants in my own riding, and the number is growing at the rate of 1,600 per month. This $372 million worth of imported mining equipment would produce something in the order of 10,000 jobs per year for Canadian workers. When we look at the tremendous unemployment rate and the deterioration of our economy and compare it with future potential, we must conclude that something is basically wrong. The government opposite is absolutely inept, and there is no obvious answer as to why it wants to export jobs.

What does the Minister of Industry, Trade and Commerce have to offer besides platitudes? Last year he talked about a mining conference in Vancouver with industrial groups. Such a conference took place a year ago and there has been no progress. He talked about beginning a process; I ask, "Where is the action?" I hope in response the parliamentary secretary will tell the House what specific examples the Minister of Industry, Trade and Commerce can cite of increased opportunity for Canadian manufacturing to provide the very important machinery required in these industries. For example, I refer to the stacker-reclaimers, about which we heard, and the car dumpers being used in coal handling terminals on the west coast which are now being increasingly imported from offshore—the car dumpers from Britain, I gather, and the stacker-reclaimers from Japanese companies such as Mitsubishi.

• (2220)

Stephens-Adamson in Belleville could produce stacker-reclaimers containing, not 53 per cent Canadian content, but 96 per cent Canadian content and it underbid the Japanese for the Ridley Island stacker-reclaimer by $1 million with a low bid of $19.7 million. That Canadian firm has been denied the opportunity to produce jobs in Canada, specifically in the city of Belleville, Ontario. Instead we are choosing to export those jobs to Japan.

Fednav Com, which is the company set up to operate the terminal, was set up on a non-competitive basis. Its shareholders are well-connected with the Liberal Party in Montreal, I understand. They have no residence in British Columbia. For some reason, which smells of hanky-panky, the contract for this equipment is being let to a Japanese company, and we need to find out why. At Roberts Bank superport, Westshore Terminals, a British Columbia Crown corporation, has just let a contract for $10 million with another company in Japan, IHI, to supply stacker-reclaimers for that project. Here again, what is wrong with Canadians? Why are we dealing Canadian jobs off to the Japanese, and what kind of hanky-panky is going on here?

I understand that of the so-called 53 per cent Canadian content, much of the steel work is to be done in Korea under contract to some Canadian front company. That, Mr. Speaker, is not Canadian content at all.

Finally, I was led to believe that Stephens-Adamson was going to establish a fabrication plant in my riding in Richmond, British Columbia, where the steel and components would be assembled to provide the stacker-reclaimer for Ridley Island. My riding has lost that employment potential, thanks to the regressive policies of the Liberal government opposite. I think the House deserves a thorough and complete explanation of this atrocious situation.

Mr. Gérald Laniel (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Mr. Speaker, in reply to the hon. member for Richmond-South Delta (Mr. Siddon), I am pleased to say that while it is true that Canada has been supplying a smaller share of its domestic market with mining equipment in recent years, this has been compensated to a large extent by growing exports of Canadian-made equipment. Accordingly, consideration of the issue of Canadian content in mining equipment should take into account both the total performance of the Canadian mining equipment industry, including its exports, and the future industrial benefits represented by projected large scale mining developments in Canada.

This trend of increasing exports, offset by rising imports, reflects a process of rationalization and specialization which the industry has been forced to undertake in order to remain competitive in the international environment.

Nevertheless, the rising share of the Canadian mining equipment market being supplied by imports does represent missed opportunities for Canadian equipment suppliers and a significant demand for new mining equipment, which is expected to result from major resource projects, will present many new opportunities for mining machinery companies.

Accordingly, the Department of Industry, Trade and Commerce has undertaken a series of initiatives to assist Canadian manufacturers to seize these new opportunities. In this regard, follow-up initiatives to the Mining Opportunities conference held late last spring in Vancouver have led to more formal linkages between the procurement activities of mining firms and the marketing efforts of suppliers. The department has also established an office of industrial benefits in order to ensure that Canadian firms obtain maximum advantage from large new resource developments. As part of a planned export

market strategy, we have assigned a priority position to mining equipment in several key markets of the world. In this regard, the department has provided assistance under our program for export market development—PEMD—to assist the marketing efforts of 13 companies in some 15 different countries.

• (2225)

Finally, we have also been active in assisting equipment firms to develop new products in order to meet the needs of mining firms in both Canada and abroad. Over $5 million in assistance has been provided to ten firms under the Enterprise Development Program, EDP, to develop a variety of advanced equipment ranging from coal slurry pumps to mine utility vehicles.

It is all right to pinpoint, Mr. Speaker, some of the problems this country has in the field of industrial development or the economy, but it is interesting to find out that action is being taken by this government which will be to the future benefit of the economy.

Mr. Siddon: Let's have the specifics.

The Acting Speaker (Mr. Blaker): Order, please. The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until eleven o'clock tomorrow morning.

At 10.25 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, February 19, 1982

The House met at 11 a.m.

● (1105)

ROUTINE PROCEEDINGS

[*English*]

INDIAN AFFAIRS

INCREASES IN SOCIAL DEVELOPMENT MONEYS—MOTION UNDER S.O. 43

Mr. Stan Schellenberger (Wetaskiwin): Madam Speaker, Indian people living on reserves in northern Manitoba face exceptionally high costs for basic goods and services, yet increases in the federal social development rates are immediately effective for off-reserve Indians living in urban centres but not effective until much later on reserves, especially in the northern part of the province. Therefore I move, seconded by the hon. member for Erie (Mr. Fretz):

That the government move immediately to ensure that increases in social development moneys become effective at the same time as corresponding increases in provincial welfare funding, and that these increases be made retroactive to December 18, 1981.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

POLITICAL PARTIES

RESULTS OF PROVINCIAL BYELECTION IN ALBERTA—MOTION UNDER S.O. 43

Mr. Arnold Malone (Crowfoot): Madam Speaker, the Western Canada Concept Party, the Progressive Conservative Party, the Social Credit Party and the New Democratic Party collectively achieved only 9,436 votes in last Wednesday's byelection in the Alberta Olds-Didsbury constituency.

During the past calendar year the Prime Minister (Mr. Trudeau) spent 36 days in the southern hemisphere and only four days in western Canada. The Minister of Energy, Mines and Resources (Mr. Lalonde) has bullied resource provinces about their constitutional right to ownership. The Prime Minister and the Minister of Justice (Mr. Chrétien) listened to the views of the provinces on the Canadian Constitution only after being directed to do so by the Supreme Court of Canada. The Minister of Agriculture (Mr. Whelan) is attempting to impose beef marketing boards when they are unacceptable in western Canada. The Liberals keep talking about a western development fund which does not exist, and double tracking everything except the railways. In view of these facts I move, seconded by the hon. member for Red Deer (Mr. Towers):

That the Prime Minister make a statement on motions to share with other political parties the secret of his political magic, that after such a dismal record the Liberals were able to double their vote from the last election to an amazing, unbelievable and overwhelming 130 votes in the constituency of Olds-Didsbury last Wednesday.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ONTARIO LIBERAL PARTY LEADERSHIP ELECTION CAMPAIGN—MOTION UNDER S.O. 43

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, this side of the House would like to offer its sympathies to the hon. member for Willowdale (Mr. Peterson) on the movement of six federal cabinet ministers to support not his brother but Sheila Kopps in the leadership race of the Ontario Liberals. Therefore I move, seconded by the hon. member for Simcoe North (Mr. Lewis):

That this House express its condolences to the hon. member and his family for this obvious lack of faith in the philosophical beliefs of the family, and express our sincere hope that this move in no way predicts the demise of the ambitions of the hon. member for Willowdale, namely, his running for the leadership of the Liberal Party of Canada, so his world can unfold as it should.

Madam Speaker: Order, please.

* * *

HOUSING

CALL FOR REDUCTION IN MORTGAGE INTEREST RATES—MOTION UNDER S.O. 43

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, the consumer price index indicates today that home ownership costs have risen on an annual basis some 16.9 per cent and that rental costs have risen 7.8 per cent, much, if not all of this, attributable to exorbitant interest rates and a slowdown in home and apartment construction. Therefore I move, seconded by the hon. member for Beaches (Mr. Young):

That the government immediately bring forward legislation which will reduce mortgage interest rates to an affordable level and embark upon a major

post-building program, in order to ensure that the projected need of 220,000 housing units will be met in the current year.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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INDUSTRY

ACTION NEEDED TO PROTECT CANADIAN FOOTWEAR INDUSTRY—MOTION UNDER S.O. 43

Mr. Gus Mitges (Grey-Simcoe): Madam Speaker, in view of the fact that in the last three months more than 6,400 workers lost their jobs in Canadian shoe plants and in related supply companies because of the government's incomprehensive, relaxed quotas on shoe imports, I move, seconded by the hon. member for Joliette (Mr. La Salle):

That the government take immediate action to change this policy in order to protect this very important Canadian industry from foreign footwear imports, where such companies rely on subsistence wages paid to their employees to produce their products.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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HOUSING

NEED TO REVITALIZE INDUSTRY—MOTION UNDER S.O. 43

Mr. Bill Domm (Peterborough): Madam Speaker, today the Canadian housing industry faces an unprecedented crisis as new housing activity grinds to halt, workers are thrown out of jobs, and accommodation of all kinds is becoming increasingly hard to find. Therefore I move, in keeping with the recent call of ten government members, including two ministers of the Crown, and seconded by the hon. member for Burlington (Mr. Kempling):

That this House urge the government to consider a program of short-term stimulative spending to revitalize this essential industry, and suggest that perhaps the $600 million loan at 10 per cent interest to the Soviet Union, which EDC is presently negotiating, might be a good place to find the money.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

EXTERNAL AFFAIRS

POLAND—CANADIAN RESPONSE TO IMPOSITION OF MARTIAL LAW—MOTION UNDER S.O. 43

Mr. Joe Reid (St. Catharines): Madam Speaker, over 55,000 ordinary Polish citizens felt the weight of martial law in Poland as a result of a recent crackdown of might and authority. Therefore I move, seconded by the hon. member for Erie (Mr. Fretz):

That this House show its displeasure to the continuation of martial law in Poland by following the lead of, first, the United States of America, then that of the United Kingdom and now that of West Germany, by imposing diplomatic and economic sanctions against that country.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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THE ECONOMY

CHALLENGE TO HOLD GENERAL ELECTION—MOTION UNDER S.O. 43

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, I rise under the provisions of Standing Order 43. The new cost of living figures just released show an 11.4 per cent January-to-January over-all price increase in Canada, with the highest in the country being my home province of British Columbia at 13.4 per cent. The energy component of that increase was up an incredible 24 per cent, and we have yet to face the next increase at the gas pumps on March 2. Therefore I move, seconded by the hon. member for Vancouver East (Mrs. Mitchell):

That, since the Liberal government's economic policy, especially in housing and in energy, stands indicted as bankrupt and since they do not propose to do anything about it, the House today dare the Prime Minister to call a general election and go to the people.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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● (1110)

POLITICAL PARTIES

SECOND ANNIVERSARY OF LIBERAL PARTY'S RETURN TO POWER—MOTION UNDER S.O. 43

Mr. Girve Fretz (Erie): Madam Speaker, I rise to move a motion under Standing Order 43. Given that two years have passed since the Liberals weaseled their way back into power by promising a recession-free future, cheap energy, low inter-

est rates, restraint in government spending, affordable housing and a reduction in unemployment, and further given that every single one of these promises has been shattered, along with the hopes and dreams of millions of Canadians, I move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling):

That yesterday, February 18, be known as Disinheritage Day and, further, that Canadians fervently pray for the chance to throw those opposite into the political obscurity they so richly deserve.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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UNEMPLOYMENT INSURANCE

DELAY IN PROCESSING CLAIMS FOR BENEFITS—MOTION UNDER S.O. 43

Mr. David Orlikow (Winnipeg North): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. As a result of the high interest, tight money restraint policies of the Liberal government, the number of unemployed has now ballooned to more than one million and the number of people applying for and drawing unemployment insurance benefits has increased dramatically. Since there has been little, if any, increase in the staff of the unemployment insurance organization servicing unemployment insurance claims, this has led to complaints from many parts of Canada that the time for processing claims has increased substantially. Therefore, I move, seconded by the hon. member for Hamilton Mountain (Mr. Deans):

That the Minister of Employment and Immigration be instructed to take steps to increase the staff of the unemployment insurance organization so that claimants can get the quick processing of their claims to which they are entitled.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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THE ECONOMY

CALL FOR CHANGE IN GOVERNMENT PRIORITIES—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, I rise to move a motion on a matter of urgent and pressing necessity under the provisions of Standing Order 43.

Ever since the last election the government's policies have been antagonizing the people of Canada. For example, the metric measurement system is being forced on them; the national energy policy is driving millions of investment dollars, vast amounts of equipment and expertise out of the country; the government's high interest rates are bankrupting businesses and farms; the budget is killing initiative and investment, destroying the hopes of farmers and businessmen to look after themselves and their loved ones in their old age and as well a million people are unemployed, etc., etc. Therefore I move, seconded by the hon. member for Red Deer (Mr. Towers):

That the Liberals change their priorities forthwith because their present policies are leading to the break-up of this country.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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NATURAL RESOURCES

JURISDICTION OVER EAST COAST OFFSHORE RESOURCES—MOTION UNDER S.O. 43

Mr. Howard Crosby (Halifax West): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. The focus on offshore exploration on the Atlantic coast of Canada resulting from the disaster on the *Ocean Ranger* exposes the unfairness of the unilateral imposition by the Government of Canada of an arbitrary deadline for settlement of the federal-provincial dispute on jurisdiction, which has caused even greater rancour and friction. Accordingly I move, seconded by the hon. member for Fundy-Royal (Mr. Corbett):

That this House direct the Prime Minister to withdraw his deadline for settlement of the Atlantic offshore resources dispute which has precluded development of good faith and rational compromise in the negotiations to the detriment of all parties involved and at great cost to the people of Canada.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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POLITICAL PARTIES

CROWSNEST PASS RATE—POSITION OF NEW DEMOCRATIC PARTY—MOTION UNDER S.O. 43

Mr. Bill McKnight (Kindersley-Lloydminster): Madam Speaker, I rise to move a motion under Standing Order 43. Some members of the New Democratic Party have been creating the illusion that they would not change the Crow rate if they were in government. Premier Blakeney of Saskatchewan is quoted in the January, 1982, edition of *Business Life* as follows:

. . . it is very important to distinguish between the current level of the Crow rate and the principle of having a statutory rate. Some people take the position that

there ought not to be a rate for the movement of grain set by the Government of Canada . . . We believe that a statutory rate absolutely must be retained.

Therefore, since it is clear that the policy of the NDP is not to keep the Crowsnest Pass rate, but some kind of a statutory rate, I move, seconded by the hon. member for Pembina (Mr. Elzinga):

That the NDP commit itself immediately to full public support of Liberal attempts to change the Crowsnest Pass rate so its public position reflects its real position, which is to abandon the Crow rate.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1115)

ORAL QUESTION PERIOD

[*English*]

INDUSTRY

CONSOLIDATED COMPUTER INCORPORATED—REPORT OF INVESTIGATION

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my question is for the President of the Treasury Board who last year indicated he requested his special assistant, Mr. W. A. B. Anderson, to prepare a report with respect to the government's loss of $125 million in Consolidated Computer Inc. Would the minister indicate if he has received the report, is it in any way critical of the government's handling of this matter, and what action may we expect in future?

Has he, for example, specifically asked the law officers of the Crown if any grounds for prosecution exist, and may we have the report tabled if he has already received it?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, I have indeed received the report. It has been reviewed by my colleagues in Treasury Board who commissioned the report in the first instance. I am bringing forward certain recommendations to my cabinet colleagues, I hope within the next several days, with respect to the report and its disposition.

PROPOSAL TO BUY GOVERNMENT'S SHARES

Hon. Sinclair Stevens (York-Peel): Madam Speaker, in the absence of the Minister of Industry, Trade and Commerce I will put my next question to the Minister of Finance. It deals again with the Anderson report which we have a copy of, and which the minister has just confirmed he has received.

As the Minister of Finance undoubtedly knows, Mr. Anderson pointed out that Department of Finance officials spoke glowingly of the Consolidated Computer Company, and in fact about a year and a half ago Mr. John McDonald-Brown, a known Liberal at all levels in the province of Nova Scotia, became president and chief executive officer of that company at a salary of $110,000 annually. He was also a director and board member of the Enterprise Development Board.

I ask the minister is he aware that Mr. Anderson pointed out in his report that Mr. Brown in turn submitted a formal application, on behalf of himself and some associates, to purchase the government's shares? At that point, therefore, Mr. Brown was simultaneously a member of EDB which controlled the shares being offered for sale, the chairman and president of the company whose shares—

Madam Speaker: Order, order.

Mr. Stevens: —were up for sale, and an applicant to purchase the shares. Is the minister aware of this and how—

Madam Speaker: Order. Order, please.

Some hon. Members: Order, order.

Mr. Stevens: —can he explain that to the House?

Madam Speaker: Order. The hon. member knows he should not be elaborating at that length and that he should make his question a bit briefer.

Mr. Stevens: Madam Speaker, is the minister aware of the statement made by Mr. Anderson, and has he any explanation of why there was that possible conflict as revealed by Mr. Anderson?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I will look into the matter raised by the hon. member.

INQUIRY OF PRIME MINISTER

Hon. Sinclair Stevens (York-Peel): Madam Speaker, I would ask the Prime Minister if he is aware of the revelations made in the Anderson report and, in view of the fact that the report makes it very clear that there has been gross incompetence on the part of his ministers, has he asked for a full explanation as to why there was such incompetence, and specifically for the resignation of at least the Minister of Industry, Trade and Commerce?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I have not yet seen the report. I understand it was only tabled in Treasury Board yesterday and it will take a little time for the ministers to analyse it.

TRUST COMPANY SHARES

Mr. Don Blenkarn (Mississauga South): Madam Speaker, my question is directed to the President of the Treasury Board who will know that in this mess there were two corporations, one called Financeco, and a subsidiary, where one share was held by the National Trust Company as trustee for three Toronto hospitals. I would ask the minister if he would name

the hospitals, and will he tell us if there are any other corporations created by the Enterprise Development Board or any other board wherein hospitals are named as *nom de plumes* for shares, or where trust companies hold the shares. This is done to avoid proper disclosure in financial statements. It is a ruse and a deceitful method of burying losses and guarantees made by the government for business purposes.

• (1120)

Some hon. Members: Shame!

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, I think it is unfair and prejudicial to make these kinds of accusations in the House—

Some hon. Members: Oh, oh!

Mr. Johnston: —on the basis of a report which we commissioned with respect to the affairs of Consolidated Computer because we were interested in getting at the facts to try to determine what went wrong with respect to the business corporation and to ensure that steps were taken to prevent this kind of thing from happening again.

In response to a question in this House some time ago, I indicated the purpose of the investigation. The investigation has now been completed. A report has been tabled in the Treasury Board, as the Prime Minister has indicated, and recommendations will be made to my colleagues. I spoke in this House at an earlier point in response to a question last year. At that time I said that I had no objection to the results of this report being tabled in the House. However, my colleagues will have to look at the report. I hope to make a statement some time in the course of next week, or certainly in the very near future.

QUERY RESPECTING MINISTERIAL ACTIONS

Mr. Don Blenkarn (Mississauga South): Madam Speaker, my supplemental question is directed to the Minister of Industry, Trade and Commerce who is now entering the chamber.

Mr. Stevens: Aha!

Mr. Blenkarn: The minister will know that he was fully briefed, upon taking his responsibilities as minister in 1980, concerning the problems of Consolidated Computer and, of course, Financeco and Finecomp Inc. He will know that he was advised that the companies were in very serious difficulty and that there was that clear ruse whereby one company was supposedly separate from the other company when in fact they were both managed and controlled by the Enterprise Development Board. The Enterprise Development Board was banker, guarantor and manager of both corporations.

Will he advise this House why he did not immediately order a consolidated balance sheet? Why did he allow the ruse of two separate companies to continue? Why did he continue the deceit? Why did he not immediately terminate the matter and terminate the employees who created this deceitful situation? Why are these employees still working for the Enterprise Development Board despite the advice they have given to the government, and despite the clear conflicts of interest?

Some hon. Members: Hear, hear!

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, when I became minister I found certain situations in place which had been put there as a result of actions under previous governments. Over the period I was minister—

Some hon. Members: Oh, oh!

Mr. Gray: —with the assistance of my colleagues I took decisions which have led to the matter being wound up and brought to an end. I think that is the important part.

Mr. Siddon: $100 million worth!

Mr. Gray: As the situation evolved, the matter was brought to an end after study by myself and my colleagues. We are certainly learning from that experience in terms of future action and future re-organization.

Mr. Stevens: Oh, $125 million!

Some hon. Members: Oh, oh!

* * *

THE ECONOMY

REQUEST THAT GOVERNMENT NOT IMPOSE WAGE CONTROLS

Mr. Edward Broadbent (Oshawa): Madam Speaker, my question is directed to the Prime Minister. Figures which were released today show that home ownership costs are up by 16.9 per cent; transportation costs are up by 16.9 per cent; and energy costs are up by a whopping 24 per cent. Considering these horrific figures, and also the fact that, for each of the past three years, wage and salary increases of workers in Canada have fallen behind the rate of inflation, will the Prime Minister take this opportunity to state, in clear-cut terms, that the Government of Canada will not impose wage controls in any form on any group of workers?

Some hon. Members: Hear, hear!

Mr. Nielsen: You put them there!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the figures I have indicate that the 12-month rise from January, 1981, stood at 11.4 per cent, which is down from the 12-month rise from—

Mr. Broadbent: Miscalculation!

Mr. Trudeau: —the month before. Therefore I do not think this is great news, but it is not the bad news which the hon.

member is putting forth. The cost of living is coming down. The hon. member should preface his question by stating that.

GOVERNMENT INTENTIONS

Mr. Edward Broadbent (Oshawa): Madam Speaker, if the Prime Minister would read his briefing book a little more carefully he would find out that there was a slight drop in food prices, because the period of survey which was done—

Mr. Lalonde: For what?

Mr. Broadbent: —for food prices, was very limited. However, I spoke to him about energy prices, transportation prices and housing. Now will he answer the question? The incomes of workers, during each of the past three years, have risen less rapidly than cost increases. Even the Minister of Finance has said in recent weeks that workers have not been causing inflation. Will he take the opportunity to make it clear that the Government of Canada will not impose, on any group of workers, a system of wage controls?

• (1125)

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, we have no intention of imposing price and wage controls.

REQUEST FOR MEASURES TO INCREASE HOUSING SUPPLY

Mr. Edward Broadbent (Oshawa): Madam Speaker, I welcome that assurance. Maybe now we can get a commitment from the government to move on prices which are actually affecting Canadians. I refer to housing in particular. Since the cost of home ownership went up almost 17 per cent, and considering that the banks, in spite of a slight decline in interest rates, are still increasing mortgages, and considering there is a great shortage of housing, will the government do two things—force the banks to bring down the level of mortgages, and take steps to increase the supply of housing across Canada, which would put Canadians to work and provide homes for those Canadians who need them?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, as the minister responsible for housing said to the House yesterday—perhaps the hon. member was not listening—one way of increasing the supply of housing would be to put through this House the bill which will increase the supply of housing. I appeal to members opposite to co-operate with us, if they are sincere in saying that this country needs more housing.

[*Translation*]

AIR CANADA

USE OF FRENCH—INQUIRY AS TO DATE OF PRESIDENT'S STATEMENT

Hon. Roch La Salle (Joliette): Madam Speaker, my question is directed to the Minister of Transport and has to do with the use of French in air navigation.

Notwithstanding an unfavourable judgment by the Superior Court, yesterday, the Minister of Transport announced that Canada would continue to act as though the Deschênes judgment were still valid. To what extent can the minister give us the assurance that the government will maintain yesterday's commitment, and would he go so far as to ask the President of Air Canada to make a similar statement?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I find this question somewhat surprising, but I was expecting it and have asked the President of Air Canada to write to me about this. The letter is now under way and as soon as it arrives I shall have a copy of it sent to my honourable colleague.

Mr. La Salle: I have a supplementary, Madam Speaker.

Considering that the Minister of State for Quebec affairs has maintained that with this judgment, there were two courses of action open to the government, namely, the Attorney General or the Commissioner of Official Languages could bring the matter before the Supreme Court, or Parliament could decide to amend the Official Languages Act, my question is: could the minister inform us today which course of action his government intends to take?

Hon. Serge Joyal (Minister of State): Madam Speaker, in the first eventuality, respondents have 30 days to decide whether to appeal, so they must be allowed this time to decide.

In the case of amendments to the Official Languages Act, the hon. member is probably aware that the Commissioner of Official Languages has proposed a number of changes in the commission's annual reports, and the Joint Committee of the Senate and the House which examines the reports would also have an opportunity to make recommendations which would certainly be considered by the cabinet, and the government would advise the House, as appropriate, of any action it intends to take.

* * *

[*English*]

NUCLEAR ENERGY

PROPOSED SALE OF CANDU REACTORS TO MEXICO

Hon. Steven E. Paproski (Edmonton North): Madam Speaker, my question is for the Right Hon. Prime Minister.

Will the Prime Minister advise the House on the progress of Candu sales in Mexico?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, my recollection is that the bids were to be put in by February 1, that Canada has put a bid in and, if my recollection is correct, a decision will be made some time in July or August—I hear the minister saying September. We will hope for the best, and perhaps encourage the hon. member to go there and flaunt the advantages of the Candu system which, as the hon. member knows, is the best in the world. We might even arrange for him to ride a horse.

Some hon. Members: Hear, hear!

• (1130)

ROLE OF GOVERNOR GENERAL

Hon. Steven E. Paproski (Edmonton North): I appreciate the Prime Minister's suggestion. Can the Prime Minister advise the House if the "G.G." is now one of his salesmen for Candu reactors?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I do not know to whom the hon. member is referring.

Mr. Paproski: His Excellency the Governor General, who will be visiting Romania. Is he now one of the salesmen for the Government of Canada, and will he be selling Candu reactors? Is that his job?

Mr. Trudeau: Madam Speaker, I imagine it would be against the rules of the House to draw the monarchy into this matter.

Some hon. Members: Hear, hear!

* * *

NATIONAL ENERGY PROGRAM

OIL AND GAS COMPANIES IN RECEIVERSHIP

Hon. Don Mazankowski (Vegreville): Madam Speaker, I would like to direct my question to the Minister of Energy, Mines and Resources. This past week four more Lloydminster area oil field service companies have gone into receivership, throwing into jeopardy some 150 jobs. Many others are facing bankruptcy unless there are significant changes to the National Energy Program. Would the minister tell the House what he plans to do about this very serious situation?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I would like to draw to the hon. member's attention the fact that the forecast expenditures by the oil and gas companies in Canada during 1982 will be significantly higher than they were last year, and even higher than they were in 1980. It is foreseen that the oil and gas companies' expenditures during the course of this year will increase by over 39 per cent—

Mr. Andre: Would you like to bet on that?

Mr. Lalonde: —while the expenditures for all companies in Canada would be around only 21 per cent. It is again quite clear that the expenditures in the oil and gas field will be leading the industrial sector in this country during 1982.

Mr. Mazankowski: The Minister of Energy, Mines and Resources has refused to answer the question I put to him. That will be noted.

SHUTDOWN OF OIL WELLS IN LLOYDMINSTER AREA

Hon. Don Mazankowski (Vegreville): Madam Speaker, could the Minister of Energy, Mines and Resources tell the House why Husky Oil, which is located in the Lloydminster area, has been forced to take 300 wells out of production since the National Energy Program came into existence, thereby throwing people out of work and jeopardizing our bid to attain oil self-sufficiency? When will the minister realize the harsh impact of the National Energy Program and withdraw it, or change it substantially so we can again move toward achieving self-sufficiency and putting Canadians to work?

Some hon. Members: Hear, hear!

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, the hon. member knows that during the course of last year, previous to the agreement which was reached with the governments of Alberta and Saskatchewan, the government of Alberta decided to cut back production significantly. The cutbacks went as high as 120,000 barrels a day. Much of the impact of that cutback fell on the wells like the ones referred to by the hon. member because those wells were producing heavier crude, which was mixed with the light crude—

Mr. Mazankowski: That happens to be in Saskatchewan.

An hon. Member: You have the wrong province.

Mr. Lalonde: —which was mixed with the light crude produced by Alberta.

An hon. Member: You have the wrong province.

Mr. Lalonde: This has resulted in many of those wells not yet being back in production.

Mr. Andre: You know that is not true.

An hon. Member: You have got the wrong province.

Madam Speaker: Order, please.

Mr. Lalonde: We expect some of that production to come back as the demand picks up but, as the hon. member also knows, there has been a significant decline in the demand for oil products in the course of the last year, not only in Canada but in all western countries.

Again, I want to draw my hon. friend's attention to the fact that expenditures in the oil and gas field during the course of

1982 will be close to 40 per cent higher than they were last year.

Mr. Nielsen: In a pig's ear.

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FINANCE

ISSUANCE OF TAX INFORMATION SLIPS BY LIFE INSURANCE COMPANIES

Mr. Jack Burghardt (London West): Madam Speaker, my question is for the Minister of Finance. It has been brought to my attention that a number of life insurance policyholders have received information slips for the 1981 tax year indicating that they must pay tax on interest income earned on their life insurance policies.

Mr. Baker (Nepean-Carleton): I have one of those also.

Mr. Burghardt: These policyholders have been informed by their life insurance companies that they are required to pay tax on this income because of the tax changes contained in the November 12 budget. Would the minister please indicate if the budget is indeed the cause of these slips being sent to policyholders?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I can assure the hon. member that there is no provision in the budget which would necessitate sending out taxation slips affecting the year 1981. If that is happening, it is either as a result of a misunderstanding of the impact of the budget by the insurance industry, or a misunderstanding on the part of policyholders.

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INDUSTRY

PROTECTION FOR CANADIAN FOOTWEAR PRODUCERS

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, my question is for the Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion. On December 1 last year the government removed the import quotas on leather shoes. I think we all know about the lay-offs and tremendous hardship faced by that industry across the country. We also know about the joint appeal by the trade unionists representing the workers and the industry that we need some kind of protection for the Canadian industry, otherwise we will be at the mercy of offshore prices in a few years. Will the minister tell the House whether or not he will accede to the wishes of the workers and the industry that at least half of the Canadian domestic market be protected for the Canadian producers?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, the policy which we announced last fall reflected the findings of the Anti-Dumping Tribunal which said that our industry was able to meet competition from developed countries, including state trading countries. These were the sources of most of our imports of leather shoes. Therefore the policy in question indicated that we would not only continue the quota protection we had previously on non-leather footwear, but we would extend that to the kinds of non-leather footwear which had not previously been covered. But as the hon. member pointed out, we would not be continuing the quota system on leather footwear.

An hon. Member: Yes or no.

Mr. Gray: At the same time, we created a $17 million fund to assist in the modernization and increased competitiveness of the total footwear sector to be administered by the Canadian Industrial Renewal Board. It is certainly our intention to have a modern, stronger footwear sector, with all that means for the workers in that sector.

Some hon. Members: Order.

Mr. Gray: With respect to representations which were made yesterday, as I said, we certainly will be willing to consider them.

Mr. Nystrom: I simply wanted to know whether the minister will reconsider the position since we are having trouble meeting competition. We have some real problems in that industry.

LEATHER FOOTWEAR IMPORTS

[*Translation*]

Mr. Lorne Nystrom (Yorkton-Melville): I have a supplementary question. Three weeks ago, on January 27, the task force on the footwear industry in Quebec, whose members represent labour, the industry and the government of Quebec, sent a telex to the Minister of Regional Economic Expansion requesting restrictions on imports of leather footwear. However, the Minister failed to reply. Why?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, first of all, I should point out that the government wants to help the footwear industry and its workers to compete on international markets, not only through our quota system but also through our modernization program. We intend to meet spokesmen for all areas of the industry and to continue the discussions started last December on the aspects of the situation mentioned in the telegram. Only yesterday, several of my cabinet colleagues had a very useful meeting with senior spokesmen for the industry.

EDUCATION

FISCAL AGREEMENTS WITH QUEBEC—GOVERNMENT POSITION

Mr. André Maltais (Manicouagan): Madam Speaker, my question is directed to the Secretary of State. In view of the various statements made by Quebec with respect to fiscal arrangements and post-secondary education, could the Secretary of State tell us exactly what the government's official policy is with respect to renewal of fiscal arrangements and whether it also concerns post-secondary education, and could the minister inform us whether or not the Canadian government intends to get involved in the activities of the Quebec Department of Education at this level, as was said recently by the Quebec Minister of Education?

• (1140)

[*English*]

Hon. Gerald Regan (Secretary of State): Madam Speaker, the position of the Government of Canada is that we are not totally satisfied with the arrangement which has existed since 1977 for block transfers to the provinces in relation to post-secondary education. At the first ministers' meeting the Prime Minister made an offer to the provinces that, despite that dissatisfaction, we would continue block funding transfers for at least two more years and that we would augment the amount by some 12 per cent a year, if the provinces in turn would agree not to lessen their percentage share of the cost of education further. In no way is that, or the desire to talk about national objectives, which was also expressed by the Prime Minister at that time, an intrusion into provincial jurisdiction. We have no intention and no desire to participate in the actual direction of post-secondary education, and we have totally recognized the traditional primacy of the provinces in that regard.

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ROYAL CANADIAN MOUNTED POLICE

INQUIRY RESPECTING INVESTIGATION OF CONVICTED MURDERER CLIFFORD OLSON

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, my question is directed to the Solicitor General. On July 27 the Surrey RCMP filed a warrant for the arrest of Clifford Olson. On the twenty-eighth Clifford Olson was drinking while driving down King George Highway with another young man in the car and two teenage girls. He did a U-turn on the highway and was apprehended and taken into custody. On the twenty-ninth he was released, even though the original warrant issued two days previously had not been served, and two days later the charges were dropped, even though he had been under surveillance because he had been linked to the murders. Why?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, that question has been asked of the attorney general of British Columbia, and he has given an answer to it which I think should stand. I agree with the answer he gave. I asked the Commissioner of the RCMP to review the investigation of Clifford Robert Olson, and he confirmed for me recently, as I indicated to the House, that he was satisfied with the management of the operation, including that particular aspect.

STATEMENT MADE BY PROSECUTOR

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, the Solicitor General wants to be the senior officer for the RCMP, but he does not want to be accountable. He either should give up the responsibility and therefore not be accountable, or do the reverse.

When Clifford Olson appeared in court on July 31 the prosecutor claimed that he knew nothing of the 92 convictions of Clifford Olson or of the outstanding warrants for his arrest. Why did he not know about that?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, I was not aware of the statement made by the prosecutor. If the hon. member will give me details of his allegation of what the prosecutor said, I will look into them and try to confirm them.

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CANADIAN TRANSPORT COMMISSION

ABANDONMENT OF BRANCH LINES—REQUEST FOR POSTPONEMENT

Mr. Arnold Malone (Crowfoot): Madam Speaker, my question is directed to the Minister of Transport. While it is based on his announcement of February 8 with respect to proposed changes in the Crow rate, my question is not specifically about that, so I am not looking for a prorated Crow-rated answer.

In light of the fact that there is across the prairies a large number of Canadian Transport Commission hearings into the abandonment of railways, at which the railway companies make their cases primarily on the basis of dollar loss, and in view of the fact that if the minister's intentions respecting changes to the Crow rate are realized the principal evidence upon which the railway companies make their applications for abandonment will no longer apply, will the minister cancel or postpone all CTC announcements with respect to branch line abandonment until after the legislation he is intending to introduce has been dealt with?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I do not think I should do that. The system is a statutory one. There are a number of branch lines coming up for abandonment or otherwise at the moment. The rate to replace the Crowsnest rate has not been determined yet in specific terms, so I think I should let the system operate as it does normally.

By the way, I do not think one should overdramatize what the hon. member is talking about now because 83 per cent of the whole railway branch line system of western Canada is still in the basic network, guaranteed to the year 2000. We are

talking about only 17 per cent. I know this is very important to some individuals, but one should not give the impression of dramatic negative prospects the hon. member has tried to create.

Mr. Malone: Madam Speaker, I am sure the minister knows there could be no overdramatizing to the people of those communities who may lose their rail service.

DISMANTLING OF RAILWAY FACILITIES

Mr. Arnold Malone (Crowfoot): Madam Speaker, if the minister cannot do what I asked in my first question, would he consider, in all those cases in which the CTC does recommend abandonment, issuing instructions to elevator companies and to railway companies not to dismantle any facilities until after the debate on the Crow rate has taken place in Parliament, and will he put in place a right of appeal so that the communities along those lines which were suggested for abandonment can resubmit their cases on the basis of new evidence, where in fact the new arrangement may very well make it such that the railway companies are not losing money? Can that right of appeal be guaranteed?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I do not really think I have to do that because this is part of the system. Every one of these decisions of the CTC is subject to appeal to the minister anyway, but I will look into this because this is a possibility. I am obviously not trying to create drama. I am obviously trying to make people feel as comfortable as possible in these changing circumstances. I will give a lot of attention to the suggestion made by the hon. member this morning.

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ROYAL CANADIAN MOUNTED POLICE

HANDCUFFING OF PRISONERS TRANSPORTED IN AIRCRAFT

Mr. Dave Nickerson (Western Arctic): Madam Speaker, my question is addressed to the Solicitor General. Some time ago I had occasion to travel in an RCMP aircraft which was going around from settlement to settlement picking up prisoners. As the prisoners were put onto the place, they were handcuffed. In one instance this included a 16-year-old girl who had been convicted of a minor liquor offence and could not be considered dangerous at all.

The minister will recall that I spoke to him privately about this, about a year ago. I wonder if he could tell us now whether those handcuffing regulations are still in force on RCMP aircraft, because with normal commercial carriers the policy is the other way around; prisoners are not handcuffed unless absolutely necessary.

Hon. Bob Kaplan (Solicitor General): Madam Speaker, I have also travelled on those planes transporting suspects and inmates.

An hon. Member: Handcuffed?

Mr. Kaplan: No, I was not handcuffed, and neither were several of the inmates who were on board. I will look into the particular circumstances of the 16-year-old girl. Obviously I have no knowledge of that, but it is not a standard requirement that all suspects be handcuffed or that all inmates be handcuffed on those trips.

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FARM CREDIT ACT

REQUEST THAT MINISTER OF FINANCE APPEAR BEFORE STANDING COMMITTEE

Hon. John Wise (Elgin): Madam Speaker, my question is directed to the Minister of Finance. The Minister of Finance should know that the House of Commons Standing Committee on Agriculture is presently considering Bill C-88, the amendments to the Farm Credit Act. That is an important bill, and it holds a great deal of potential. However, that potential will not be maximized unless we get certain commitments, not from the Minister of Agriculture but, rather, from the Minister of Finance. In the interest of the agricultural industry, would the Minister of Finance be prepared to make an appearance before the Standing Committee on Agriculture?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, if the bill is in the competent hands of the Minister of Agriculture, I see no need for going before the committee.

Mr. Wise: Madam Speaker, I am disappointed that the Minister of Finance does not understand the bill, and I am disappointed that the Minister of Finance does not care enough to give an hour to the agricultural industry.

BUDGET PROVISIONS

Hon. John Wise (Elgin): Madam Speaker, there is a second important reason why the minister should make an appearance. In view of the confusion, I wonder if the minister would reconsider his position and appear before the standing committee in an effort to demonstrate that his new forward-averaging provision in the budget fully replaces the income-averaging annuity contracts and the capital gains reserve which were two important measures that were in place prior to his budget.

● (1150)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, that is a very good point. I have argued that the new forward-averaging system is, in some cases, more beneficial to farmers than the replaced income-averaging annuity contract. We have been able to make that case to individual farmers and to various groups. When the tax bills go before the committee, then we will have a full opportunity to discuss these matters and to give hon. members all the information so that they can then argue the point.

RAILWAYS

SHORTAGE OF ROLLING STOCK

Mr. Les Benjamin (Regina West): Madam Speaker, I should like to direct a question to the Minister of Transport regarding the lay-off of 700 employees of a railway car plant in Nova Scotia next month. The transportation law of Canada requires the railroads to provide suitable accommodation for all traffic offered, yet there are not enough cars to ship potatoes, there are not enough cars to ship livestock, there are not enough cars to ship fresh fruit and vegetables, and there are not enough cars to ship grain. Under the authority that he has in the law, will the minister require the railroads to begin systematically placing orders for the railway rolling stock that is now in short supply so that these lay-offs may be prevented?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, if my hon. friend has cases that he wants to bring to my attention, even if they are not terribly well documented, I will take them to the railways immediately and try to obtain justification for the lack of car capacity. Without that, I really cannot see what I can do.

With regard to the last part of the member's question which I understood to mean that he wanted some more activity in the car construction industry, I can reassure him on that because the commitment the government made for the purchase of 1,280 hopper cars will be implemented very, very soon.

GOVERNMENT ORDER FOR HOPPER CARS

Mr. Les Benjamin (Regina West): Madam Speaker, very very soon is not soon enough. The minister has been telling us about these 1,280 hopper cars for quite some time but they still have have not been ordered. Will the minister assure the House and the workers scheduled for lay-off in Trenton, Nova Scotia, that the orders for them will be placed forthwith and that orders will be staged for the other 4,000 cars required, so that no one is laid off until all the 5,300 grain hopper cars that are needed are built? Will the minister move on this matter immediately, so that lay-offs do not occur?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, there is a good reason for the short delay. At the moment we are considering whether to lease the cars, or buy and pay for them now. A good discussion is going on about this and there is justification for it. If we pay for them now, the cost will have to be deducted from the $1.35 billion assigned for the purpose by the Minister of Finance, and so there will be less money for other purposes. It is a good point of debate which we will finish with soon and then make a decision.

JUSTICE AND LEGAL AFFAIRS

NATIONAL MOBILITY OF LAWYERS

Mr. Stanley Hudecki (Hamilton West): Madam Speaker, in the absence of the Minister of Justice I should like to direct my question to the Prime Minister. One of the most crucial issues of concern to the Canadian legal profession is that which deals with the national mobility of lawyers. It has become apparent that a whole new approach is required to allow Canadian lawyers to move with ease from province to province, as is the case with doctors.

Can the Prime Minister advise of any discussions currently under way, or which are planned among the various bar societies, or at the level of law schools, aimed at reciprocity of membership for practising lawyers transferring from one provincial bar to another, or whether a common national examination for graduate law students is under consideration similar to the Canadian Medical Council qualifying examination in medicine, in order to facilitate the mobility of lawyers in Canada?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I am not aware of any hard discussions between the various provincial bars or in the Canadian Bar Association itself. I shall have to report the hon. member's concern on this matter to the Minister of Justice.

I would remind the hon. member, however, that when we discussed the constitutional problem with the provinces, one of our concerns was precisely that shared by the hon. member. We insisted on the importance of having a mobility clause in the Constitution with a view to permitting Canadians of different occupations in society to have the mobility within the Canadian union. Of course, we were partly successful and partly unsuccessful. I share the hon. member's concern in general, and I will report the hon. member's question in particular to the Minister of Justice.

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EXTERNAL AFFAIRS

POLAND—POSSIBLE EMBARGO ON SHIPMENT OF URANIUM TO COMMUNIST COUNTRIES

Mr. Robert Wenman (Fraser Valley West): Madam Speaker, I would like to direct my question to the Secretary of State for External Affairs. In order to demonstrate Canada's extreme concern regarding the acceleration of the repression of human rights in Poland, will the minister consider the application of sanctions on the export and transfer of uranium hexafluoride and other elements of the nuclear fuel cycle to east bloc nations?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, the question of sanctions against Poland with respect to the present situation there is under consideration by the cabinet. I hope to be able to make an announcement in due course.

Oral Questions

SAFEGUARDS AGAINST NUCLEAR PROLIFERATION AND ACCIDENTS

Mr. Robert Wenman (Fraser Valley West): Madam Speaker, I wish to ask a supplementary question. In view of the minister's recent condemnation of the Soviet Union I would have expected a simple sanction would be rather obvious.

In view of the implications of last year's United Nations' report on nuclear proliferation and control of the nuclear fuel cycle processes, which suggested that proliferation of potential accidents during transfer was inevitable if strong measures were not implemented immediately, has the minister succeeded in his efforts to ensure that nuclear proliferation or accident in transfer will not occur.

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, the question of spillage during nuclear transfer is a very serious one and a very technical one to which the appropriate bodies of this government address themselves.

As to the political aspect of non-proliferation, that is a foremost concern of the government. We have been active in this field in the last year in particular, trying to ensure the highest possible standards of non-proliferation. I may say that there is no country in the world that has higher standards than Canada.

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ENVIRONMENTAL AFFAIRS

REQUEST THAT PRIME MINISTER MEET UNITED STATES PRESIDENT TO DISCUSS ACID RAIN CONTROLS

Mr. Tom McMillan (Hillsborough): Madam Speaker, my question is directed to the Prime Minister. In a few days Canada and the United States begin the next series of negotiations toward a bilateral accord on acid rain. There is every indication in Washington that the United States negotiators are not at all interested in bringing those negotiations to an early and successful conclusion. Given the fact that little progress is in sight, will the Prime Minister seek a meeting with the President of the United States to press Canada's case directly with him in this most important area?

Hon. John Roberts (Minister of the Environment and Minister of State for Science and Technology): Madam Speaker, the hon. gentleman is correct in saying that the next phase of negotiations will begin on February 24. The federal government has specific and important proposals to place before the United States administration at that time. I think the next necessary step is to see what reactions those proposals receive.

REASONS FOR MINISTER'S VIEW

Mr. Tom McMillan (Hillsborough): Madam Speaker, the Minister of the Environment has been giving the House very Pollyanna reports on the state of Canada's negotiations with the United States on acid rain. What is his reason for such optimism, especially in light of the fact that the United States government has slashed the budget of the environmental protection agency, has signalled its intention to emasculate the clean air act in that country, and has appointed lackeys of industry to all of the most important environmental posts? What is the rationale for the optimistic view that the minister continues to present to the House?

Hon. John Roberts (Minister of the Environment and Minister of State for Science and Technology): Madam Speaker, the hon. member has just confused my cheerful personality with Pollyanna. I am neither optimistic nor pessimistic. These are difficult negotiations. We are certainly not optimistic that they will be concluded successfully, but neither are we pessimistic that they will inevitably fail. There are issues of dispute between the two countries in relation to these matters. So far the United States has maintained and committed itself to the negotiating schedule which was originally presented. The negotiations are on track. There are still questions to be resolved. There is no need for excessive pessimism, and there is no reason for excessive optimism.

● (1200)

ROUTINE PROCEEDINGS

[*English*]

AN ACT RESPECTING ACCESS TO INFORMATION ON GOVERNOR IN COUNCIL APPOINTMENTS

MEASURE TO ESTABLISH

Hon. Walter Baker (Nepean-Carleton) moved for leave to introduce Bill C-648, respecting access to information on governor in council appointments.

Some hon. Members: Explain.

Mr. Baker (Nepean-Carleton): Madam Speaker, the officers and directors of Crown corporations, boards, commissions and agencies constitute a parallel public service, and the Canadian public has a right to know the salaries and positions these people enjoy. This is especially important when public bodies are established to carry out policies of government, and even more so where the government or a minister is the shareholder. Since there was evidence yesterday before the Standing Committee on Public Accounts that it was government policy which was prohibiting the promulgation of that information, I think it is doubly important that the public be provided with the means for easy access to such information which should be within the public domain.

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

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 2,096, 3,454, 3,514, 3,568 and 3,613.

[*Text*]

ALLOCATION OF SQUID CATCH TO JAPAN

Question No. 2,096—**Mr. McGrath:**

Was there an allocation of 17 metric tons of squid made to Japan last year and, if so (a) for what reason (b) what did Canada receive in return?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Yes. Japan received 2,250 tonnes of squid from the Northwest Atlantic Fisheries Organization and 14,750 tonnes from Canada for the 1980 season.

(a) Pursuant to treaty obligations and the consensus at the Law of the Sea Conference, Canada is obliged to allow other countries to fish in Canadian waters for fish surplus to Canadian requirements. Our general policy in the distribution of squid which Canadians cannot catch has been to allocate it to countries that consume it, as opposed to giving it to countries that simply compete with Canada on the world squid market. The Japanese are the world's chief squid consumers and Japan is far and away the major importer of squid from Canada. This allocation was supported unanimously by provincial and industry representatives.

(b) In return for the squid allocation to Japan, the Japanese government made undertakings to ensure that a satisfactory trading relationship in squid products would be maintained between the two countries. In 1980, more than 20,000 tonnes of Canadian caught squid was sold to Japanese interests. These sales represented more than 20 per cent of Japan's 1980 squid and cuttlefish imports. Canadian squid sales in 1979 represented only 10 per cent of Japan's imports.

AUDITS OF MILLHAVEN INSTITUTION

Question No. 3,454—**Mr. Cossitt:**

Was an examination made or will one be made of demand issue vouchers issued in the past several years at Millhaven Institution near Kingston and, if so, is there any evidence indicating purchases were made with funds taken from categories in which the purchases would not ordinarily belong?

Hon. Bob Kaplan (Solicitor General): In so far as the Correctional Service of Canada is concerned:

Yes, the following audits were carried out:

At Millhaven Institution: October, 1978, by the Audit Services Bureau; November, 1981, by the Inspector General's Branch of the Correctional Service of Canada.

At Regional Headquarters, Kingston, Ontario: December, 1980, by the Inspector General's Branch. As Ontario has a centralized accounts payable function, the financial records of all institutions in the region were checked at this time, including Millhaven.

Yes, evidence was found of purchases made through normal budget transfer procedures. No irregularities were found in the system or in the processing of demand issue vouchers.

ACCREDITATION OF PENITENTIARIES

Question No. 3,514—**Mr. Friesen:**

1. Which penitentiaries have applied for accreditation to the Commission on Accreditation for Corrections and, in each case (a) how many times and on what dates (b) did the Board of Commissioners render a decision and, if so, what was it?

2. Is it the policy of the Solicitor General to make public the report of the auditors who investigated the penitentiary on behalf of the commission?

3. What is the cost to the Correctional Service to seek accreditation for each penitentiary?

Hon. Bob Kaplan (Solicitor General): In so far as the Correctional Service of Canada is concerned:

1. (a)

Commencement Date	Institution
December 5, 1978	Springhill Institution, Springhill, N.S.
December 5, 1978	Dorchester Penitentiary, Dorchester, N.B.
January 11, 1980	Westmorland Institution, Dorchester, N.B.
January 11, 1980	Matsqui Institution, Abbotsford, B.C.
January 11, 1980	Mission Institution, Mission, B.C.
January 11, 1980	Kent Institution, Agassiz, B.C.
January 11, 1980	Drumheller Institution, Drumheller, Alberta
January 11, 1980	Saskatchewan Penitentiary, Prince Albert, Sask.
January 11, 1980	Millhaven Institution, Bath, Ontario
January 11, 1980	Prison for Women, Kingston, Ontario
January 11, 1980	Frontenac Institution, Kingston, Ontario
January 11, 1980	Leclerc Institution, Laval, Quebec
January 11, 1980	Cowansville Institution, Cowansville, Quebec
January 11, 1980	Regional Reception Centre, Ste-Anne-des-Plaines, Quebec
January 11, 1980	Ste-Anne-des-Plaines Institution, Ste-Anne-des-Plaines, Quebec
April 6, 1981	William Head Institution, Victoria, B.C.

Order Paper Questions

April 6, 1981	Stony Mountain Institution, Stony Mountain, Manitoba
April 6, 1981	Federal Training Centre, Laval, Quebec
April 6, 1981	Rockwood Institution, Stony Mountain, Manitoba
April 6, 1981	Saskatchewan Farm Institution, Prince Albert, Sask.

The initial activities of three of the above institutions were postponed, and they began the preparation of self-evaluation reports again on April 6, 1981. The institutions are:

Prison for Women,
Kingston, Ontario

Ste-Anne-des-Plaines Institution,
Ste-Anne-des-Plaines, Quebec

Westmorland Institution,
Dorchester, N.B.

(b) Yes. Three institutions have thus far reached the final stage of the accreditation process and received accreditation awards. The three facilities are:

Springhill Institution,
Springhill, N.S.
Accredited on September 27, 1979

Dorchester Penitentiary,
Dorchester, N.B.
Accredited on April 18, 1980

Millhaven Institution,
Bath, Ontario
Accredited on May 21, 1981

2. No. It is neither the practice nor the policy of the Commission on Accreditation or its clients to release details of reports as they deal with all procedural aspects, including security and crisis response. However, decisions on accreditation, both positive and negative, are disclosed.

3. The actual cost of auditing an institution is based on $750 (U.S.) per consultant auditor day. To audit an institution, three auditors normally require three days to assess the facility, at a total cost of $6,750 (U.S.). In addition, staff time is required to complete the process in the institution.

CULTURAL AND TECHNICAL CO-OPERATION AGENCY

Question No. 3,568—**Mr. Bosley:**

1. Was a conference of ministers of culture held in Benin from September 14 to 19, 1981 and, if so, which member countries attended?

2. Was an action program agreed to by the ministers and, if so (a) what was it (b) what commitments did Canada make to it?

Hon. Francis Fox (Minister of Communications): In so far as the Department of Communications is concerned, the reply to the above question is as follows:

1. Yes, the first conference of ministers of culture of member countries of the Cultural and Technical Co-operation Agency (CTCA) was held at Cotonou, in the People's Republic of Benin between September 14 and 19, 1981. Member countries of the cultural and Technical Co-operation Agency in attendance included: Belgium, Benin, Burundi, Cameroon, Canada, Central African Republic, Comoro Islands, Ivory Coast, Djibouti, Dominica, France, Gabon, Guinea-Bissau, Upper Volta, Lebanon, Luxembourg, Mali, Mauritius, Mauritania, Niger, Rwanda, Sénégal, Seychelles, Chad, Togo, Tunisia, Vanuatu, Vietnam and Zaire.

2. Ministers of culture of member countries of the CTCA met on September 18 and 19, 1981, following expert working sessions held September 14, 15, 16 and 17. The aim of the ministers' meetings was to discuss major current cultural questions, to approve draft resolutions submitted by the experts, and to adopt the Declaration of Cotonou. In their speeches, ministers also made suggestions for activities that might be included by the Cultural and Technical Co-operation Agency secretariat in its regular program for the next two years. Many of the minister's suggestions, including some of those made by Canada's Minister of Communications, were incorporated in the draft of the regular program, submitted by the agency secretariat to the general conference of the Cultural and Technical Co-operation Agency, which is CTCA's supreme decision-making body. The general conference approved the draft program for 1982-83, at Libreville, Gabon in December, 1981.

(a) Not applicable.

(b) Not applicable.

PROGRAM FOR EXPORT MARKET DEVELOPMENT

Question No. 3,613—**Mr. Herbert:**

1. What amount is included in the 1981-82 main estimates and supplementary estimates for PEMD grants and is it anticipated that the full amount will be expended?

2. What was the total amount spent on the grants in each of the past five years?

3. Are recipients of the grants expected to repay part or all of the amount received and, if so, what is the basis for the repayment and what is the period of time during which the commitment continues?

4. Do the percentages paid on sales go to the Consolidated Revenue Fund and, if so, what amount was received by the fund from the repayment of the grants (a) in the current fiscal year to date (b) in each of the past five years?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): In so far as the Department of Industry, Trade and Commerce is concerned:

1. The 1981/82 main estimates and supplementary estimates include a sum of $17,593,000 for PEMD and it is anticipated that the full amount will be expended.

2. Amount spent for the past five years:

1976/77	$ 4,963,000
1977/78	$ 5,664,000
1978/79	$ 7,139,000
1979/80	$10,956,000
1980/81	$ 8,975,000

3. Recipients are required to repay part or all of the amount received provided the PEMD export marketing activity is successful. Terms of repayment, based on the type of activity supported, are as follows:

(i) For bidding on specific projects, repayment in two equal instalments of the department's contribution, the first within six months and the second within 12 months following the signing of the foreign contract; and

(ii) For other sections of the program, repayment of the department's contribution is at the rate of 1 per cent of reported sales resulting from the supported activities for a period of five to seven years from the effective date of the PEMD agreement.

(Note: Effective September, 1981, repayment rate increased to 2 per cent of reported sales and period reduced to three years).

4. Yes.

(a) In current year to January 31, 1982, $630,000.

(b) During the past five years:

1976/77	$ 88,000
1977/78	$255,000
1978/79	$470,000
1979/80	$630,000
1980/81	$456,000

[*English*]

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered.

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

Mr. Cossitt: Madam Speaker, yesterday I raised a point of order concerning question No. 30. I think it was the twenty-first point of order I have raised over a period of what was, yesterday, the anniversary of that question being placed on the Order Paper five years, eight months and seven days ago. Today it is eight days, tomorrow it will be nine days and so on, but nothing has happened.

I did not intend to rise again today, except that overnight a person—and I will not identify him for obvious reasons—in the Canadian Transport Commission contacted me and told me the specific reasons the answer is being withheld. Whether or not this is accurate, I cannot say. One reason is that the list would reveal severe conflict of interest between certain people involved in this matter. After all, CTC governs Air Canada, yet Air Canada is distributing passes to the CTC and to some of its associates. Also I was told that another reason the government hesitates to answer is the second part of the question, wherein I asked: Did the wives or personal associates—I am told the words the government does not want to answer are "personal associates"—of any members of the CTC or officials of the CTC hold passes on Air Canada?

I do not know why the government has been trying to hide something for five years, eight months and eight days; there must be something pretty serious. Yesterday I said in jest, "What is the story about Benson and his boys?" Quite frankly, a senior official of the department told me that I might better have said, "What about the girls involved too?"

I think it is time we had an answer. This is getting to the point where I think it is bloody shocking. If they are using government funds to give passes to people who are not government employees and so on—

An hon. Member: Girl friends.

Mr. Cossitt: Girl friends, yes, I will say that too—then I think it is a pretty serious situation. After five years, eight months and eight days, it is time the parliamentary secretary got off his rump, stood up and told us what the devil is going on or why the government does not answer.

I see the President of the Privy Council grinning. Maybe behind that grin, being a high official in government, he knows the answer which the parliamentary secretary does not know. What have they been hiding for this period of time? I should like to know; let us have an answer.

Mr. Smith: Madam Speaker, I told the hon. member yesterday that I would look into it. We have a good record in answering questions on the Order Paper.

Some hon. Members: Oh, oh!

Mr. Smith: As of today, we have answered 2,785 questions on the Order Paper during this session alone. A very large number of those came from the hon. member for Leeds-Grenville. With regard to the rumours to which he referred, I cannot comment on them. I hope he has the courage to repeat them outside the House; he may well end up in court if he does.

Mr. Pinard: Madam Speaker, since it is an allotted day, I do not think hon. members opposite would like it if we take up their time. Therefore, I invite the hon. member for Leeds-Grenville to discuss this matter with me outside the House. If he wants, I could bring a few reporters.

Mr. Cossitt: Madam Speaker, I do not intend to take more than 60 seconds, because I know it is an allotted day and I do not want to take up too much time. But in effect the parliamentary secretary threatened me a moment ago. I do not think any member has to take that kind of thing when he rises and asks for legitimate information. In the figures, facts and all the baloney about percentages, they still have not answered why it has been five years, eight months and eight days.

I will be glad to talk to the President of the Privy Council, but he wants to haul in some of the press, some of the Liberal press who will do what he wants. I will talk with him privately any time he wants, and I defy him to give me the reasons this question has not been answered. He knows the reasons, the parliamentary secretary knows the reasons, Edgar Benson

knows the reasons, and I know the reasons. Why does the House not know the reasons?

Mr. Smith: Madam Speaker, I did not threaten the hon. member, but I happen to think it is an abuse of parliamentary immunity to debate comments about people's reputations, unless one is prepared to do it outside the House where one can take the full consequences of the statements.

Mr. Andre: Release the data!

Madam Speaker: Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 58—NON-CONFIDENCE MOTION—
JOB-CREATION PROGRAMS

Right Hon. Joe Clark (Leader of the Opposition) moved:

That, in the opinion of this House, the government should immediately implement the recommendations contained in a letter to the Prime Minister, dated February 3, 1982, signed by the Minister of National Health and Welfare and the Minister of State (Mr. Joyal) and certain Members of Parliament, which urged the government to proceed with the "immediate creation" of two new programs to create employment in key sectors of the economy by stimulating domestic housing construction and by launching a program to enable private enterprise to hire young Canadians, and the House strongly endorses the position of the authors of the said letter when they wrote:

"Mr. Prime Minister, we urge you to adopt these measures as soon as possible, because we are convinced that they are necessary right now . . ."

He said: Madam Speaker, everyone in the House knows the nature of this motion. It is based upon a letter written by two Liberal ministers and eight other Liberal Members of Parliament, asking the government to act immediately on measures to let Canadians build homes and to create jobs for Canadians. It asks Liberals to approve what Liberals have proposed and, in so doing, it allows all of us in the House to address the fundamental question as to who holds real political power in Canada. Who decides policy? Is it elected Members of Parliament or anonymous bureaucrats in the Department of Finance? This letter was written by ten elected members of the House of Commons. This budget was written by anonymous civil servants who finally found a Minister of Finance (Mr. MacEachen) foolish enough to embrace their theories.

● (1210)

Mr. Nowlan: Gullible Allan.

Mr. Clark: All of us in this House know the damage that has occurred to this country with the bankruptcies, the jobs lost, the homes lost and indeed the suicides. Those suicides, bankruptcies and job losses have all resulted from this budget. This letter tries to help; so do the statements and the actions of members from all parties in this House who say, here is the evidence that this budget is bad for Canada: 117,000 full-time jobs were lost last year, another 35,000 jobs are being lost each month; a 109 per cent increase in farm bankruptcies has occurred over the last two years, and in the province of Quebec alone, from January to January, there has been a five-fold increase in farm bankruptcies and as many as 40,000 Canadians are likely to lose their homes.

Every Member of Parliament who talks to his or her constituents knows that people are angry, hurt and fearful. The evidence is all around us. Members have been telling their constituents, members who I intend to name in the House later, that they would help to change the budget. Today is the day that members can stop talking and start acting.

Some hon. Members: Hear, hear!

Mr. Clark: Today is the day when ten Liberals from Montreal and others from Kitchener, Scarborough, Guelph, Niagara Falls, Hamilton, Thunder Bay and other communities across the country can show whether they are sincere and honest in what they say, because it comes down to whether they are sincere and honest in what they say. It is easy to talk, Mr. Speaker, but it takes courage to act. Members throughout this House, and I say this very seriously, will be judged for the rest of their political lives on whether they vote in Ottawa the way they talk at home in their constituencies.

Some hon. Members: Hear, hear!

Mr. Clark: The question is basic. We have all noted the decline of Parliament. We have all seen the growth of the power of the bureaucrats. Today is a moment of truth. We have a budget which taxes health contributions, which stops home building and destroys savings. These are measures that no one can defend on their merits. These measures were proposed not by a Liberal caucus but by anonymous bureaucrats who have never had to stand for office and whose theories have no mandate and no support in this country.

Mr. Masters: Talk about your caucus.

Mr. Clark: I am asked to talk about my caucus. I am speaking for my caucus and I ask the hon. member opposite to come here and speak for his people.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Ethier): Order, please. The hon. member for Thunder Bay-Nipigon (Mr. Masters) is rising on a point of order.

Mr. Masters: Mr. Speaker, I know the Right Hon. Leader of the Opposition (Mr. Clark), in naming names and ridings, would like to be more accurate. He did refer to Thunder Bay as a riding. I am sure the right hon. gentleman knows that there are two ridings in Thunder Bay, Thunder Bay-Nipigon and Thunder Bay-Atikokan.

Some hon. Members: Oh, oh!

Mr. Nielsen: Look at them scurry!

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

Mr. Clark: Mr. Speaker, I thank the hon. member for that precision. He underlined not only that there are two constituencies in Thunder Bay, but there are two deeply different views on the budget there. The hon. member for Thunder Bay-Atikokan (Mr. McRae) has had the courage to stand up and speak for his constituents on this budget. The other hon. member has not yet had that courage.

Some hon. Members: Hear, hear!

Mr. Clark: But the hon. member will have that opportunity later today. The point that I underline for Liberals opposite is that this budget was not written by Liberals; this budget was written by anonymous public servants who have no mandate to express their theories in this country, nor any support for their theories here. Yet Liberals who did not propose these measures, many of whom do not support these measures, are being asked to betray their people and to betray their principles and fall meekly into line. If that is allowed to happen, Sir, then Liberal MPs have surrendered all principle and they have wiped any trace of honour from their names.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Clark: I notice the Quebec chairman of the Liberal caucus just applauded the fact that his colleagues abandoned their principles. He just did, in the House!

I will return to this letter, Mr. Speaker, but these ten are not the only Liberals who have spoken. There is a comment, even more eloquent, from the young member for Manicouagan, who last week visited his own constituency, where some workers will have their taxes increased by $2,400 next year, and then said; and I quote:

We, Members of Parliament, are like those poor parish priests who had to cope with the problems of their flock. Having said over and over again that the government's economic policy is unacceptable either morally or socially, the answer we get is that Liberal dogma forbids any dispensation from decrees issued by the supreme authorities. Official policy has taken the place of religion.

Our political leaders are acting as though they were the Pope.

Those are the words of one Liberal member. We shall watch how he votes—like a spokesman for his people, or a poor parish priest.

Mr. Speaker, I have heard a number of federal members for Quebec talking while I am speaking, but they never speak for their own constituents here in the House of Commons. Later today they will have a chance to speak and vote for their constituents and against the Liberal budget.

The member for Manicouagan has identified the problem. When members are silent, the people suffer. And in Quebec—where there are more Liberals than anywhere else—there is more suffering, because of this budget. One out of every five young people in Quebec is out of work. Thousands of Quebecers who had jobs have lost them under this Liberal government. At Ste-Thérèse 3,500 workers have been laid off by General Motors.

Admiral laid off 2,500 workers. Pratt & Whitney laid off 610 workers last November in Quebec, and 550 more this month.

The St-Michel sawmill laid off 131 workers. Three thousand Quebecers have been thrown out of work in the shoe industry. Five hundred more workers will be laid off by the CNR in the weeks to come. The story is the same across Quebec. In January, the Lower Saint Lawrence region and in Gaspésie, there were 14,000 fewer people working than there were two years ago. In the Saguenay-Lac St-Jean area, there were 11,000 fewer people working than two years ago. The situation is appealing. Who is going to take up the cause of these people? This motion would create jobs, unlike the budget which is putting people out of work.

If the Liberal members for Quebec care about their people, they will vote to give their people jobs.

● (1220)

[*English*]

This budget, Mr. Speaker, is not just wrong-headed, it is inept and full of basic errors. The Minister of Finance has tried to bamboozle Canadians with creative accounting methods which, if they were tried by a company listed on any stock exchange, would result in their being delisted immediately.

Let me give a few examples. The minister claimed in this House that 12 million Canadians would pay less tax this year as a result of the budget. That is what he said. The simple fact is, Mr. Speaker, that fewer than 12 million Canadians will pay taxes this year. The minister was wrong on that basic fact. When he was caught on that he said that he meant to say 12 million would be better off because of his largesse in continuing the long-standing principle of indexation. Well, to reach that number, Mr. Speaker, he claimed more than 16 million Canadians will file 1982 tax returns. He still has not explained how he expects an increase of tax filers despite his forecast of lower growth in the labour force.

Now, Mr. Speaker, since this finance minister does not even know how many people pay taxes, how in the world can any of his budget numbers be believed? The minister himself has admitted in this chamber that his revenue forecasts are wrong, that his deficit forecasts are wrong. Indeed, Sir, he must have been the last person in the country to have seen the recession coming in November.

Those are not the only errors in the budget. The minister claims that moving the sales tax from the manufacturers' level to the wholesale level and cutting it from 9 per cent to 8 per cent will not increase costs or his revenues. Even without talking about the massive paper burden this will impose on wholesalers, no expert outside the Department of Finance believes there will not be at least a 2 per cent increase in costs

to consumers. Again the minister has tried to hide a tax grab. He claims that replacing income-averaging annuity contracts with forward-averaging will not harm taxpayers. Again, no expert outside the tax department believes that. The only way it can be true, and I am quoting the minister's example, is not to earn money. Well, he is certainly making that possible.

That, Mr. Speaker, is also the case in the matter of indexing. The minister claims indexing is a tax cut. It is only a tax cut if income does not increase. The minister will not change his budget just because it is wrong. He says, and I quote his speech in Toronto:

> I believe that we must resist the temptation to veer away from restraint—whether to gain a temporary and minimal increase in jobs, or simply to reap the transitory political benefit.

This minister speaks of restraint, yet his government spends $70 million on government advertising. One day in October last year he and his colleagues spent $27,000 to fly three cabinet ministers in three separate JetStars to the city of Winnipeg, a flight which, had they gone commercial—and let them fly first-class—would have cost the taxpayers only $1,770 for the round trip. This government, as we learned today, is prepared to write off $125 million on Consolidated Computer Inc. This government, Sir, was spending $40 a day to have a Quebec City newspaper flown directly to Ottawa when they could walk over to the Chateau Laurier and buy the same paper for 50 cents. That is restraint for this government. The clumsy and stupid way they handled the Petrofina purchase means that Canadians paid $300 million to $400 million more than was necessary to buy the shares.

The list of extravagances goes on. This government can find plenty of money to increase the pay of senior civil servants; it can find plenty of money to jet ministers around the country, because there is no restraint on ministers or senior civil servants. Restraint is for those 40,000 Canadians who will be forced out of their homes. Restraint is for those 35,000 Canadians who lose their jobs each month. Restraint is for the people that this letter and our motion talk about. What is being proposed by the government is not restraint, it is simple and cruel injustice; and any Liberal with a conscience will tell the Minister of Finance to cut his spending on advertising, to cut his spending on Petrofina shares, to cut his spending on $40 newspapers which he can buy for 50 cents, and to start to care about the people who are suffering in this country.

Some hon. Members: Hear, hear!

Mr. Clark: This particular motion speaks of two kinds of changes concerning jobs and homes. There are other changes being sought by other Members of Parliament for equally legitimate reasons, because this is a bad budget which was drawn up with no understanding of the real world. Let it be clear that if the government is able to force Liberal members into line on this issue, they will try to force them into line on every other issue. The minister has said very clearly that he does not intend to make changes in his budget. He is trying to take the heat off here in the House of Commons and shunt the question off to the committee where he hopes it will be forgotten. He was very clear about that in answering my colleague, the hon. member for Edmonton-Strathcona (Mr. Kilgour), the other day when the minister said:

> Quite a number of representations were made following the budget in November and December. As the hon. member knows, on December 18 I made a number of changes which I regarded as necessary and urgent. It is my view that any further changes based upon representations and arguments of hon. members ought to be made when we reach the appropriate stage of the legislative process.

That means, Mr. Speaker, they ought never to be made. This minister has his pride at stake. He made a mistake, he was taken in by his public servants, but he is not man enough to stand up in the House of Commons and admit he made that mistake.

Some hon. Members: Hear, hear!

Mr. Clark: He wants the whole country to pay the price. Individual Liberal members opposite will have to decide whether they put their minister's pride ahead of the interests of the people they represent here in the House of Commons.

Just one last thing about committees, Mr. Speaker. Committees take time and most Canadians do not have time. Thirty-five thousand Canadians are losing their jobs each month in this country. By the time the committee starts to sit, another 70,000 Canadians will be out of work. By the time the committee begins to report there will be another 100,000 Canadians out of work. Mr. Speaker, members of this House have an obligation to act now and not wait for another 100,000 or 200,000 Canadians to be forced out of work by the policies of this government.

Some hon. Members: Hear, hear!

[*Translation*]

The Canadian people cannot wait any longer, they want action and that is what the ten Montreal Liberals have understood. They said so to the Prime Minister (Mr. Trudeau) and they went on to publish their views as an official statement of their recommendations. I shall now quote from their letter:

> The message given by our fellow citizens is clear and easy to understand because it conveys a single central preoccupation: the economy. People are deeply concerned about their economic future, and while recognizing the importance of the fight against inflation, they believe the government should deal more directly with the alarming unemployment situation.
>
> As members of the central-eastern part of Montreal, we realize that a real and lasting improvement (in the long term) of the job situation must necessarily come about through control of the inflation rate. However, we believe that it is possible to create jobs immediately in certain critical sectors without overstimulating the economy.

That was the letter signed by ten members, namely, the members for Saint-Léonard-Anjou (Miss Bégin), Laurier (Mr. Berger), Montréal-Mercier (Mrs. Hervieux-Payette), Rosemont (Mr. Lachance), Gamelin (Mr. Portelance), Hochelaga-Maisonneuve (Mr. Joyal), Saint-Jacques (Mr. Guilbault), Saint-Michel (Mrs. Killens), Montréal-Sainte-Marie (Mr. Malépart) and Bourassa (Mr. Rossi). We shall see today if they vote the way they talk. If these ten members vote against

their own recommendations, they will be revealed forever as members who lack the courage of their beliefs.

Some of them are pretending now they didn't realize what they were doing. The Minister of State for Quebec (Mr. Joyal)—he is in the House today—told Mr. Michel Gratton, and I quote:

So you see, I was more interested in what was going on than in reading the letter.

Mr. Speaker, ministers don't have the luxury of not knowing what they're signing. They hold responsible positions. They have to stand by what they say—and what they sign. That is a rule of cabinet. And it is a rule of simple courage for private members to stand by what they say.

If these members vote against this motion, they betray their own signatures. The question for them is clear and inescapable—do they prefer their people or their party?

• (1230)

[*English*]

Mr. Speaker, it is not only hon. members from Quebec who have spoken against the budget and who will have to prove today whether they will vote in Ottawa the way they speak at home. The hon. member for Scarborough West (Mr. Weatherhead), the chairman of the Ontario Liberal caucus, said that Ontario Liberal members feel just as strongly as the ten Montreal members do, if not more so. The hon. member for Humber-Port au Port-St. Barbe (Mr. Tobin) has said, "People are saying that the Liberal government must turn the economy around before there is permanent damage." The hon. member for Ottawa West (Mr. Francis), the hon. member for Cochrane-Superior (Mr. Penner), the hon. member for Thunder Bay-Atikokan, the hon. member for Kitchener (Mr. Lang), so we believe, the hon. member for Guelph (Mr. Schroder), the hon. member for Niagara Falls (Mr. MacBain), the hon. member for Essex-Kent (Mr. Daudlin), the hon. member for Lambton-Middlesex (Mr. Ferguson) and the hon. member for London-Middlesex (Mr. Bloomfield), and perhaps several others, have spoken words designed to be heard just at home, words which have not yet been carried to the national scene. I tell them that their words will be remembered at home and will be repeated here. The only way they can honour their standing and their identities as individuals of principle will be to vote in Ottawa the way they speak at home.

Some hon. Members: Hear, hear!

Mr. Shields: Now we'll see!

Mr. Clark: Yesterday marked the second anniversary of the election of this government. We all know the promises it broke, the way it earns its reputation as a party whose word cannot be trusted anywhere in this country. I do not want to dwell on that. What I want to underline is that its actions since that election raise even deeper questions about whether Liberal ministers or Liberal members have any respect for democracy in Canada. The ministers have imposed major changes on the country, such as abandoning VIA Rail without any public hearings—

Mr. Pepin: Not true!

Mr. Clark: —driving away energy investment, dividing Canada on the Constitution, proposing unilaterally to eliminate the Department of Regional Economical Expansion, taxing health and other employee benefits. The Liberal members have gone quietly along, adding their votes to all of these measures. However, none of these questions was discussed by the Liberals in the election campaign.

The message is very clear. The government has no mandate for these changes. Individual Members of Parliament have no mandate to support them. Most Canadians oppose what the government is doing. However, the government ignores them and individual Members of Parliament will have the opportunity, by their vote today, to indicate whether they will help the citizens who elected them to change a budget which the people do not want, and about which the people of Canada were not warned in the last election campaign.

Let me ask some questions of the House. What Liberal member of this House told his voters that he proposed a tax on accrued interest on new whole life insurance policies?

Mr. McDermid: Not one of them!

Mr. Clark: Did the hon. member for Kitchener? Did the hon. member for London West (Mr. Burghardt) or the hon. member for London East (Mr. Turner)? Did the hon. member for London-Middlesex indicate that when he sought the support of his electors?

What Liberal member told his voters he was proposing to tax employer contributions to Blue Cross or to reduce the payments mothers could receive under the child tax credit? Did the Minister of State for Mines (Mrs. Erola), who is responsible for the status of women, tell anyone that? Did the Minister of State promise that when she stood for election? Did the Minister of National Health and Welfare (Miss Bégin) or did the hon. member for Scarborough West? Did the hon. member for South West Nova (Miss Campbell) make that promise when she was being elected? Did she tell people the truth about what she and her government intended to do? What Liberal member told his voters—

Mr. Simmons: How about cutting taxes?

Mr. Clark: —that he was proposing measures—

Mr. Nielsen: In your seat!

Mr. Clark: —which would triple the cost—

Some hon. Members: In your seat!

Mr. Nowlan: Get the Sergeant-at-Arms to throw the jackal out! He has to be in his seat.

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

Mr. Baker (Nepean-Carleton): Come on, Simmons, shut up!

The Acting Speaker (Mr. Ethier): Order, please. Remarks should be addressed to the Chair and not to hon. members. Therefore, I will allow the Right Hon. Leader of the Opposition to continue.

Mr. Clark: Thank you, Mr. Speaker.

Some hon. Members: Hear, hear!

Mr. McDermid: He cannot stand the heat!

Mr. Simmons: Tell us about Jerusalem! Where do you stand on Jerusalem?

Mr. Clark: I am sure Your Honour will calculate the amount of time which has been taken from my speech by the various interjections. The hon. member for Burin-Burgeo—

Mr. Simmons: Get it right.

Mr. Clark: —who shouts from someone else's seat, has not been heard to speak about the impact upon fish plants and upon unemployment in the province of Newfoundland. If he believed as much in his duty to his constituents as he believes in his blind loyalty to the Liberal Party, he would be standing and voting against that budget!

Some hon. Members: Hear, hear!

Mr. McDermid: Go back home!

Mr. Epp: Go home!

Mr. McDermid: You're not representing your people. Go back home!

Some hon. Members: Go, go!

Some hon. Members: Hear, hear!

Mr. Clark: Now that that hon. member has run away, let me ask what Liberal member told his voters that he was proposing measures which would triple the cost for salesmen to operate their cars, or measures to shut down the auto parts industry. Did the hon. member for Niagara Falls promise that? Did the hon. member for Welland (Mr. Parent), or did the hon. member for Hamilton West (Mr. Hudecki) or did the hon. member for Lincoln (Mr. Mackasey)? What Liberal MP told his voters that he was proposing to cut the amount of money new Canadians can send to their parents or dependent relatives outside of Canada? Did the hon. member for Parkdale-High Park (Mr. Flis), or did the hon. member for Trinity (Miss Nicholson), or did the hon. member for Mississauga North (Mr. Fisher)?

Mr. Simmons: Mr. Speaker—

Some hon. Members: Order!

Mr. McDermid: Speak in the debates, Simmons! Sit down!

The Acting Speaker (Mr. Ethier): Order. Is the hon. parliamentary secretary seeking the floor on a point of order?

Mr. Baker (Nepean-Carleton): Let him make a fool of himself.

Mr. Simmons: Mr. Speaker, I do not need to do that. The Right Hon. Leader of the Opposition (Mr. Clark) is doing that quite adequately by himself. I do not need to help him make a fool of himself.

I have two points on my point of order. First of all, the Leader of the Opposition cannot, even in his enthusiasm, mislead the House.

Some hon. Members: Oh, oh!

Mr. Simmons: First of all, he indicated that I have done nothing about the fish plant closure. I arranged for 4,000 jobs to be restored.

Some hon. Members: Oh, oh!

Mr. Simmons: On a point of order, Mr. Speaker—

Some hon. Members: Sit down!

• (1240)

The Acting Speaker (Mr. Ethier): Order. Hon. members may feel they have points of order, but on this occasion the Chair feels that it would be proper to debate when hon. members are recognized to participate in the debate.

Mr. Clark: If the hon. member is interested in creating jobs, as he has just said he is, he has an opportunity tonight. He can vote for the motion.

Some hon. Members: Hear, hear!

Mr. Clark: There is a series of other questions one might want to ask when one looks at the mandate of this government. What Liberal MP ran on a promise to remove the northern benefits? Did the hon. member for Thunder Bay-Atikokan, the hon. member for Manicouagan (Mr. Maltais), the hon. member for Grand Falls-White Bay-Labrador (Mr. Rompkey), the hon. member for Abitibi (Mr. Gingras), or the hon. member for Témiscamingue (Mr. Tousignant)? None of them told their voters—

The Acting Speaker (Mr. Ethier): The hon. parliamentary secretary on a point of order, and it will have to be on a point of order.

Mr. Simmons: Mr. Speaker, I rise to be heard on a question of privilege. The Leader of the Opposition has been in this House for some years. He ought to be aware that as a result of the redistribution which took effect in May, 1979, my riding has since been called Burin-St. George's. I am entitled to have the riding referred to by its correct name.

The Acting Speaker (Mr. Ethier): Order. The Chair has allowed two extra minutes for the Leader of the Opposition because of the interruptions. There will be one minute left for the Leader of the Opposition.

Mr. Clark: Before my minute starts, Mr. Speaker, I am pleased to accept the correction from the hon. member. I would certainly want his electors to know who he is. I want them to know what he does when he votes against their interests today.

Some hon. Members: Hear, hear!

Mr. Clark: May I reserve a final moment for the New Democratic Party. This vote would have occurred last week except that the NDP chose to save the government. It was a deliberate decision to act with the Liberals, just as the NDP acts with the Liberals on any basic question.

Some hon. Members: Hear, hear!

Mr. Clark: They were in bed together on the Constitution. They were in bed together against the Crosbie budget. They fled together from the vote last Friday.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Ethier): Order. The Leader of the Opposition may continue only if there is unanimous consent.

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Ethier): The minister nods his head to indicate that there was unanimous consent, but I heard no.

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Mr. Speaker, this is a very serious issue to discuss. It is unfortunate with an issue that is of such prime importance to so many Canadians that instead of a thoughtful and rational approach, we are treated to high comedy and serious tragedy by the House of Commons best replacement for the "Perils of Pauline" that we have seen in many a year.

It is a sad spectacle when the Leader of the Opposition (Mr. Clark) has to come and appeal to Liberals because he knows he will never get support from his own side of the floor. It is a tragic commentary on the state of disrepute that the Conservative caucus has fallen into, that the only solace the poor Leader of the Opposition can find is to appeal to Liberals to support him on his motion. Theirs is a party that once had a proud tradition of independence, a proud tradition of speaking for itself. What we have now is the Leader of the Opposition on bended knee saying "Liberals, please give us a hand."

It is equally sad that the Leader of the Opposition can find as his only source for his resolution good ideas put forward by Liberal members. It is understandable because we know the paucity of ideas among the Conservative caucus. If there is a danger of bankruptcy in Canada, it is the bankruptcy of ingenuity, imagination and creativity of the Conservative caucus. Therefore, what must they do? They must put a resolution forward that simply endorses the kind of creative imagination put forward by Liberal members, as requested by the Minister of Finance (Mr. MacEachen).

Now they say, "let us have a motion of non-confidence." We know it is simply a gimmick on the part of the Leader of the Opposition. He has more gimmicks than a K-Tel advertisement. The whole theory for the policy of the Leader of the Opposition is not deny, keep repeating yourself and maybe someone will believe you. Well, they do not believe him because the record of the Conservative Party shows there is nothing to believe.

A few weeks ago the Leader of the Opposition, standing up in high dungeon, with all that pomposity of which only he is capable, said that 60,000 mothers are going to be denied their child tax credit. Two days later his staff member whispers *sotto voce*, "I am sorry, it wasn't that number; we had to sort of make it up."

Then we have the brave spokesman, the finance critic, the hon. member for Etobicoke Centre (Mr. Wilson) saying on one hand, "put the interest rates down," and then going to the Montreal Canadian Club and saying "leave them the way they are." The problem is they do not know what they believe. They have no credibility because they have no policy.

The only kind of posture they can take in this House and across the country is to try to set up a whole world of mythology and imagery about these anonymous bureaucrats who are making policy. It is not anonymous bureaucrats making policy, it is members of this caucus, members of the treasury benches, members of our constituency associations whom we talk to and consult with. The reason we are in power and they are not is that we endorse the principle that we have a party that is united behind us and for which we speak.

Some hon. Members: Hear, hear!

Mr. Axworthy: We are not a party that is fragmented into so many pieces we cannot keep count from day to day because we do not know who is going to be in which chair. We do not know who is a member of the Tory caucus and we cannot keep count without a score card.

It really is a remarkable performance, Mr. Speaker, when you think of what the past record of the Conservative Party is. A statement in the *Toronto Star* in 1979 quotes the then Prime Minister as saying "We must have higher interest rates because in the short term they are going to have to do some good." Now we have him saying "bring them down." I guess they were all right in 1979, but somehow they are not good enough in 1982. How does he expect people to believe him when something he was prepared to stand on as a matter of principle in 1979 he all of a sudden discovers is no longer of any use?

• (1250)

We hear the remarkable statement of the Leader of the Opposition, Mr. Speaker, lecturing people on how to be straightforward. If anyone in the House has a record for zigzagging, for repeating his steps and withdrawing statements, it is the Leader of the Opposition. Talk about broken promises, Mr. Speaker!

An hon. Member: Is he from Yellowhead or yellow fever?

Mr. Axworthy: I am reminded by my colleague who asked, what about the zigzagging and the broken promises on Petro-Canada, Jerusalem or other commitments of which the Conservative Party is so proud?

Mr. McMillan: What about wage and price controls?

Mr. Axworthy: Here is the Leader of the Opposition, standing there with all his crocodile tears pouring down his face in great gushes, crying about the high unemployment rate, conveniently forgetting that when he was Prime Minister the unemployment rate in this country was 8.5 per cent, which is .2 per cent higher than it is today.

Some hon. Members: Hear, hear!

Mr. Axworthy: I say this only to point out that if we are going to debate the issue of unemployment, let us debate it on the grounds of serious, thoughtful and creative proposals, not under the mythology or the storm created by the Leader of the Opposition who has offered not one constructive proposal of his own.

An hon. Member: More Liberal deceit.

Mr. Axworthy: Did anyone in the House hear the Leader of the Opposition make one constructive proposal?

Some hon. Members: Yes.

Mr. Axworthy: Did we hear the Leader of the Opposition make any proposal that would make any difference?

Some hon. Members: No.

An hon. Member: Throw out the Liberals.

Mr. Axworthy: All we heard was an appeal to the Liberals to support him, to steal Liberal ideas and talk about broken promises, for which he set a world record which can never be broken.

An hon. Member: Read the motion.

Mr. Rossi: This government is going to vote against it. His own caucus does not want him. He is trying to fight for a new convention in January. He will not be there.

The Acting Speaker (Mr. Ethier): Order, please. I understand that today is Friday and it is sometimes customary to get a little out of hand. However, it is very difficult for the *Hansard* reporters and the translators to hear the member who is recognized. I would invite hon. members to respect those who are recognized to take part in the debate. Right now it is the hon. Minister of Employment and Immigration who has been recognized.

Mr. Axworthy: I may say, Mr. Speaker, that after listening to the Leader of the Opposition, it reminds me of a statement made by Winston Churchill about another leader of the opposition. He said that the leader of the opposition had only one idea in his life and that was a bad one. I am not sure I can even give this Leader of the Opposition that much credit. It would probably be overly generous in the circumstances.

The fact is that if we are going to debate these serious economic issues, we must look at the reality of what is taking place in Canada. We must talk about the measures being taken to help Canadians. If members opposite want to criticize or make comment on these measures, that is fair game. But I think it does a great disservice and is a serious act of irresponsibility for the Leader of the Opposition to stand up and paint this picture that there is a total absence of policy, when he knows full well the kind of initiatives we have taken to create employment in Canada.

If he does not know, Mr. Speaker, I will take a moment to remind him. I remind the Leader of the Opposition that our government has created over 100,000 jobs in this fiscal year.

Some hon. Members: Oh, oh!

Mr. Axworthy: We have done this through direct employment measures. Let me remind the Leader of the Opposition that these were programs which we had to reintroduce because his government cancelled them.

An hon. Member: Tell that to the auto workers in Oshawa.

Mr. Axworthy: He asked members of the House what was happening in their ridings. I can tell him that what is happening is that people are being put to work in community development projects to fix wharves and fish ladders; people are being put to work in community centres—

Mr. Shields: How much money are you putting into it?

Mr. Axworthy: I will tell the hon. member for Athabasca (Mr. Shields) that well over $2 million is going into his riding to create work.

We will be spending close to $400 million this year alone on direct employment which will create over 100,000 jobs, involving over 170,000 Canadians. Furthermore, those programs are targeted to those areas with the most serious needs. There are 7,000 participants under the program for the employment of disadvantaged. There are people working in the crisis and rape centres and day care centres because of community service programs. Students are being employed under the new employment program. This is all part of this government's general commitment to provide direct employment programs.

Furthermore, in December we began to bring in special programs to offer new opportunities for Canadian workers to return to work. As of today we have signed 75 work-sharing agreements which have brought over 4,000 workers who were threatened with lay-offs back to their jobs.

Some hon. Members: Hear, hear!

Mr. Axworthy: When the Leader of the Opposition talks about lay-offs, he should also talk about the number of people we are putting back into the work force. We are achieving this with the full co-operation of employers, trade unions and government. This shows that our basic commitment to work

together with all Canadians in difficult times is reaping its own success.

What the Leader of the Opposition dismisses as gimmicks are in fact part of a major commitment being undertaken in all parts of Canada. I would point out that even many of his friends, those provincial premiers who he likes to have bask in his friendship, are also responding to the offers we made two weeks ago respecting job-sharing agreements. His own Conservative allies in the province of Ontario have signed an agreement with us to put several thousand workers back to work in the nothern Ontario forests.

The Premier of British Columbia expressed interest in a similar offer last night and said he was prepared to sign the same agreement to put people back to work in British Columbia. We have had similar discussions in Quebec, Manitoba and other provinces. We can use the various benefits which we have introduced to put workers back to work, keep the skilled workers together and maintain the solidarity of those communities.

It is evident that there is no absence of policies. There are direct and creative initiatives to help Canadians find employment again. We would all be a lot better off, Mr. Speaker, if members opposite would stop trying to create false alarms and a sense of foreboding in our country—

Some hon. Members: Oh, oh!

Mr. Axworthy: —which is what they are doing, and instead go to work in their own constituencies. I ask, how many of those members have spoken to employers in their ridings about work-sharing projects? I suggest they should go back to their constituencies and help people get back to work, rather than coming here to raise false alarms.

Mr. Lambert: Come to speak to employers in my riding.

Mr. Axworthy: Mr. Speaker, I would welcome an invitation to go to the hon. member's riding. I will be there as soon as he rents a hall.

The fact is that what we are facing today is not Canada's problem alone. The Leader of the Opposition is trying to maintain that the Liberal government alone is responsible. If that is the case, we are also responsible for creating more work than any other country over the last 15 years.

An hon. Member: The jobs only last two weeks.

Mr. Axworthy: Can we take credit for creating jobs at an average of 4 per cent per year starting from the 1960s up to the 1980s? If we are being blamed for the fall-off, we should be given credit for the 18 solid years of continual job enhancement at a rate of 2 per cent to 3 per cent a year. That is the best record of any industrialized country in the world.

An hon. Member: How long do they last?

Mr. Axworthy: We also have the fastest growing labour force at the same time, Mr. Speaker.

It would be much more honest for the members opposite simply to deal with this debate on the facts. The fact is that every country is facing this kind of downturn.

An hon. Member: That is not true!

Mr. Axworthy: It is not true? Look at the United States with its 8.5 per cent unemployment rate. Look at France with close to 9 per cent, and Great Britain. The Tories are following the policies advocated by the hon. member for Etobicoke Centre, those wonderful Thatcherite Reaganomics, which are resulting in over 12 per cent unemployment in that country.

We admit that we have a problem in Canada. However, we also say that we are proposing answers to those problems. There are answers contained in the budget to decrease inflation. Are we hearing from members of the opposition that they do not want the inflation rate down, that they want to continue a high inflation rate and thereby continue a high interest rates policy? If that is the case, then they are the party of high interest rates.

The Acting Speaker (Mr. Ethier): Order, please. It being one o'clock, I do now leave the chair until two o'clock p.m.

At one o'clock the House took recess.

AFTER RECESS

[*Translation*]

The House resumed at 2 p.m.

The Acting Speaker (Mr. Ethier): When the House rose at one o'clock, the Minister of Employment and Immigration (Mr. Axworthy) had the floor.

● (1410)

[*English*]

Mr. Axworthy: Before the luncheon adjournment, Mr. Speaker, we had established that the subject of debate today is of such importance to the country that it should not be the object of charades, playacting or back room manoeuvring and all the other ploys that are being used by the opposition for political advantage. The Canadian people expect more from us than that, Mr. Speaker. They expect and they deserve serious debate about the conditions facing the country and the ways in which we can alleviate the problems of unemployment and, at the same time, stimulate growth in the economy.

I think it is worth talking about the structure of unemployment in Canada, Mr. Speaker. The nature of the problem is often wildly dramatized. Unemployment has some very important characteristics and it is not an experience that is the same for all people. Like most other nations, for a long time we have faced the serious and chronic problem of high unemployment in certain regions of the country and among certain groups of people. Those people are commonly called the structurally unemployed. This means that people in areas of low employ-

ment growth or where there is only seasonal employment do not have the opportunities to develop skills that will enable them to become full participants in the work force. Even in times of very high employment in this country there has always been a group of people for whom special measures must be provided to help them deal with the problems they face.

Above and beyond that, Mr. Speaker, a large number of industries in the country are undergoing adjustments. There have been major changes in technology and in the nature of the product that they provide. It does not help for people to stamp their feet, gnash their teeth or bang shoes on the desk and shout, "Do something; throw money at the problem." That is what we often hear from our friends over in the corner. But we must understand the dynamics of a different industrial society, Mr. Speaker. Changes are taking place in the automobile industry and in the forestry industry which require new skills and a whole new generation of Canadians trained to work in those industries.

In the meantime, however, we must provide support for workers dislocated by those changes. We cannot, and should not, stand in the way of progress, but certainly we must help those affected by it.

Some of the unemployment in Canada occurred because industries cannot sell their products and people cannot sell their goods and services. There has been a great deal of discussion about the trouble in the automobile industry, but the fact is that about 80 per cent of the automobiles we produce are sold overseas. If the North American car industry has not been able to adjust to competition, for technical or other reasons, then that is a major problem and the industry is being reorganized to deal with it.

This is not the fault of the government. No advantage is to be gained by pointing the finger or looking for a scapegoat. The unions, businessmen, employers and government must work together to find solutions. We must get away from this confrontationist, conflict-ridden attitude which is fermented by hon. members for their own political reasons and try to build a society that works to find solutions. These are the problems we face as we begin work to change attitudes.

It is important to address the question of how we are trying to come to grips with these issues. The first major contribution was the November budget.

Some hon. Members: Oh, oh!

Mr. Fennell: The Canadian tragedy.

Mr. Axworthy: Horse laughs usually derive from ignorance and I think that is what we are hearing, Mr. Speaker. I am trying to explain how the budget responded to one of the fundamental economic problems faced by every country, the high rate of inflation. An essential element of the battle is to bring interest rates down and thus create demand. This cannot be done artificially. Hon. members can argue until they are blue in the face but interest rates cannot be brought down by artificial measures. That can only be achieved through the market economy in which we work. The best way to bring interest rates down is by reducing the demand of government borrowing on the capital markets.

We can see an indication of the improvement that is taking place in the declining rate of inflation. For the three-month period ending January 31, 1982, the inflation rate in this country was 8.25 per cent. In other words, the forces of inflation were beginning to ease and, as a result, interest rates were falling. That is a major contribution to a solution of the problem and it is a way to build demand again, rather than through the kind of gimmickry that is being used by hon. members opposite. Government fiscal and monetary powers can be employed to reduce demand.

We have heard a great deal about providing stimulus for the creative, entrepreneurial energies of Canadians, but there is a curious contradiction in the comments of the Conservative Party on this subject. Members of that party like to see themselves as the paragons of free enterprise in Canada. "Let the free market forces flow," they say. That is what the budget did, Mr. Speaker. The reduction in the marginal tax rate put more money in the hands of the risk-takers and entrepreneurs; as well, there is less direction as to where money shall be invested.

If the Leader of the Opposition is saying that he does not believe we should put more cash in the hands of the entrepreneurs, then he had better face his caucus again and have another rendering of conscience. I think a lot of members of his caucus would have to agree with what I have said—that if you give more freedom to the use of cash and capital and let people make their own choices, they will invest in the area that is most productive. That is what the budget sought to attain by bringing the tax rate down and putting more money in people's hands. If hon. members opposite claim that the budget does not stimulate the economy, then they have not read the budget but are relying on their imaginations.

The budget contained several important measures designed to set goals and objectives for economic development. In the budget paper entitled "Economic Strategy for the 80s", the government proposed a number of initiatives to help facilitate the activities of the private sector and the provinces in the creation of jobs. When those reactionaries over in the corner, who love to pretend that they are progressive, rant and rave about the changes in the railway system, they are basically saying that they do not believe in progress. They do not believe in utilizing the rail capacity of western Canada to help sell our goods and create new wealth in the country. They like to put themselves forward as the spokesmen for progressive measures, yet they propose one of the most reactionary, regressive steps that any political party has proposed in the history of this country. They stand in the way of the creative forces in western Canada which would make new products and increase economic growth.

The hon. member for Regina East (Mr. de Jong) is so locked into the past that he cannot see the future. He is so frozen in his stratified attitude that he cannot reach out to new forces. It is sad, Mr. Speaker, that a party whose tradition has been one of looking to the future has now become so stuck in

its dwindling constituency of supporters that it now says, "We must fight to the end of the trenches." That party is the Maginot line of Canadian politics, Mr. Speaker, and it will pay the price.

We have gone beyond the major stimulus to the economy that I have mentioned to bring in special measures to help workers who face problems of readjustment. Under the industrial labour adjustment program, $167 million has been allocated to designated communities whose economies are suffering. This program is beginning to work. Under that program close to 17,000 workers in four communities have been assisted. When hon. members opposite ask, "What are you doing?", I say, "Talk to those workers who have gained retraining assistance, new counselling, new jobs and new mobility as a result of government initiatives."

• (1420)

ILAP has been particularly designed to deal with industrial adjustment programs. Also we introduced additional programs to deal with workers in the marketplace who face particular problems in obtaining access or opportunities. A year ago we brought in a new program to help train women in non-traditional work, with the recognition that women had been "ghettoized" in their occupations and that they required opportunity to broaden their scope. In this fiscal year alone we added close to 3,500 training places for women in non-traditional work to the program. We did it in co-operation with the private sector and unions. This goes back to our basic commitment to work with other sectors of the economy to bring about improvement.

When we talk about the problems of young people in the country, I should like to indicate that at the same time we provided a number of special initiatives to meet their needs. It may interest hon. members of the House to know that close to 40 per cent of the people who use our employment programs are young people below the age of 24; they are the people who use our training programs. In this particular fiscal year over 119,000 young people are in our manpower training programs, over 35,000 are in our industrial training programs, and we have provided 50,000 direct employment jobs for young people. Also we have provided counselling services for over one million young people and over 300,000 placements through summer youth employment programs. The total comes to almost two million young people who used the services of the federal government this fiscal year to obtain employment assistance. When hon. members opposite say that we are not paying attention to young people, I say that we are making a major effort. I am not saying that it is adequate or that we should not do more. We are trying to do more, but to totally deny there is opportunity and to deny the fact that anything is happening is simply fabrication.

Mr. Orlikow: Mr. Speaker, I rise on a point of order. I wonder whether the minister would permit a question.

Some hon. Members: No.

The Acting Speaker (Mr. Ethier): Order, please. The hon. member can ask his question only if there is unanimous consent, but I distinctly heard a "no".

Mr. Axworthy: I should like to return to one of the most important initiatives we have taken over the past several months to deal with long-term employment problems in Canada. One essential matter we must face is the need for a much more productive work force with the necessary skills for the new jobs of the future. We recognize that close to $900 million spent on training programs oftentimes resulted in people being trained for jobs that were not there. Industry is changing, the economy is changing, but with the help of the parliamentary task force chaired by the hon. member for Notre-Dame-de-Grâce-Lachine East (Mr. Allmand), involving hon. members on both sides of the House, we were able to put together a brand new national training program to revamp and reform totally federal initiatives on training and to provide leadership for the provinces and the private sector.

We have a training program which is appropriate for the 1980s. We have provided new incentives for training women in non-traditional work. We have provided incentives for disadvantaged workers. We have begun to shift into the area of high-skilled work through a substantial enhancement of and additions to the critical trade skills program. We have established a brand new planning system in Canada with the involvement and co-operation of provincial governments, unions and the private sector, to work out on an annual basis proper estimates of shortfalls in skills and how to employ our training resources to meet those shortfalls.

We have proposed a major modernization program for training institutions. We are prepared to put millions of dollars into community colleges across Canada, so that they can purchase new equipment, create new laboratories and hire the necessary faculty to develop a new modernized training system to meet job demands of the 1980s and obtain a more productive work force. This is a major initiative—

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

Mr. Orlikow: I wonder whether the minister would entertain a question.

Some hon. Members: No.

The Acting Speaker (Mr. Ethier): This can be done only with unanimous consent, as the hon. minister has used up all his time, but that unanimous consent is not forthcoming.

Mr. Edward Broadbent (Oshawa): Mr. Speaker, we on this side of the House and the people of Canada have known for a long time that in looking at the policies and the attitude of the Liberal government, no government in the history of Canada has been demonstrated to be more intellectually bankrupt and morally indifferent to the concerns of the ordinary people of the land. If we consider what Liberal members promised in the 1980 election campaign and compared it with what happened since then, the evidence is beyond contention.

I should like to refer to a few facts in that regard. Since the 1980 election, what has happened in terms of inflation with which the Prime Minister (Mr. Trudeau) promised to deal? It has risen from 9.4 per cent to 11.4 per cent. At the time of the 1980 election, unemployment was at 13 per cent. Now in real numbers, including all men and women who ought to be included in the official statistics but for technical reasons are excluded, unemployment has risen to 15 per cent. In 1980 mortgage rates were 13.5 per cent. Now they are up to 18.5 per cent and 19 per cent.

I should like to emphasize the need to come to grips with serious structural problems in the Canadian economy. When the Liberals were elected in 1980, there was a deficit in manufactured goods in terms of trade which was $3.6 billion less than the present deficit. In human terms that $3.6 billion increase in the deficit in manufacturing trade represents the loss of hundreds of thousands of jobs.

The reality is that the international economic policies which the Liberal Party has been following for years have resulted in a national disaster in economic terms and a tragedy in human terms in the lives of men and women throughout the country. In the context of the situation with which we are now faced and having lost 235,000 manufacturing jobs between August and the end of December of last year, for years we have lived with a Liberal government that depended entirely upon one fundamental policy for the economic growth of the country.

There were two aspects to the policy. On the one hand, it has said that we are a country with virtually unlimited resources from British Columbia in the west right through to Newfoundland in the east, especially but by no means exclusively in the northern areas of our provinces. The Liberal Party has relied on the selling off of those resources for job creation purposes and for balance of payments purposes. Any serious analysis of Liberal policies from C.D. Howe to the present will not deny this contention. The resource hinterland of Canada, as Liberal members perceived it, was to remain precisely that for the rest of the world. We were to provide resources, they were to manufacture goods, and we were to buy them back.

The other aspect of the Liberal economic policy was that we had to have some manufacturing; even Liberals realized this. After the war Liberal members created, through government initiative but not exclusively in the government sector, a very dynamic Canadian manufacturing economy. Instead of building upon the base of this government wartime initiative, what resulted is what I call the second pillar of Liberal economic policy which goes with resource sell-out, that is, the encouragement of branch plants to come here to establish a manufacturing industry. We know the results of that. I do not want to talk about it just in general terms today; I want to talk about the concrete results of that structure, how it is crumbling, how we see its effects and why we should now be responding to it.

• (1430)

What happened as a result of that fundamental decision after the war? Inefficient branch plants were established. Research and development was not done here. World markets were not sought. No one dominated the domestic market. What has resulted in this our year of economic crisis, the most serious since the great depression? What has resulted in terms of manufacturing? I remind the House that manufacturing is absolutely crucial to jobs. Although the service sector has been growing not only in Canada but in other modern nations disproportionately to the manufacturing sector, the economic reality is that you get growth in service sectors related to the manufacturing sector and if you do not have the manufacturing growth, you do not get the related service sector growth.

Just in this past year we have seen the results of this disastrous economic policy of the Liberals. In the past year we had a $21 billion imbalance in trade in manufactured goods. This means not only hundreds but thousands of dollars per citizen. In human terms it means the loss of hundreds of thousands of jobs in manufacturing that should be here in Canada. We should be using our own resources, both human and material to produce jobs here. Last year the over-all deficit in the balance of payments was over $9 billion.

What are the results of this? As I have said already, there are 1.8 million people unemployed. Our Canadian dollar has dropped in value because of the persistent and growing imbalance in our balance of payments. The government's policies have also meant high inflation rates. But more important in terms of structural concerns in the economy, this imbalance has given the Government of Canada almost no leeway in being able to act. Because we are so dependent upon imported goods in manufacturing, in order to stimulate the economy you offer massive tax cuts, which in certain circumstances, including the present, would be appropriate in a well developed industrial economy.

What happens in Canada if those tax cuts are of massive proportion is that some 40 per cent of the money put out in general circulation to the taxpayers will go outside of Canada to buy more imported goods to further exacerbate the balance of payments situation. That is the kind of vicious circle in which Liberal mismanagement of the economy has got us.

Faced with this reality, this genuine concern and I think a sense of realism among the people of Canada, the Government of Canada should level with the people instead of backing away from them, as it did when a little heat was applied respecting the National Energy Program, and it should tell them what the real reason is for our difficulty. What we have is an unbalanced economy, unbalanced in the sense that we are living off our resources, selling them off, and depleting them too rapidly. This we have been doing for years. Canada has to import too many manufactured goods. The government should take the people into its confidence and explain the situation to them in the way the Japanese and virtually every western European nation did after the Second World War, when they set a course for long-range development. I am convinced that if the government did that, Canadians would respond positively. We need now slow growth perhaps, but we need real growth to provide durable jobs not only for our unemployed but for our children and our grandchildren.

Some hon. Members: Hear, hear!

Mr. Broadbent: How have the Liberals responded to this crisis? How have the Liberals responded to being locked into Reaganomics? Have the Liberals met the challenge by honestly saying that now is the time for an industrial strategy, the kind that my party has called for in the last two elections and about which Herb Gray has talked? Not at all. Herb Gray has been replaced by that omniscient senator in the other place, Senator Olson.

Instead of moving in the right direction to get more Canadian control over our manufacturing sector, instead of establishing an economy less reliant for its balance of payments situation on export resources, the Government of Canada is moving in the opposite direction.

To quote Senator Olson—and this is a complete giveaway—he said: "When a country comes to you and they are looking for iron ore, you do not try to sell that country steel." Just a matter of days ago he said: "Canadians should not feel bad about being regarded as hewers of wood and drawers of water." I say it is the Liberal Party of Canada that should feel bad about foisting that kind of policy on the people of Canada.

What is the government doing to deal with the present economic crisis? I have just said that the government is not making that shift. I suggested that Senator Olson's direction is different. It certainly is. The Liberals have adopted a new tack. It is no longer merely resources that they are going to sell off; they are promoting megaprojects in the resource sector. That is the new con job. The Liberals are now saying that megaprojects all across our country will get us out of our balance of payments situation and will create jobs. That is the new path to a rich and brighter future.

That is simply wrong, Mr. Speaker. It is a more up-to-date version, a slicker use of terminology, to try to convince the people that megaprojects mean something different from resource sell-offs. But I say to the Prime Minister of Canada (Mr. Trudeau) that he will not get away with that kind of approach any more than Sterling Lyon got away with that approach in the province of Manitoba.

I also say to the Prime Minister, who has said that he does not want and does not believe in a quick-fix solution, that that is precisely the Liberals' approach to the megaprojects. The megaprojects are to be the quick-fix solution to our balance of payments problem. The quick-fix solutions to the problems of Canada would be to get rid of the Liberal Government of Canada.

Some hon. Members: Hear, hear!

Mr. Broadbent: We in this party say that now is the time, instead of doing what the official opposition has done and trot out the problems, which we have done in past debates as well, to move in new directions. Now is the time to speak frankly to the people of our land. Now is the time to begin the serious march to recovery that Canadians want and deserve. Now is the time to get rid of the Liberal Government of Canada.

Some hon. Members: Hear, hear!

Mr. Broadbent: I want to make one point with particular emphasis and add two or three comments. I have talked about some of the latter points before. When we say that the manufacturing approach is the key, we say it is the key because it has been the key for Scandinavia, West Germany, France, for Japan, and indeed has been the key for success for the development of the United States of America. I as a Canadian who came of age after World War II feel ashamed of Canadian governments which have not had the courage and determination to make this country into the first-rate industrial nation that it ought to be in 1982.

● (1440)

So, Mr. Speaker, we are saying that in addition to the tax cut proposals we have made before of $1 billion for middle and low-income earners to provide some stimulus to the economy and produce jobs, and in addition to the proposals we made to stimulate particularly the housing sector by taxing the banks at a reasonable level, we are now saying that the multinationals who have done very well in Canada and, as a 1973 U.S. Senate study clearly demonstrates, they are here as in other countries precisely because we have a lucrative market—they are not here for our good, they are here for theirs—are getting all the benefits out of this arrangement and not the people of Canada, since we have a $23 billion deficit in manufactured goods. It is time to turn those priorities around.

We are saying that a serious move at this time of economic crisis by the Government of Canada would be to embark on an industrial strategy and say to the multinationals that they must enter into letters of agreement with the government, as has been done in other industrialized nations, committing themselves to a dollar-value production commensurate with the level of consumption of their products in this country. That means that companies, whether in the automotive sector, the electronics sector or communications—you name it—which happen to be multinationals located here could still have world-scale production, but it would also mean that they would start now to put Canadians to work in numbers equivalent to their dollar benefit in this country. With 1.8 million Canadians unemployed, we think that kind of step is long overdue.

A related point, Mr. Speaker, is that not only do we have to move in terms of manufacturing goods here and maximize our own production for domestic markets—and two places to begin producing thousands of jobs in the next couple of years are in the machinery goods industry and transportation industry, but I will not elaborate on that today. There are also sectors where we could start now which would have important consequences soon.

In addition we in this party are saying, as social democratic parties have said and demonstrated elsewhere in the world, that it is not sufficient to gain control and dominance in your own domestic market; you have to pursue international markets. I have visited countries in western Europe and the Caribbean recently where I was told horror stories about the failure of Canadians to sell goods. I will not name them, but two products were identified which would have produced

thousands of jobs in Canada. Our product was good, we were price competitive, but because of a lack of imagination in financing we lost the sales. So we are saying in this party, which believes in the dynamics of a mixed economy, that it is time the Government of Canada in its trade policies put together an aggressive approach which not only takes good Canadian products such as steel and others which do exist, but matches them with imaginative financing programs so we can sell abroad. That, too, would produce jobs at home.

Because my time is short, Mr. Speaker, I want now to move an amendment to the motion and speak briefly to it. I move:

That the motion be amended by adding thereto after the word "now" the following:

And that this government be condemned for accepting the advice of the finance critic of the official opposition when he recently urged the government to maintain its high interest rate policy as it affects mortgages.

Some hon. Members: Hear, hear!

Mr. Broadbent: Mr. Speaker, speaking briefly to that motion, I want to make the following observation. I said earlier that the Liberals by their approach have been proven to be intellectually bankrupt and morally indifferent to the concerns of Canadians. Well, I want to say, in listening to the speech of the Leader of the Official Opposition (Mr. Clark) today, that if that can be said of the Liberals, then what one can say honestly of the Tories is that they are morally bankrupt and intellectually indifferent. I say that because they have the nerve to put into words in their main motion a policy which goes—

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member but his time has expired. Nevertheless, he may continue if there is unanimous consent.

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Ethier): The motion has been amended as follows: Moved by the hon. member for Oshawa (Mr. Broadbent), seconded by the hon. member for Kamloops-Shuswap (Mr. Riis):

That the motion be amended by adding thereto after the word "now" the following:

And that this government be condemned for accepting the advice of the finance critic of the official opposition when he recently urged the government to maintain its high interest rate policy as it affects mortgages.

The question is on the amendment. The hon. member for Yukon (Mr. Nielsen) on a point of order?

Mr. Nielsen: I am just going briefly to ask the Chair to rule on the admissibility of that amendment. It goes beyond the motion on the Order Paper, in my submission, and should not be accepted by the Chair.

The Acting Speaker (Mr. Ethier): I will take that under advisement at this time and permit the debate to continue. I will make a ruling at a later time after consulting with the Table. The hon. member for Wellington-Dufferin-Simcoe (Mr. Beatty).

An hon. Member: The minister for housing.

The Acting Speaker (Mr. Ethier): Order, please. The Chair is placed in a difficult situation right now. There was confusion, and I recognized one hon. member. I recognized the hon. member for Yukon (Mr. Nielsen) on a point of order, and I did not see the minister rise. We do alternate at all times, but now—

An hon. Member: Don't be foolish.

Some hon. Members: Order.

The Acting Speaker (Mr. Ethier): I do not think the Chair wants to be foolish at any time. I just thought I would seek the advice and co-operation of hon. members. There is the tradition of alternating speakers. I did recognize the hon. member for Wellington-Dufferin-Simcoe, and I am now in the hands of the House. If the House does not want to continue the tradition of alternating speakers and go to the minister, I will accept its guidance. The Chair will be then free at any time—and I am warning you—to recognize two or three speakers from the opposition or from the government side. If we break with that tradition, it will be broken often, and that is not being foolish, as I heard some hon. member say. The Chair made a mistake and I will recognize an hon. member from the opposition; but, as I say, this is breaking with tradition.

Mr. Beatty: On a point of order, Mr. Speaker, just to facilitate the afternoon's proceedings, I would like to indicate that I would be quite prepared to allow the minister responsible for housing to go first. I think he is a very important participant in this debate which centres on the question of housing, and I think all Canadians would be very anxious to hear what he has to say. I would be quite prepared to follow him.

Some hon. Members: Hear, hear!

Hon. Paul J. Cosgrove (Minister of Public Works): Mr. Speaker, I am disappointed that the House did not permit the hon. leader of the NDP (Mr. Broadbent) to continue his very interesting, if somewhat hypothetical—

Mr. Crosby: You did not let the Leader of the Opposition (Mr. Clark) continue.

Mr. Cosgrove: —treatise on his interpretation of the economic malaise and his offered suggestions for cure or remedy this afternoon. It was apparent that the Liberal side of the House was quite content to hear the explanation and support for the amendment that he offered. However, we have not had that advantage.

• (1450)

I did have the advantage of hearing the appeals of the Right Hon. Leader of the Opposition (Mr. Clark) when he asked for

the help of the Liberal members on this side of the House. He should have known that the government's program was supported twice by the whole House in support of the budget of November 12, and that indeed the government has placed before the country and before Parliament its plans for an economic program for the country.

I would like to say at the outset that some people might be interested in knowing what the motion is which is before the House or what subjects of discussion were called for by the opposition, in case they are interested, because this might have been difficult in light of the comments or speeches we have heard thus far. The government is urging that we proceed with the immediate creation of two new programs to create employment in key sectors, one being housing. It is for that reason that I am pleased to have the opportunity to participate in the debate this afternoon.

The government is making a thrust in the area of social programs. It is discharging its social responsibilities. The government has had the responsibility, commencing almost two years ago, the beginning of what we all appreciate as being difficult economic times, to meat its social commitments. It adopted the principle that in difficult economic times we should use our resources in the social area first to help those people who need help the most. I am pleased to have the opportunity to very quickly recount that that is the record of this government, particularly as it affects its responsibility for housing.

As the minister reporting for the Canada Mortgage and Housing Corporation to this forum, I invite hon. members to recollect the thrust of the government since it has assumed the new mandate and responsibility. What were those things that we did? What were our first priorities? What is our record in that area? I first draw to mind the fact that we moved to increase the allotment of the government's program, the national program aimed at assisting people of moderate and low income to find housing. These objectives were in our social programs, the co-operative and non-profit programs. We moved to increase those.

Second, we supported those areas of previous government action, such as the assisted housing ownership program and the assisted rental program, past initiatives of the government in assisting people. We moved to bolster these programs. A month after taking on responsibility as minister in this area, the assisted housing ownership program was extended. It was further extended in the budget of November 12, which doubled the amount of subsidy under that program. We have moved to prevent failures in those programs in an attempt to prevent dislocation of many tenants who have found a source of support necessary to them in seeking adequate shelter. Those were movements of this government in its social area.

We expanded the residential rehabilitation assistance program which is directed toward those of modest and low income and toward those people who are handicapped, for example. Referring to the handicapped, in the International Year of the Handicapped we moved to adopt, in a national policy and in all of our social programs, the basic rule that at least 5 per cent of all units constructed must be directed toward provision of housing and shelter for the handicapped. I maintain that was the rationale and thrust of the budget provisions pertaining to the housing and shelter needs of Canadians.

Who can forget the submissions, the representations and the many deputations to Parliament on September 15 on behalf of people impacted by high interest rates? The government moved to respond to the various rates. In the budget document, we introduced a plan to support people impacted by higher rates at roll-over time: we proposed a program which would either provide interest deferral with a government guarantee or an outright grant of $3,000.

However, that is not the main import of my comments this afternoon. It is the other aspect of the budget to which I would like to draw the attention of hon. members. I refer hon. members to the budget paper "The Budget in More Detail", and to the provision of $350 million which would provide accommodation to those Canadians who most desperately want assistance and need rental accommodation. It is directed to those Canadians who would be assisted, for example, under programs which have been time-tested in co-operation with the federal government, Canada Mortgage and Housing, and the provinces under rent geared to income. We have allocated $350 million toward a program which would provide a minimum of 15,000 units with potential for an increase, depending on the response to advertisements of that program.

I want to draw the attention of hon. members to the last paragraph on page 14 of the document to which I have referred. It states:

> Provision has been made for these housing proposals by special allocations of $150 million in 1982-83 and $200 million in 1983-84 to the social affairs envelope. The latter amount is intended to cover potential future year liabilities associated with these measures and to provide—

This is what I would like to underline:

> —within the fiscal framework, a contingent reserve for future measures, should they be required.

We have a commitment to this funding. That commitment was introduced by way of legislation tabled in this House by myself before Christmas. It was supported by legislation introduced in this House by way of a bill. It went through first and second reading, and it awaits the response of this House to a program which could create 70,000 jobs for Canadians looking for work in one of the areas which is most seriously impacted by the downturn in the economy.

What has been the reaction of the House? What has been the response of my critic in the official opposition to my request for speedy passage of that legislation?

Some hon. Members: Shame!

Mr. Cosgrove: What has been the support of the New Democratic Party, which is asking for jobs, which comes into this House every day saying that we need more jobs in the construction industry and that we need more affordable housing? What has been the response?

An hon. Member: Zilch!

Mr. Kelly: Hypocrites!

Mr. Waddell: Bring in a good bill and we will put it through!

Mr. Cosgrove: Surely this is an important subject. Surely a day has not gone by when we have not been criticized by the opposition, which states that we are doing nothing and requests action!

Mr. Deans: And no wonder! You are a disaster, an absolute disaster!

Mr. Cosgrove: I say to the official opposition, particularly to the members of the New Democratic Party—

Mr. Deans: Will you guarantee to build 70,000 new units this year?

Mr. Cosgrove: —that if affordable housing and jobs are important, where is your support for such a program? I ask—

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Ethier): Order. I would ask the co-operation of all members to listen to the hon. Minister of Public Works.

Mr. Deans: He is not saying anything!

Mr. Crosby: Let him talk sense!

Mr. Pinard: Three days!

Mr. Deans: We will give it to you in five minutes if you will guarantee to build 70,000 units.

Mr. Cosgrove: I will take that offer. The Leader of the Government would put the legislation before the House, and if the House would pass it, we would pass it in five minutes!

Mr. Deans: Okay, 70,000 housing units, then.

Mr. Cosgrove: We should not be debating a bill which is more concerned with the job opportunity of the official leader of the opposition.

Mr. Deans: He is not the "official leader".

Mr. Cosgrove: We should not be dealing with a bill which is more concerned with saving one job in the country than with creating 70,000 jobs.

Mr. Deans: Seventy thousand housing units, 150,000 jobs.

Mr. Althouse: There is a difference.

Mr. Cosgrove: I do have the request of the industry. I do have the support of the industry. At Winnipeg on Sunday, I had the support—

Mr. Deans: Nobody that I heard of; they fell asleep when you were speaking.

Mr. Cosgrove: —of the Housing and Urban Development Association of Canada. I have the support of the Urban Development Institute, the UDI. We have the support of the people who are charged with the responsibility of delivering and who have delivered housing in great numbers to a wide variety of Canadians in this country in a successful manner.

I wonder, is Mr. McDermid here today to urge us—

Mr. Deans: To listen to you?

Mr. Cosgrove: —to provide the funding and to pass the legislation to give 70,000 jobs to people who want—

Mr. Deans: One hundred and fifty thousand jobs.

Mr. Cosgrove: —employment in that area? Is he here? Do you have his support? Is he supporting the government?

Mr. Deans: He is watching you on television and laughing.

Mr. Cosgrove: I wonder, Mr. Speaker—

Mr. Kelly: He is afraid to come.

Mr. Deans: He is watching you on TV and laughing at you. When you spoke at the housing institute, they fell asleep.

• (1500)

Mr. Cosgrove: The new critic for housing for the New Democratic Party has had that responsibility for approximately a couple of weeks. I invite him in all seriousness to take the budget document I referred to, look at the money provided, look at the unit cost, divide the unit cost into money afforded and look at the number of jobs that could be created.

Mr. Deans: It is a pittance compared to the need.

Mr. Cosgrove: You call 70,000 jobs a pittance? Well, the case rests there. Canadians have their answer; 70,000 jobs is not enough.

Mr. Deans: It is not nearly enough.

Mr. Baker (Nepean-Carleton): Mr. Speaker, would the House leader of the New Democratic Party let the minister speak?

Mr. Deans: Why? Give me one good reason.

Mr. Cullen: The minister is doing well.

Mr. Baker (Nepean-Carleton): No, he is not. I want to hear him.

Mr. Cosgrove: I am disappointed today—

Mr. Deans: So are we.

Mr. Cosgrove: —that this day is taken for debate of a motion which it will become obvious to the public is designed in an attempt to play small politics, which I refer to is as parliamentary parlour tricks, with the government. I am

extremely disappointed with the debate on this subject which is of such importance to Canadians. Who of the members can doubt that there have been requests by ordinary Canadians that are heartfelt? Since I made my offer to members opposite to assist with individual problems of Canadians, I have received close to 700 requests from members opposite to assist individual Canadians with problems in order to achieve some relief from higher interest rates.

We brought in a program. That program awaits passage. I refer to Bill C-89 which has been in the House for three days for discussion.

Mr. Deans: Three whole days. Isn't that awful?

Mr. Cosgrove: Does anyone in the House need three days to understand that Canadians want that relief? Do they need three days? Do they need three days more?

Mr. Deans: No.

Mr. Cosgrove: And why can we not bring Bill C-89 to the floor of the House on Monday and give that relief to Canadians?

Mr. Deans: When did you last call it?

Mr. Cosgrove: Why can we not start these programs? Why can we not start the construction of affordable rental accommodation for Canadians?

Mr. Deans: Why don't you rent out the 7,000 units?

Mr. Baker (Nepean-Carleton): Nine thousand.

Mr. Deans: Nine thousand.

Mr. Cosgrove: Why can we not employ Canadians in this program? That is the question. That is the issue raised by the motion before us today. That is the issue the public will have to judge.

The Right Hon. Leader of Her Majesty's Loyal Opposition said that Liberals will have to vote today the way in which they speak in their ridings. When I speak in my riding and in any other riding across Canada which I have the privilege to visit I bring the same message. From now on it will be focused on what is happening in Parliament, why housing is not being built and why there is no provision for affordable housing, because I want to provide it.

Mr. Deans: How about the 9,000 units sitting empty? Why don't you rent them out?

Mr. Cosgrove: I began by saying that the thrust of this government in difficult economic times in this area of social responsibility was to adopt the principle that we direct our resources to those who first have to be helped because they need help more than anyone else. I indicated there was a response which would assist thousands, not only in their housing needs but in their need to find meaningful employment. That legislation is before the House. I talked about the mortgage renewal plan, which, by the way, was confirmed by the court in Saskatchewan in a review of legislation by that government. I said that we are on course, that we should be providing inequity assistance to those people most affected. I was very pleased to see that support.

The government has done more than that. We have continued our social commitment. In fact, we have more than continued it. We have increased our commitment to the social needs of Canadians in the housing program. We have undertaken a review of the rural and native program, a program which serves Canadians of modest needs and of particular needs because of geography. These programs are before the government for consideration.

The government has undertaken an extensive study of the shelter allowance issue. It is not an allowance to assist Canadians to find a response to their housing needs through a specific building program, but to give them increased income to make a choice as to where they can find relief with regard to their shelter needs. That program is under study.

There is no simple single response. The response of the government was that, in difficult economic times, we have to respond in an equitable way to those who most demand and who are most deserving of our concerns.

The major point of my intervention in this debate is that Bill C-89 is designed to serve those Canadians who need modest accommodation, accommodation not being provided by any other level of government in this country. The only answer to the needs of Canadians rests squarely with the opposition to this government. That is the point I make. That is the answer I search for. I ask all Canadians in all ridings why this government is being prevented from proceeding with that plan for affordable accommodation and with jobs for Canadians to boot.

The Acting Speaker (Mr. Ethier): After consultation with the legal advisers, I can inform the House that the amendment to the motion moved by the hon. member for Oshawa (Mr. Broadbent) is, in fact, acceptable. Therefore, the question is on the amendment which is as follows: Moved by the hon. member for Oshawa, seconded by the hon member for Kamloops-Shuswap:

> That the motion be amended by adding thereto after the words "now" the following:
>
> "And that this government be condemned for accepting the advice of the finance critic of the official opposition when he recently urged the government to maintain its high rate interest policy as it affects mortgages."

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Mr. Speaker, some 20 minutes ago when you first recognized me, I agreed to yield the floor to the minister of housing. I felt it was important that members of the House of Commons and all Canadians have a chance to hear the response of the minister of housing to the very serious allegations which were made by ten Members of Parliament in the open letter they sent to the Prime Minister (Mr. Trudeau) that the government was not doing enough to stimulate the housing industry in Canada.

That response by the minister was disappointing. All that he did was to fall back on the legislation which he has brought forward which deals with the housing component in the budget. All that he did was to pretend that that legislation would have some substantive effect upon employment in Canada and upon the serious housing crisis in Canada today.

Lest any Member of Parliament be deceived by the minister's comments, I remind the minister and the members of the House that that bill was placed on the Order Paper some weeks ago. The measures contained in the bill were announced by the minister on budget night. When those ten Liberal Members of Parliament, including two cabinet ministers, wrote their letter condemning the government's economic policy and calling upon the Prime Minister to bring in new measures to stimulate the construction industry and reduce unemployment, they knew precisely what the content of that bill was. If the minister is asking us whether or not the measures he is proposing will provide substantive relief for Canadians, I ask him not to listen to us but to listen to his own Liberal backbenchers who have said that it is not enough and it is essential that new measures be taken.

● (1510)

I did not expect that this minister, who is the weakest and most ineffectual housing minister in Canadian history, would have announced a major new initiative today. I do believe, however, that he had a responsibility to remind Canadians of the commitment he made last summer when he talked about what he would be saying to Canadians from coast to coast. He stated that he would be fighting for substantive relief in the budget for Canadian home owners. The strong implication of his statements as well as those of the Minister of Agriculture (Mr. Whelan) was that unless they were able to get substantive relief for the people for whom they were concerned, they would be prepared to submit their resignations.

The ten Liberal Members of Parliament who signed that open letter to the Prime Minister clearly indicated their opinion of the worth of those budgetary provisions. Is the minister prepared to keep the commitment he has made? Is he prepared to put his job on the line on behalf of Canadians who are in jeopardy of losing their homes? Is he prepared to stand up for those many Canadian families who may never be able to achieve their dream of affordable housing? How does he explain his conduct as minister responsible for housing to his own constituents, quite apart from the commitments he has made across the country? How does he, as minister of housing, relate to his own constituents who find no relief in the budget in their efforts to renew their mortgages?

What does he say to his constituents, particularly the young Canadians who are looking for jobs? Unemployment among young Canadians is running at roughly twice the rate of unemployment among those over the age of 25. What response does he give those whom he represents in Parliament? What has he done for those who are affected by the government's economic policies? How will he vote today when he is called upon to represent his constituents?

For that matter, what has he done for his constituents on McLure Crescent who have radioactive soil in their backyards, aside from trying to sneak the soil somewhere else? He has done nothing for those constituents. What have he and his colleagues done for those constituents in Scarborough who have urea formaldehyde in their homes? Are they satisfied? How does the minister respond to them as their Member of Parliament when they ask him to represent them and speak to the Prime Minister and the Minister of Finance (Mr. MacEachen) because they need help?

This debate concerns two issues. The first issue is clearly the question of the Canadian economy. The figures are evident. There are a million Canadians unemployed, and unemployment is particularly rampant among young Canadians. An increasing number of Canadians are being forced to surrender their homes, their businesses and their farms. The economic facts are very clear.

The second issue which the house is being asked to address today is our system of parliamentary democracy. Will members of the government caucus be free to represent their constituents and speak up when the government makes decisions which adversely affect their constituents, and second, will those Members of Parliament, when forced to decide between their constituents and their Prime Minister, put their country and constituents first? That is the issue which will be decided at five o'clock today.

We know what happened when the minister responsible for housing had to decide to either keep his commitment to resign or swallow his words and pretend that there were substantive measures in the budget. We know what the Minister of Agriculture did. We know as well what the Minister of Industry, Trade and Commerce (Mr. Gray) did. When the minister spoke on television during the last election campaign he said he would resign from the Liberal government if they were elected and the interest rates continued to increase. When he was faced with record high interest rates, what did he do? He chose to swallow his words and compromise his integrity.

What will be the position of the Liberal Members of Parliament, such as the hon. member for Scarborough Centre (Mr. Kelly)? He has been very silent in Ottawa on the issue of the government's treatment of the budget. This intrigued me when I read the *Toronto Star* on January 7 when reference was made to the member for Scarborough Centre on this matter. The headline read, "Metro's Liberal MPs still upset with budget". It dealt with the hon. member this way:

> MP Norm Kelly (L—Scarborough Centre), who said he got his licks during earlier caucus meetings against some features of the budget, is reserving judgment on whether more changes are needed.
>
> He's meeting with car salesmen in his riding today. The auto sales industry is claiming that increasing taxes paid by employees provided with company cars will hit hard. The Canadian Automotive Leasing Association says the tax changes on parts could chop production of 150,000 cars and trucks annually.
>
> Kelly also dislikes fighting inflation with high interest rates.

When has he said that in the House of Commons? When has he participated in the debate? When Liberal members have been asked to stand up and vote, when have we seen an

indication from him that he is prepared to say the same thing in Ottawa as he said to the local press? Well, we will know at five o'clock today whether he is prepared to stand up and be counted.

That is the issue, Mr. Speaker. Does he put his constituents first or does he do the bidding of his Prime Minister?

An hon. Member: I thought the issue was jobs.

Mr. Beatty: Liberal backbenchers have been put precisely in that position. The Prime Minister has told them, "When I want your opinion, I will give it to you. Do not bother me otherwise." When the Prime Minister was asked in the House whether he was concerned about the breach of cabinet solidarity when two members of his cabinet wrote an open letter calling upon the government to disavow the policies of the Minister of Finance, the Prime Minister said, as quoted in *Hansard* on February 9 at page 14800:

Madam Speaker, there is a very simple test of cabinet solidarity, and it is the one which Laurier applied. The right hon. member should look at the circumstances described by Laurier in the case he cites. It is that, when a minister disagrees with the cabinet, he resigns from that cabinet.

There was then an interjection, and the Prime Minister continued:

Or she resigns if she disagrees with the position of the budget or of the government on any particular matter; or if he or she is a member of the caucus, he or she does what members in the caucus of the Leader of the Opposition did. He or she resigns from the caucus and gets out.

That is what cabinet solidarity means. In every other circumstance, the ministers and the caucus are holding together, and they are sticking with the government. This does not mean, as I said—

At this point there was an interjection. He continued:

It is really very interesting to see the amount of time we will spend in this question period answering questions by the opposition seeking out a division in this caucus. If there is a division, why don't the members sit as independents?

Why indeed, Mr. Speaker? That is the choice being given to the members of the Liberal caucus by the Prime Minister. In other words, toe the line or get out. They either blindly accept the position taken by the Prime Minister and the Minister of Finance or they are told to get out. That is the choice which the Liberal caucus will have to make today when they vote on this motion at five o'clock.

Will they put their constituents first or will they swallow their integrity and pride, shirk their responsibility to their constituents and vote complicitly on policies which are inflicting very serious damage on their constituents?

The onus is on Liberal Members of Parliament to put their country first. I believe the constituents of those hon. members opposite are saying the same thing.

I was somewhat concerned when I heard both the Minister of Employment and Immigration (Mr. Axworthy) and the minister responsible for housing suggest that my leader was calling upon Liberal Members of Parliament to help him today. That is not the case. We do not need their help, nor do we particularly want it. What is being asked is that those Liberal Members of Parliament support their constituents and the people of Canada. That is the issue which they will have to resolve at five o'clock. Will they put their constituents first or are they here to do the bidding of the Prime Minister and blindly follow his instructions?

That is the option which faces the member for Kitchener (Mr. Lang) who spoke last week in an interview which appeared in the *Kitchener-Waterloo Record*. He said that he had received over 1,000 letters from his constituents complaining about the effects of the budget on them. How will he vote today? Will he be here to stand up and vote on behalf of his constituents? We will see at five o'clock.

What is the position of other Liberal MPs? What did they hear from their constituents over the Christmas recess?

When Parliament resumed after the Christmas recess, *Maclean's* magazine called a number of members of the Liberal caucus in an attempt to get some response from them. This is what the hon. member for Guelph (Mr. Schroder) is reported to have said:

● (1520)

The budget is another notch in belt-tightening that they just figure is getting too tight," sighs southern Ontario MP Jim Schroder. "And the tenor of many of my letters is, 'Of course this letter won't do any good—' "

We will see today whether those letters have any effect on the hon. member for Guelph.

What did another Liberal member say? This is the way *Maclean's* dealt with it:

"The budget is only the last straw," admits northern Ontario MP Ron Irwin.

Some hon. Members: Order.

Mr. Beatty: It goes on to read:

Constituents say, 'Do something'. They feel there's no control. (To get elected today) I'd have to rely on my record and not my party.

That is a quotation from *Maclean's*. How will that hon. member vote today at five o'clock?

What have other members said? Under the headline "Barometer Bob registers rage" a reference in *The Windsor Star* of January 25 to an interview with the hon. member for Essex-Kent (Mr. Daudlin) indicated that the hon. member is very concerned about the effect of the budget upon his constituents. He concluded the interview by strongly implying that it is time for the Prime Minister to resign. *The Windsor Star* said:

Now the 41-year-old MP comes close to conceding Trudeau—

Some hon. Members: Order.

Mr. Beatty: It goes on to read:

—is no longer a saleable commodity and hints he would be doing the party a favour by stepping down soon.

"The decision is going to be made by that man, not me. It would be counterproductive to say he's got to go now."

But Daudlin says it's clear that people no longer feel they can expect new ideas and new approaches under Trudeau's leadership.

"There's a public perception out there as to leadership that can only be altered when somebody new takes the helm."

That is what the Liberal member of caucus for Essex-Kent said. How will he vote today? I think I know how he, the hon. member for Kitchener and the hon. member for Guelph will vote today. I suspect their constituents know as well.

Following that interview, there was a follow-up article in *The Windsor Star* which dealt with that interview and pointed out the responsibilities the hon. member has to speak out on behalf of his constituents. Under the headline "When you're just a nobody, MPs' platitudes won't keep you warm or fill your stomach" in *The Windsor Star* of February 9, this is what Georgina Woltz said:

A recent article in *The Star* by Gord Henderson centred on Essex-Kent Liberal MP Bob Daudlin, who like other Liberal MPs has expressed concern and outrage at what has been happening to their constituents as a result of present economic policies. However, when a recent no confidence vote on the budget was called for in the House of Commons, we heard nothing about any Liberal MP or cabinet minister, including Daudlin, opposing the budget or in any way criticizing Liberal economic policies. Like good little sheep they dutifully voted down the no-confidence motion and its amendment.

To vote against the Liberal hierarchy would be political suicide and it would appear that principles, integrity, the trust given to these elected representatives and the concern of the people they have promised to serve, lead to too high a price to pay for the possibility of losing favour with party leaders. After all, they must look after number one and if they can get by with a few band-aid remedies—a few crumbs to silence the more vocal—well, who knows how long they might survive? Never mind the hurting "nobodies" back home, party loyalty must take precedence.

That is the response of people in the Essex area to the statement made by the hon. member.

What about the hon. member for Guelph? Will he speak out today? Will he vote at five o'clock today to represent his constituents? A very similar article appeared in the Guelph *Mercury* on January 16, 1982, after the hon. member for Guelph had been receiving representations from his constituents that it was time he spoke up on their behalf. That is what Bruce Laplaunte, a staff writer for the daily *Mercury* in Guelph said:

If Schroder is the decent man I think he is—

Some hon. Members: Order.

The Acting Speaker (Mr. Ethier): Order, please. The Chair has been very lenient. The hon. member is quoting from certain newspapers, and he is allowed to do so, but there is a rule we abide by in the House that when hon. members are referred to, they must be referred to by their constituencies and not by their names, and I invite the hon. member to do that.

Mr. Nielsen: Not when you are quoting.

Mr. Beatty: I might pursue that at another time, Mr. Speaker, but I will not now. I will be pleased to abide by your ruling, but I think it is important all hon. members know which constituency my friend is from. It is the constituency of Guelph. This article says that if the hon. member for Guelph is, and I quote:

—the decent man I think he is, he has to know it's time to stop acting like a party lackey, to stand up in the House and tell (the Prime Minister and the Minister of Finance) he can't sell his soul for a backbench seat on the government side.

It is not the Liberals who are ruining this country and dashing the dreams and hard work of most of us. It's that damned silly, pointy-headed academic at the helm—and those who play patsy to him.

Please!

And the article refers to the hon. member for Guelph.

—own up to that. Save your soul. And, in the process, your country.

That was the position taken by a columnist, Mr. Bruce Laplaunte, who is with the Guelph daily *Mercury,* about the hon. member for Guelph. His constituents will be watching today to see how the hon. member for Guelph votes.

Mr. Simmons: They won't be proud of you.

Mr. Beatty: Members of Parliament from other constituencies have also made statements. The hon. member for Niagara Falls (Mr. MacBain) has called upon the Prime Minister to step aside and has said it is time for a new Liberal leader. He has also attacked the policies of the Minister of Finance and the Governor of the Bank of Canada. Where will he be today at five o'clock? Will he represent his constituents?

What about the hon. member for Sarnia-Lambton (Mr. Cullen)? I want to read to hon. members what was said in *The Globe and Mail* on January 14, 1982. It reads as follows:

Former Liberal cabinet minister—

The article mentions the hon. member for Sarnia-Lambton.

—said there are parts of the federal budget he still does not like.

He said:

—some members of the party who had concerns demanded a meeting with—

The Minister of Finance.

—and 17 changes to the budget have resulted. "It indicates to the public that we are not sheep in there,"—

We will see today whether that is true and whether the hon. member for Sarnia-Lambton is a sheep or whether he puts his constituents first.

What about the Minister of Agriculture? What has he said? He has made himself very clear. He gave a speech in London earlier this year. He had written a speech, but ultimately refused to use it. Instead, the hon. member for Lambton-Middlesex (Mr. Ferguson) gave a speech on the minister's behalf in which he was very critical of the budget and said he would press to have it changed. The constituents of the hon. member for Lambton-Middlesex will be watching today too. However, the text prepared for release by the Minister of Agriculture said this:

While these anti-inflation measures are necessary medicine for the long-term, I know that some aspects of the budget were unfair and I campaigned to get those things changed. I think that some officials in the finance department didn't quite understand how some of the budget items affect people like farmers.

What will happen today when the Minister of Agriculture is called upon? The London *Free Press* of January 19 dealt with the minister and said:

Even publicly, Whelan's remarks are unusual for a cabinet minister in their blunt criticism of a fellow minister. He says he sent "several letters" to (the Minister of Finance) after the budget was introduced November 12. Did (the Minister of Agriculture) express concern about the budget's plan to drop the income-averaging tax provisions? "You want to believe I did," he says.

That is what the Minister of Agriculture was quoted as saying, but will he stand up at five o'clock and put the interests of Canadian farmers first, or will he be silently complicitous in budgetary policies which are driving Canadian farmer after Canadian farmer out of business?

My leader mentioned the fact that the hon. member for Thunder Bay-Atikokan (Mr. McRae) also called for the budget to be thrown out. This is what the Montreal *Gazette* of January 23 said about that Ontario member:

Liberal MP—

The article refers to the hon. member for Thunder Bay-Atikokan.

—has called for the rejection of the federal budget after a stormy meeting with his constituents.

"I think we should throw the basic part of this (budget) out and look at applying it to people who pay no tax on very high income,"—

This was after a stormy meeting, so the hon. member for Thunder Bay-Atikokan wants the budget thrown out. Will he be here today and vote as he said to his constituents he was prepared to do?

What about other Members of Parliament? Will they speak up on behalf of their constituents? I have already mentioned the hon. member for Scarborough Centre. There are other Toronto Liberals as well who have spoken out. In the article to which I referred previously in the *Toronto Star* of January 7 the hon. member for Eglinton-Lawrence (Mr. de Corneille) was quoted as saying he received hundreds of calls and letters, and he promised he would continue to speak up in caucus and write to the Minister of Finance asking that the budget:

—hit the targeted (high-income) people and not the little people.

That is the issue we will decide today.

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member, but his time has expired.

• (1530)

[*Translation*]

Mrs. Céline Hervieux-Payette (Parliamentary Secretary to Solicitor General): Mr. Speaker, I welcome this opportunity, so obligingly provided by the Progressive Conservative Party, to expand on the action taken by the Liberal members from central and eastern Montreal, who certainly did not need the advice of the members opposite to bring to the attention of the Right Hon. Prime Minister (Mr. Trudeau) the problems existing in their constituencies. As one of the members who signed the letter to the Prime Minister, I feel I should point out that the letter was interpreted in every possible way by the members opposite. As far as I am concerned, Mr. Speaker, there is ample proof in *Hansard* that I supported the budget in a speech before this very House, and that at the beginning of last week, I also spoke out in favour of Bill C-89 on residential housing, an important area that was stressed in our letter. For the benefit of my constituents in Montreal-Mercier, I may remind our Progressive Conservative friends that my colleagues and myself, are aware of the economic problems existing throughout the world, have vigorously supported the proposal in the MacEachen budget.

Only a few months ago, the official opposition and the business world in general agreed that after inflation, the government's main objective should be to bring down the budget deficit. Mr. Speaker, I think the MacEachen budget took a very vigorous approach to this problem, so that within a few years we can expect to restore the balance and reduce the government's debt load. My constituents in Montreal-Mercier, for instance, know perfectly well that if they borrow too much, their budget won't be able to stand the strain, and they will have to cut their expenses. The Canadian government's attempts to reduce the deficit, which was largely caused by oil compensation payments benefiting Quebecers and the rest of eastern Canada have been well received by my constituents. They realize that reducing the deficit will release funds for use as new investments.

The unemployment situation in Canada is not very optimistic. And it gets even worse when we consider the situation in Quebec. According to Statistics Canada, between 1972 and 1976, in other words, during the pre-separation, pre-independence and pre-Lévesque government period, the unemployment rate was 6.2 in Canada and 7.5 in Quebec. Since the Parti Québécois came to power, unemployment in Canada increased by 1.6, that is from 6.2 to 7.8. However, in Quebec, the unemployment rate is now at 10.2, which means an increase of nearly 3 per cent. To a member from Quebec, these figures are alarming, and that is why members from eastern Montreal took their views and their recommendations to the Prime Minister.

Every week young people come to my constituency office, looking for a job, and that is really what convinced me to sign the letter with my colleagues. At the present time, the federal government has a number of job-creation programs, and our purpose was not to throw out the budget but to make suggestions on improving existing programs in various sectors. These programs, Mr. Speaker, include nearly 11 measures aimed at creating jobs which apply to Quebec. In 1981-82, the programs created 50,798 jobs, which represents some $107 million. Mr. Speaker, although 50,000 benefited from these programs, which is quite considerable, these measures have been unable to make a significant dent in the present unemployment rate in Quebec. That is why we believe that the budget envelope administered by the Department of Employment and Immigration, could allow for certain funds to be spent directly on creating jobs for young people in order to help integrate them in the job environment. In the final instance, Mr. Speaker, the emphasis should be on measures to promote this process, because the present labour market situation is very tight, for workers as well as for employers.

It would be impossible to list all the reasons why young people have trouble finding jobs, but there is one that all our colleagues are aware of because of the reports made on the

subject in the House, and I am referring to training. Employers today, faced with problems caused by the economic situation in general, can hardly afford to give any sort of priority to this group of workers. Because of wage agreements which do not always provide for a probationary period for young employees, employers demand a fairly high production rate. This creates feeling of dissatisfaction on both sides when the young employee decides to leave and the employer is disappointed once more after investing time and money in training a young employee who will never give him a return on his investment. Mr. Speaker, the members for central and eastern Montreal are therefore in favour of emphasizing programs that promote the integration of young people in the regular labour market, in other words, the private sector, without making undue demands on the finances of these businesses which are presently experiencing very difficult times. We were not as specific in our letter, but today I felt it was important to specify the kind of measures we had in mind when we wrote to the Right Hon. Prime Minister. We are convinced that the members opposite will make the needs of their constituencies known and that this opposition day will be constructive for Canada as a whole.

In this context, we urge our colleagues opposite to speed up current business, as requested earlier by the Minister of Public Works (Mr. Cosgrove), including Bill C-89, which will help create 70,000 jobs that will not only be welcome in our constituencies but will also give the impetus needed by the building industry in Quebec. Let us keep in mind that this bill which is now before Parliament was announced in the November budget and that our constituents want to see it implemented as quickly as possible. It provides, for instance, $150 million for 1982-83 and $200 million for 1983-84. I believe that we can expect this bill to be passed in the near future. Thus, the Canadian government will be able to finance 40,000 more rental units in 1982, including 25,000 units under the non-profit and co-operative housing programs, which provide housing for low and medium-income renters. This means accessible housing for the people of the eastern Montreal constituencies as a whole.

Moreover, the Canada Rental Supply Plan will finance an additional 15,000 units to prevent an even greater shortage of rental housing. Bill C-89 will play a major role in providing these 15,000 units by enabling, for instance, the Canada Mortgage and Housing Corporation to insure more substantial loans for rental housing. This has become a serious problem and our colleagues opposite can help us to solve this problem in the near future by agreeing to expedite House business.

No one on this side can deny that we are going through one of the most difficult periods since the war. However, all economists, whether Liberal, Conservative or New Democrat, all agree that inflation must be checked if interest rates are to go down. In fact, Statistics Canada figures for this month are encouraging. The cost of living has dropped and the annual average is improving. This is good news for our constituents who have also done their share in improving our economy. However, without being overly optimistic, I venture to think that these are the early signs of an upturn and of the impact of the MacEachen budget, and I hope that the unemployment rate will soon decrease with the implementation of Bill C-89. We must recognize that Quebec and the eastern provinces are more affected by unemployment than the others. As Members of Parliament for Quebec, we have an even bigger job than others if we want to regain the confidence of investors.

The Parti Québécois convention which was held last week can only make matters worse. During that convention, it was decided that the next step for Quebec was independence, and I believe that this period of uncertainty for Quebecers will become more serious, last longer and create problems for investors who have lost confidence in Quebec's future. Moreover, the poor Quebecers are the most heavily taxed in Canada, and even in the world, because if we look at the tax rates in other countries, we can see that Quebec has the sad distinction of holding the record for high taxes, among other records. In my opinion, at this time, instead of creating conflicts by ignoring each other—I believe that it was a good sign this week for the people of the provincial government to come and visit the federal government—we should consolidate our relations with Quebec and initiate a positive dialogue.

As housing comes under provincial jurisdiction, I believe that the role of the Canadian government can only be a regulatory one. It is therefore important to work in harmony with provincial and local agencies. In fact, the hon. members representing the central eastern part of Montreal will meet officials from the various levels of government, including the Urban Community of Montreal, the municipalities and all the economic agents from eastern Montreal, in the near future to discuss the federal programs which are available to them at the present time. We are now at the organizing stage and I am happy to report that my colleagues and I are now taking steps to meet all the people concerned in our area in order to make available to them the funds obtained from the federal government. It is my view, Mr. Speaker, that any member of Parliament has the duty to ensure that information, the benefits of government programs have a positive impact in his or her constituency.

To conclude, Mr. Speaker, I would like to repeat for the benefit of my colleagues opposite that our concept of the role of a Member of Parliament is much more dynamic and positive than theirs. Members of the opposition are repeatedly suggesting that we never say a word about government policies, but a few minutes ago, the same members also suggested that government policy was to muzzle Members of Parliament. This party includes members who will support it. We are also convinced that it will react positively to the proposals we made to the Prime Minister.

I therefore thank the Leader of the Opposition (Mr. Clark) once again for having given us, members of the Liberal Party, an opportunity to discuss a problem that concerns each and everyone of us. And if he is looking for suggestions for his next motion, Mr. Speaker, we are quite ready to co-operate with

him in planning of the forthcoming opposition day. However, the opposition should refrain from telling the Canadian people that it is possible at the same time to reduce inflation, bring down interest rates, maintain the value of the Canadian dollar and not to experience an impact on unemployment. Surely they have economists who can make calculations and projections just as good as ours. It is my view that as responsible Members of Parliament, our friends opposite should as soon as possible take positive action on construction and housing and this is why I join the Minister of Public Works in urging them to pass Bill C-89 without further delay.

To conclude, Mr. Speaker, it is quite obvious that the budget introduced by the Minister of Finance (Mr. MacEachen) has never been questioned by any of the government members. We had healthy discussions with the Minister of Finance, his parliamentary secretary, and the Right Hon. Prime Minister, and I think it is the role of Members of Parliament to examine the budget and work for the wellbeing of their constituents. This is why, Mr. Speaker, on my behalf and on behalf of my colleagues who also will have an opportunity to express their views, I say that tonight at five o'clock, for the information of the hon. member who spoke before me, I shall vote with the government to allow it to immediately implement the measures provided for in the budget and I hope for a most favourable response within the shortest time to the measures that we have announced.

• (1540)

[*English*]

I want to reiterate my wish that opposition members support Bill C-89 within a short period of time so that construction can start in the riding of Montreal-Mercier and that it will receive all the benefits of the budget.

[*Translation*]

Hon. Roch La Salle (Joliette): Mr. Speaker, at the outset of my remarks, I would like to say that the motion before the House today is quite relevant and quite challenging for the majority of members who are anxious to defend the interests of their constituents.

First, I would like to remind the Leader of the New Democratic Party (Mr. Broadbent), whom I have always regarded as being basically honest, that when he refers to the statement of our financial critic to the effect that we support higher interest rates, particularly in housing as he pointed out, he cannot be taken seriously. I suggest he is making a serious mistake in light of our comments and the evidence in support of our position. It has long since been demonstrated that the Progressive Conservative Party was and still is prepared to advocate preferential interest rates in such a sensitive field as housing. I simply had to say this because I have the impression that the leader of the New Democratic Party misinterpreted the comments of our spokesman. I have a few words as well for the minister responsible for housing who, for the second consecutive week, has tried to defend the pitiful performance of his department.

He said that the Canadian people were suffering, so he certainly cannot be accused of falsifying the truth, but of course he failed to add that he has clear-cut responsibilities with respect to such a major industry as housing which is dying. He went on to say that the Canadian people will pass judgment on us. We are quite prepared to let the Canadian people judge the debate and the fight we are having today and which began long ago. For instance, how can we explain why he did not grab this opportunity to endorse openly the recommendations made by the group of ten Liberals? How can we explain that he did not jump at the chance of saying to them: Listen, I do not see how you can possibly support the government today, so in response to a justifiable, urgent and pressing request, we will not hesitate to support you because we readily admit that it is an urgent matter and that a contingency plan is required for the housing sector. He did not say either that yesterday his officials publicly stated that the activities in the housing construction sector will not start before six months and that they will be rather sluggish during the following six months.

His silence about the recommendation made by the group of which I would heartily support can only be interpreted as a categorical refusal. I also heard the Minister of Employment and Immigration (Mr. Axworthy) tell us a somewhat similar story to that he told us last week and to me it was a sorry spectacle because he was trying once again to make Canadians believe that programs conceived from day to day will help the economy via a similar manner as a fireman is called upon to put out a fire. Therefore he has proven to us that his government has let the situation deteriorate to the point that programs have to be adjusted daily because they can no longer meet the emergency conditions set out in the proposal we are submitting today. The Minister of Employment and Immigration, following the example of his colleagues who first blamed the Americans for the state of our economy and then the Quebec government, as did the previous speaker, the member for Montreal-Mercier (Mrs. Hervieux-Payette), for the economic conditions in that province now accuses unions and management but never the government of being responsible for the situation.

Mr. Speaker, as you know, since 1968 we have witnessed a downturn in economic activity, not to mention other areas, since we are now dealing with the economy. In spite of all the figures quoted today, those to which the Minister of Employment and Immigration referred to, it remains that he omitted to mention the 1,500,000 Canadians unemployed because for every job he creates two are lost. I do not think that this is the way to build a viable country.

Our proposal, Madam Speaker, is nothing more than a minimum requirement to correct on one hand an intolerable situation in view of the problems faced by our young people from 18 to 25 years of age and on the other hand to stimulate the construction industry. That is what we would like to do. Is there anything more noble and more legitimate, than calling

out for an emergency program in both these areas? Government members should stop accusing the province of Quebec, or the American government, but have a good look at themselves, Mr. Speaker, and ask what we are doing for this country. This government which enjoyed the confidence of the people for years does no longer deserve it, Mr. Speaker, and it can be felt in the ridings. It is true that my own province is deeply affected as the result of the deplorable performance of the federal government, but my own province is still more affected by a recession for which the government has to accept responsibility.

● (1550)

Two years ago, the Liberals were returned to power. Let my Liberal colleagues tell me at what point during the election campaign they warned the electorate that they would increase fourfold the 18-cent tax which we had proposed. Let them tell me, Mr. Speaker, at what point during the election campaign they warned the voters in Quebec and elsewhere that they would increase 120 per cent the price of fuel oil. Let them tell me, Mr. Speaker, at what point they warned Canadians that they would let the construction industry die as they are doing now. Let them tell me, Mr. Speaker, at what point they warned Canadians that they would refuse to do anything for renters. Let them tell me, Mr. Speaker, at what point they warned that they would torpedo our tax credit scheme which was intended to help home owners keep their houses. When did they warn the Canadian people that they would fight inflation on the backs of the unemployed? Never, Mr. Speaker, did they tell the workers in the traditional industries, the ailing industries in Quebec, that they would have to accept early retirement plans and job training programs because the federal government has clearly demonstrated its determination to ignore the traditional industries?

We receive representations from the shoe and textile industries. I know that the ridings of many hon. members on the government side are very severely affected by the government's carelessness and nearsightedness. They did not say anything about that two years ago. They did not warn the electorate of the decisions this government is making on a day to day basis. The members of this government, in my opinion, are all party to a national treason. And Quebecers who are watching us today are anxious to see how their elected representatives, some six dozens of them, will behave. They are anxious to see whether the opinion of the ten dissenting members, including two ministers, is shared by the majority of the Quebec Liberal caucus, and in case it is, how they will vote tonight considering the lack of response from the Minister of Public Works (Mr. Cosgrove), who is in charge of the very sensitive area of housing, as well as the lack of response from the Minister of Employment and Immigration, to their recommendation? Surely, deeds speak louder than words. To represent our fellow citizens and convey their real hopes and wishes to Parliament, in my opinion, is a noble and respectable occupation. How could they claim that they respect this occupation and deserve the confidence their constituents have vested in them if these hon. members do not have the guts to stand behind their signatures?

An hon. Member: Beware of your high blood pressure!

Mr. La Salle: My blood pressure is just fine, thank you, Mr. Speaker. I suggest that these hon. members should examine their conscience this afternoon, taking into account the fact that they have an obligation to give the Canadian people an opportunity to elect a party which would be concerned with the interests of all parts of Canada.

I have spoken of national treason, Mr. Speaker. After the budget of the Minister of Finance (Mr. MacEachen) had been brought down, it became clear that in Quebec, as elsewhere, voters had had enough, and could not put up with those measures which are repressive for and condemned by all categories of people and in every field of endeavour in Quebec and everywhere in our Canadian society. My colleagues from Quebec who are fooling around across the way know that perfectly well.

How is it then that only ten of them signed that letter when I know at least 50 felt like doing so? I appeal to their conscience. I appeal to the sense of respect they should have for their signature, and on behalf of millions of Quebecers, Mr. Speaker, I plead with them to meet the expectations and aspirations of their own constituents. How does one explain, Mr. Speaker, that all of a sudden those members should decide to write an open letter to their Prime Minister (Mr. Trudeau), if not because of the pressures and the helplessness they felt in their ridings?

A while ago, the hon. member for Montreal-Mercier delivered a gracious message and probably spoke on behalf of the ten, trying to justify what they will do this evening, saying she has never condemned the MacEachen budget. What a cop-out, Mr. Speaker! This is not the first time I have seen it either. But what a great disappointment for the Quebecers who thought that surely at some point some group would have the courage to bring the Minister of Finance back to his senses, and also bring the government to be more respectful of the needs of Canada as a whole, and especially Quebec, since there are 74 members sitting opposite whose role is extremely important. It seems increasingly possible, as I speak to you, that Quebecers will once more be disappointed because those members did not have the courage to stick it out to the end, and their last stand will be seen in Quebec as a pitiful performance. And the leader of the rebels, the Minister of National Health and Welfare (Miss Bégin), I have yet to see in the House today. I wonder if she will show up here tonight after the warning the Prime Minister gave her. The hon. member for Montreal-Mercier did not tell us everything when she said she willingly submitted to the invitation of the chairman of the caucus who chided her, and that of the Prime Minister who

gave them a backhander, warning them that the next letter he looks at will be one of resignation. Why did the hon. member for Montreal-Mercier not tell us that?

Everyone knows now who the Prime Minister scolded them and warned them he would not put up with such letters being made public. But today, Mr. Speaker, I feel that for the sake of Canada and Quebec, the matter is much more important. Something is more important and vital. The minister responsible for housing said that Canadians are suffering; yes, it is true, Canadians are suffering. But the Canadian people are victims of an economic doctrine which is inconsistent with their needs and their aims. The tremendous failure of this government became apparent lately and it is being confirmed every day. Those members have a responsibility, Mr. Speaker. How can I appeal to their pride? Is it still possible to plead with them? What can be done to convince them that the Canadian people deserve better than the Minister of Finance's proposals, that they deserve better than a prime minister who ignores the suffering of the people and is indifferent to their plight? What can I do to touch the heart of those men and women who will not stop for one moment to defend the Canadian or the Quebec nation instead of supporting the partisan interests of a political party intent on bringing about the country's ruin? That is the issue today. And I am a Quebecer sitting here.

I will always be blamed for supporting the Quebec government, but if the Quebec government introduces measures designed to stop massive plant closedowns, I will not hesitate to support it or any other government that would do that, Mr. Speaker.

• (1600)

But as long as they look for excuses and blame others for the government's dismal performance, I will have no hesitation but to discharge my duty as a Member of Parliament to severely criticize not only those who will not honour their signature but also the others who have no respect for the confidence put in them by their constituents just two years ago. And of all the members from Quebec, Mr. Speaker, I am the only one who can condemn the government. There are two or three dozen others on that side who would like to, but who once more today do not have the courage to do it. They are afraid of losing their seats. They deserve it because day in and day out they betray the interests of their constituents. Of course, Mr. Speaker, they believe that truth is on their side, but it is beyond understanding how once more this afternoon they are going to follow blindly the Minister of Finance and the Prime Minister who are leading this country to bankruptcy. They are aware of it and they are ill at ease in their constituencies and if they do not have enough courage to proudly put the interests of their constituencies ahead of the interests of a party that is hurting the country to such an extent, I hope that their constituents will make all kinds of representations to them over the weekend.

Maybe those people think we are still preaching in the desert. Well, let them think what they will. However, I will waste no opportunity to remind the people of Canada, the people of Quebec that on this side of the House we have people who believe that their first duty is to meet the most cherished aspirations of a nation that wants to survive and that does not want to be driven to ruin and disaster, as has been the case for too long. My view is that Canadians will jump on the first opportunity that arises, hopefully within a short time-frame, to take the country out of this mess and restore pride and the will to live to thousands of people who are now broken-spirited.

There is rising uncertainty in every area right now, Quebec is no exception, and things are even worse there, because of those 74 Liberal members who have been around for the past 15 years. How come Montreal lost its status as the metropolis of Canada with 74 Liberal members for the province and 22 Liberal members out of 22 for the island of Montreal, plus five or six ministers? Because of the poor performance of the people opposite.

The Acting Speaker (Mr. Ethier): Order, please. I now recognize the hon. Parliamentary Secretary to the Minister of Employment and Immigration.

Mr. Rémi Bujold (Parliamentary Secretary to Minister of Employment and Immigration): Mr. Speaker, I am pleased to take part in the debate today on the motion introduced by the official opposition. Yesterday, we commemorated in this House the second anniversary of our return to office. This day brings back to me the rout of the Progressive Conservative Party at that time. When I heard those who spoke today, first the Leader of the Opposition (Mr. Clark), then his colleague from Wellington-Dufferin-Simcoe (Mr. Beatty) and, finally, my good friend from Joliette (Mr. La Salle), I said to myself that they were still in a rout. Firstly, their motion is taken directly from a letter written by some Liberal colleagues. Their speeches were almost entirely made up of quotations from Liberal colleagues throughout the country, and everything we heard concerned the Liberal Party. This means, Mr. Speaker, that the official opposition should thank the Canadian people for re-electing us two years ago, because they had nothing to say. The members opposite have gone to the trouble of having a motion put on the Order Paper on behalf of the official opposition so they could speak only about the Liberals. Have we heard any valid solutions today? Have we heard any suggestions? None whatsoever, Mr. Speaker. In the minutes at my disposal, I would like to ask them why they did not take any action in certain areas since they would like the population to believe that they could have done so. It is obvious, Mr. Speaker, that our government, and especially the Department of Employment and Immigration, have taken and will take action to respond to the present economic situation.

We shall have to face some very important issues in the next few years and we shall have to do what is needed to meet the demand, as concerns both the economy and manpower. Yesterday I read an article in the Montreal *Gazette* about a confer-

ence arranged by the *Financial Post* and dealing with future technologies. This article pointed out how essential it was for Canada to plan a major catch-up operation in this field. In fact, most other industrialized countries do face the same problem. However, in the case of Canada, at a time when our traditional sources of immigration are becoming more and more depleted and we are considering extensive industrial megaprojects, it is obvious that we have to make additional, and especially concentrated efforts on a national scale.

Indeed, Mr. Speaker, the importance of the challenge which we shall be facing during the forthcoming decade in the human resources field has been described in various studies mentioned by the minister this morning, and more specifically in that sponsored by our own department and conducted under the leadership of one of our colleagues and dealing with employment prospects for the eighties. In the past 12 months, Mr. Speaker, the government, the private sector and the trade unions have become very concerned with human resources policies. The consultations which led to the recent federal-provincial conference held in Vancouver early in January to deal with job training are now over and we are about to implement a most effective training program for the whole country. This will be a flexible program which will meet today's needs and provide long-term benefit to all Canadians. We are now witnessing a dramatic decrease in supply throughout the country. The average growth rate of the labour force, which had reached 3.5 per cent in the early sixties and seventies, will have fallen to a mere 1.8 per cent by the end of the eighties. In addition, the make-up of the labour force will have undergone radical changes. The number of newcomers on the labour market will decrease during the next decade and two thirds of them will be women. In western Canada the native people will account for over 20 per cent of the population increase. At least one out of every five newcomers on the labour force will be from the native community in that part of Canada. The average age of the workers will substantially increase. This factor alone will affect the labour market and even our daily life.

Mr. Speaker, all members are well aware of the unprecedented changes that will occur in the economy and the labour market during this decade. However, we are faced with an extraordinary paradox. The unemployment figures are high, but the evolution of our economy is causing serious manpower shortages, especially in the specialized fields. In fact, certain jobs cannot be filled in Canada because of a lack of specialized workers, and this is why we have to call on immigrants to fill certain positions.

● (1610)

No later than this week, the president of a big engineering firm in Montreal pointed out, and rightly so, that the country is very short of engineers at this time, and that this shortage will become crucial in the years to come; that it may even harm the megaprojects we are planning to get under way. Similarly in private industries, Mr. De Grandpré, chairman of Northern Telecom spoke recently of the shortage of qualifications in his own company. He predicts that Northern Telecom will have to recruit up to 65,000 engineers and experts over the next ten years, if it wants to keep and strengthen its lead in the key technological fields of electronics and telecommunications. A study of those needs in manpower, and especially skilled labour, and the high rate of unemployment, makes action imperative. There is a pressing need to speed up the process of change in the training system across the land. That is precisely why we had that great conference in early January where the topic of vocational training was debated at length.

Like all my colleagues in the House I witnessed the general outcry on the part of certain provinces which were accusing us of trying to interfere in a field of provincial jurisdiction. Of course they did not take into account the fact that our purpose was to train people who are already out of the education system and on the labour market. We also noticed that the province of Quebec was reluctant to participate in this program. Last year we gave the province of Quebec about $65 million for vocational training.

Mr. Speaker, I was very surprised today when I heard the arguments of our colleagues opposite because they did not even say that those programs exist in the province of Quebec. My colleague from Joliette did say that the members from the province of Quebec were not doing anything in the House of Commons. I would like to remind him that during the constitutional debate the Leader of the Opposition and a few of his colleagues tried to bring pressure to bear on the government of Quebec in an attempt to make certain amendments to our constitutional proposal. Mr. Speaker, they knew full well that it was a sheer waste of time to try to convince an openly separatist party to sit at the bargaining table in Ottawa with a view to amending a proposed constitution. They knew beforehand that it was an exercise in futility.

But in concrete cases such as this vocational training project, where do our friends opposite stand? Did they try again to pressure the Quebec government to sit at the same table with us in an effort to renegotiate that constitutional agreement? Did they? I would like to know. I hope that our friend from Joliette who is telling us that he is just— I am looking forward to the reaction of the Quebec government in that respect to see if indeed they will be able to convince the Quebec government.

We on this side of the House have offered to the government of Quebec a program especially designed to train throughout Canada the skilled labour force we will need to meet our needs in the coming years.

The Minister of Employment and Immigration (Mr. Axworthy) has just announced another very important program, a program he successfully negotiated with the government of Ontario to enable roughly 2,000 forest workers to be

actively employed during the short period until they go back to their regular jobs this spring. Under this program, the provinces and Ottawa can sign agreements based on the provisions of the Unemployment Insurance Act, Section 38, which makes it possible to set funds aside for keeping the most severely affected workers gainfully employed.

In addition to their regular work, these workers can make a useful contribution to their community while collecting additional unemployment benefits. In Ontario, the provincial government has contributed up to $60 a week to the salary of these workers in addition to implementing and administering the program. I hope the Conservative friends will help us convince the provincial government to sign these agreements. I am informed that the Quebec government will submit proposals shortly, and I hope that our friends of the Conservative Party, as well as those to my far right, will support the signing of such agreements with the Quebec government in order to keep those Canadians at work.

Mr. Speaker, before going back to the subject of training, I would like to say a few words about the announcement made on December 22 by the Minister of Employment and Immigration concerning a very important program which will provide another $50 million for job creation. A significant part of those $50 million was intended for work sharing. Indeed, under that formula, as of February 16 the Canadian government had earmarked $5 million to help thousands of Canadians workers. Almost 68 agreements have been signed across the land, of which four only in Quebec, and we hope businessmen in my province may take advantage of this program to the same extent as those in other provinces. Under those agreements already reached, 4,144 employees agreed to share the work available with 1,903 others of their colleagues who otherwise would have been laid off. There again, funds are taken from unemployment insurance money as a contribution that almost makes up the money paid for days that are not worked. This keeps more people at work and skilled workers in the industry and certainly helps raise the spirits of those workers.

Mr. Speaker, company presidents told us last week that thanks to that extremely significant program, it had been possible to keep people at work in some industries, so that they can fulfil contracts they may now sign and will be able to sign in one or two months down the road. This program introduced by this government will enable those workers to keep their jobs on a permanent basis, which is quite different from the suggestion heard earlier that we were putting money into temporary jobs exclusively.

I would now like, Mr. Speaker, to come back to what I said earlier and outline the purpose of that famous legislation the Minister of Employment and Immigration will be introducing next spring for manpower training. Since the Adult Vocational Training Act was passed, the federal government has been much involved in institutional training programs which enabled a good number of Canadians to acquire high and medium skilled training. However, that kind of training no longer meets existing market requirements. In the future, adult retraining programs will not be implemented in isolation. Vocational training courses will be more closely related to manpower requirements and the regional and national labour markets. There is no social or economic justice in training Canadians for job opportunities which do not exist.

The government intends to increase its purchase of training units in the specialized trades of national dimension which do not require previous training, such as draftmen and computer programmers, and in the training programs. We intend to focus our efforts on the trades of national dimension and the other labour intensive trades. We intend also to create a professional adaptation and development fund, to provide the necessary sums to build or update training facilities. These facilities, which will be found throughout Canada in the areas where they are needed most, will help people who are compelled to leave their jobs because of the technological revolution, in a quickly changing world, obtain the necessary training to secure employment in other highly specialized trades.

In the area of in-industry training, it is also essential to increase our financial contribution and to gear more precisely the federal government's effort to the trades where the need for specialized workers is greater. The program will be an essential part of the new in-industry program, the purpose of which is to develop the capacity to train 10,000 highly specialized workers every year. Its priority will be to help Canadian workers whose jobs are threatened by the technological revolution.

Both in the in-industry training program and the on-site training programs, women and other disadvantaged groups will be assured of equal opportunities. We shall provide employers with incentives to assist them in training or retraining underprivileged groups and increasing women's training opportunities in traditional occupations. To this end Mr. Speaker, at the Vancouver conference most provincial and the federal governments unanimously decided to urge industry to work in collaboration with the federal and provincial governments toward the setting up of training facilities which are so urgently needed for our manpower. Obviously, industries will benefit from those training opportunities because they will be able, as was indicated earlier, to respond to the technological revolution and rapidly changing working conditions.

To be efficient, any new training system should be flexible enough to adjust in medium and long runs, to imbalances between supply of and demand for highly specialized professions and trades. Most people agree that the present analysis method has been and still is woefully inadequate. Therefore, they proposed the introduction of a system of skilled labour requirement projections in Canada which is the best means available to ascertain the demand levels, over a period of three

to ten years, in such professions that require nine months or more of training. The new system will be sufficiently accommodating to allow for the exercise of judgment.

The Acting Speaker (Mr. Ethier): Order please. I regret to interrupt the hon. member, but his time has expired.

• (1620)

[*English*]

Mr. Howard Crosby (Halifax West): Thank you, Mr. Speaker, for providing me with the opportunity to speak in support of the motion that has been presented to the House by the Right Hon. Leader of the Opposition (Mr. Clark). The motion contains not only a substantial part dealing with the matter of job creation in Canada now, but it also supports the principles of parliamentary democracy upon which our whole Canadian system is based. I will explain that in a moment.

First let me say what we are trying to do and what the Leader of the Opposition is trying to bring to the attention of the House and the Canadian public is the fact that ten Members of Parliament on the government side have stood up to be counted on the issue of the budget and the tremendously adverse effect it is having on the Canadian economy and, more important, on the Canadian people. That is what this motion is all about. We in the opposition want to band together with those members on the government side who stood up to be counted on this issue. We want to support them. We want them to know that we are here to help them because we are all here to help the people of Canada.

We cannot help the people of Canada if we back off to a government which insists on putting in proposals and programs against the wishes of the people of Canada. That is why the motion involves parliamentary democracy.

We were sent here by people in constituencies right across Canada, in the provinces of Quebec, Nova Scotia and British Columbia, to represent them. That is what we must do. That is our purpose for being here. That is what the members who signed that letter, the Minister of National Health and Welfare (Miss Bégin), the Minister of State (Mr. Joyal) and the eight private members who joined together did to make this presentation and proposal.

They are saying to the government and to the people of Canada that they know what Canadians need and want is jobs. They have to go to work. What are we talking about when we talk about unemployment in Canada? We talk about the 1.2 million people officially unemployed in Canada, according to government statistics.

It is worse than that. It has been mentioned several times in this House and other places that those statistics are not accurate. There are many more people unemployed in Canada. Statistics Canada surveys simply scratch the surface. They take into account those people out of work and looking for jobs, of which there are 1.2 million. Unfortunately, there are millions of others in much similar circumstances. There are those who have given up looking for a job. There are at least 250,000 who know that they cannot find work in Canada, no matter how they look. They are in provinces such as Newfoundland.

If you speak to the provincial authorities there, they will tell you that the unemployment rate there, which is officially close to 20 per cent, is even higher because so many people have given up looking for a job. They know they cannot get work.

It is the same in the provinces of Nova Scotia, New Brunswick, Prince Edward Island, and I believe all across Canada. There are thousands of Canadians who have given up looking for work. Therefore, it is not just the 1.2 million who are officially unemployed. There are those who know they cannot get jobs and have given up.

It is even worse than that. It is not only those 1.2 million Canadians. There are an additional 1.5 million Canadians with part-time jobs. What are part-time jobs? That is working less than 30 hours a week. Who wants to work less than 30 hours a week? You cannot support yourself and a family with the most menial tasks or low-paying jobs. If you work less than that, you are in poverty. There are 1.5 million of these persons in Canada. The unfortunate part is that 70 per cent of them are women. In many cases these women have to work to support a family. Either their husband has deserted them, they are widowed or they have to provide for themselves. I repeat, 70 per cent of the 1.5 million persons in Canada in that situation are women.

In addition, there are another 250,000 persons who are underemployed. These are people with qualifications for higher level jobs, but they cannot get those jobs. There are teachers working as waitresses in restaurants in order to maintain themselves. There are thousands of them across Canada amounting to a total of 260,000 persons in this situation. People with Master's degrees are working in the post office as mail sorters. You see this everywhere you go.

When you add up all those figures and talk about unemployed persons in Canada, you cannot just take the 1.2 million who are officially unemployed. You have to include the 1.5 million who are in part-time jobs, the 250,000 who have given up looking for jobs and the 260,000 who are unemployed. That comes to a grand total of almost three million Canadians in a situation where they either do not have any work, have given up looking for work, have a part-time job, or are employed at menial tasks much below their qualifications. That is over 10 per cent of the total population. That is the situation in Canada.

The Prime Minister wonders why members from Quebec get together to consider the matter, draw up a letter and send it to him saying, "Mr. Prime Minister, for heaven's sakes, create some jobs in Canada. We have almost three million people either out of work, underemployed, looking for work or giving up and becoming destitute." They are saying that something has to be done. It is as simple as that. We are responding to it. We have a motion before the House supporting those people. We want to know what other members of the government will do about this motion. Will they realize, as did their colleagues who signed this letter, that the situation has gone beyond

acceptability to Canadians and support their colleagues? We have to join together and take steps to rectify this.

● (1630)

What will we do about it? The Minister of Finance (Mr. MacEachen) supposedly answered the problems of Canada when he introduced his budget on November 12. Did it create jobs or economic programs or a climate which would lead to industrial expansion? No, it went to the other extreme. It provided a great number of disincentives. The solution provided in the budget was to tax the working people more. The Minister of Finance, in his budget, told business that it was gypping the tax man and he would set new rules. The government will move in and examine the businesses and discourage them from further expansion or development. That is the solution to the problem which exists in Canada which was given by the Minister of Finance.

You have to wonder what motivates the minister. Is he blind? Does he never return to his constituency? Do you know what the situation is like in his constituency of Cape Breton Highlands-Canso, Mr. Speaker? There is a post office on every corner and parks everywhere. His constituents need the parks because there are no jobs and there is nothing else to do. The minister never provided any jobs in his constituency. The minister provides $2 million, twice a year, toward winter works and student work programs in his constituency. Every other constituency in Nova Scotia receives $100,000 for the same kind of projects. That is how he treats his constituents. The Strait of Canso has the deepest and best port on the Atlantic coast, but there is nothing there. There used to be an oil refinery there, but it has closed down. The common-user dock has been virtually unused. But the Minister of Finance gives them post offices, parks and little projects. That is how he deals with unemployment in his constituency.

Now, the Prime Minister (Mr. Trudeau) charges him with the responsibility of dealing with unemployment all across Canada. That surely gives us an indication of the difficulty we are in. The Minister of Finance does not understand the situation. The Peter Principle has set in. He has gone beyond the level of his own competence.

Fortunately, there are members of his own party who realize this problem. Not only do members of the opposition parties, the national press, or most of the economists recognize this, members of his own party realize that he does not know what he is talking about.

The minister has lost control and has brought in insufficient measures to revive the economy. Worst of all, he is misleading Canadians as to what he is doing. The minister has introduced these budgetary provisions and has attempted to tell Parliament and the people of Canada that he is practising restraint. He says that he will cut down on the federal deficit, but he is not fooling the Economic Council of Canada. It realizes that it is not cutting the federal deficit but simply transferring it to the provinces. He is merely flowing the $5 billion from the federal deficit into the provinces. This deficit will be on their books because it is money which comes from transfer payments and payments from established programs. The minister has done nothing about government spending.

The proof magically appeared before me today. I saw an announcement in the Ottawa paper today that the Minister of Communications (Mr. Fox) and the Prime Minister were announcing the construction of a new national museum at a cost of $185 million. The government will spend $185 million on a museum! Earlier today we heard the minister for housing (Mr. Cosgrove) say that he was implementing programs to assist Canadians in their housing needs. The provisions in the budget were to help home owners in dire straits and provide $7,500 per unit for 15,000 units to help people who want to rent houses. The implementation of the proposals which are provided in a bill which he has before the House will cost a total of $350 million. While the government is providing $350 million to help those Canadians with excessive mortgage interest rates and those who need rental accommodation, at a time when occupancy is unavailable in most Canadian cities, it will spend $185 million on a museum. I think Canada's heritage is important, but we must not have home owners losing their homes through foreclosure and have all those social problems which would result. We cannot have Canadians who cannot afford rental accommodation forced to the streets to seek assistance from municipalities while the government builds a museum for $185 million. Where is the heart and soul of the government?

The minister does not understand the needs of Canadians. Why do the Liberal Members of Parliament, the Prime Minister and the Minister of Finance not travel across Canada to find out what the needs of Canadians are? Have they closed their eyes? They developed a budget which they thought would bring equity into the tax system.

If the government wanted to bring equity to the tax system, they would have conducted a proper investigation and listened to the problems Canadians have with the tax system. They have discussed these problems in order to develop a tax system which would be fair to all Canadians.

When the Right Hon. John G. Diefenbaker formed the Government of Canada he set up the Carter commission to examine the tax system. It travelled across Canada to discuss Canadians' problems and ultimately came up with proposals for a change in the tax system. These proposals were contained in the Carter commission report. That is the method for bringing equity into a tax system.

However, when the Carter commission report was introduced in 1967, Mr. Bud Olson, who is now a senator and minister of the Crown, stood up and said that "Liberal MPs rejected the Carter tax reform after years of study." Mr. Olson said that he and his colleagues in the Liberal Party totally rejected tax reform. That was in 1967.

Since that time, there has been a Liberal government in Ottawa, except for a short period, which has done nothing about tax reform. The government has never consulted the people of Canada. On November 12, the government produced a document which it said would bring equity to the tax system. The government never indicated that there was not equity in

the tax system or who was complaining about it. It just took it upon itself to remedy the whole system.

The equity which it claims to have achieved is accomplished by reaching out to 13 million insurance policy holders who are trying to provide for their families and taxing the benefits under that protection. Canadians buy insurance to protect their families, not to cheat the tax man. There are seven million Canadians who participate in health and dental plans, and the government says that it will tax them and make them pay. It does not care what happens to their children's teeth or if they get adequate medical care. All the government wants is dollars.

The government is correct about one matter. The only resource in this country is the people of Canada. They are the only ones who will pay tax. The oil will stay in the ground, the coal will stay in the mines and the wheat will stay in the fields unless Canadians turn it into wealth. The government is trying to tax that wealth. It is trying to tax the work of the Canadian people, but they have caught on and will not stand for it.

The Minister of Finance has been exposed and everyone knows that he has no knowledge of the tax system. We all know he knows about managing government expenditures. The Minister of Finance is making up for years of extravagant spending. Now he has to go to Canadians and take away the pensioners' $1,000 deductions. He does not care about the business people or insurance companies, they can provide for themselves, but he will tax the seven million workers in the housing construction industry. He will tax transportation for salesmen. How can this help the people of Canada?

The government reaches out to Canadians and attempts to tell them it is bringing equity to the tax system. No one believes that, including their own members. That is why we have put it in a resolution before the House.

● (1640)

Hon. members opposite had better stand up and vote properly because the people of Canada will be watching. They will know what hon. members opposite are doing. The people know what they are saying at home. It is in the newspapers. It is on the record. We are putting it on the record here. Hon. members opposite must realize and recognize that they are going to be counted. The jig is up. Never mind the Minister of Finance and the Prime Minister. Hon. members opposite are on their own now. The Prime Minister cannot protect them. There is no problem in Mount Royal. Everybody is happy there. The problems are in Amqui, Quebec and in the Matapedia Valley where people are out of work and starving to death.

Mr. Darling: Don't forget Oshawa.

Mr. Crosby: The only reason this government is able to introduce this budget is that hon. members to my left in the New Democratic Party stood up and voted against my party when it was in government. That government was prepared to introduce proper economic measures which were responsible. Members of the New Democratic Party are not off the hook. They are part and parcel—someone said the New Democratic Party is the Liberal party west. The Liberals have no representation from the west, so they haul in a few members of this red rump and bring them into their plans. If members of the New Democratic Party really wanted to defeat the government and if they really were upset with the tax measures in the budget, as we are, they could have voted the government out last Friday. Instead, they got together and called the whole thing off. They want to stay here. I do not blame them. They will never be any more comfortable than they are now because it is going to get worse for them from here on. The people of Canada are on to them. They know what is going on.

As I said, it is every man for himself on the government side. Hon. members opposite must stand up and be counted. The Prime Minister cannot help them. The Minister of Finance cannot help them because he is in trouble himself. The people in his constituency are sick of post offices, parks and little job-creation programs. They want the Strait of Canso developed. They want the oil refinery opened. They do not want the little bits and pieces of things the minister has been sending down. People are sick of this situation. They want Canada to go ahead and be developed, and they want the government to bring in proposals which would allow for that development. They are sick of the present policies. They are sick of being fooled. We have exploded the myth, and now hon. members opposite are going to have to live with it.

I want to end on a positive note. I admire those members of Parliament in the Liberal Party who got together and said, "This is what has to be done, Mr. Prime Minister; this is what you have to do to correct the situation in Canada; we have to have job-creation programs". Young people are out of work. We need jobs for our young people. We have to protect unemployed persons. We have to bring them back into the labour force so that they can provide for their families. If the government does not do that, we will have social disorder in Canada. Everyone is pointing that out. A psychiatrist in my constituency has written an article in which he points out very graphically the ill effects of unemployment and that lack of security for families and people generally leads to all kinds of social ills. We cannot sit here in Parliament with a blind eye to that kind of problem. We have to do something about it, and we have to do something about it now, not next week and not in the next budget. We must do something right now, and hon. members opposite know that.

Some hon. Members: Hear, hear!

Mr. Crosby: Mr. Speaker, I want to say just one more thing. As representatives of the people in Parliament, we are often asked what our role is here. What is our role here? There was a famous parliamentarian, Edmund Burke, who said he was a delegate of the people. When he was elected to Parliament, he made up his mind and decided what to do. Edmund Burke was elected to Parliament in 1774 from the city of Bristol. At that time people were illiterate. They did not know how to handle national affairs. That is not the situation in Canada today. We do not need any Edmund Burkes. We do not need anyone here passing his opinion on what we should be doing. We want

people here who respond to the needs, the wishes and problems of the people of Canada. We are here to represent the people of Canada. I am here to represent the people of Halifax West. The Prime Minister is here to represent the town of Mount Royal. Perhaps the people in the town of Mount Royal do not have problems, but I can tell hon. members that there are problems in Halifax West, in Amqui, in the Matapedia Valley, in Gaspé and all across Canada. The problem is lack of economic activity and unemployment. That is the problem. We need job-creation programs to solve that problem, and that is why we have introduced this motion. That is why we have to stand up and vote on this motion. That is why we are calling upon hon. members opposite to join with us and to forget about the Prime Minister and the town of Mount Royal. Let them forget about that area of Montreal and its mansions, its houses and imported cars. Let them think about the northern regions of Quebec. Let them think about the Gaspé and why a train has to be stopped in the Matapedia Valley to draw attention to these problems.

[*Translation*]

The Acting Speaker (Mr. Ethier): Order, please. It being 5.45 p.m., it is my duty to interrupt these proceedings and put every question necessary to dispose of the supply proceedings now before the House under the provisions of Standing Order 58(9).

The question is on the amendment. Is it the pleasure of the House to adopt the amendment?

Some hon. Members: Agreed.

Some hon. Members: No.

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

Some hon. Members: Yea.

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

Some hon. Members: Nay.

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

And more than five members having risen:

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

The House divided on the amendment (Mr. Broadbent), which was negatived on the following division:

● (1650)

(Division No. 146)

YEAS

Messrs.

Althouse	Broadbent	Heap
Anguish	Deans	Jewett (Miss)
Benjamin	de Jong	Keeper
Blackburn	Fulton	Kristiansen
Lewycky	Ogle	Rose
Manly	Orlikow	Sargeant
Mitchell (Mrs.)	Riis	Skelly
Nystrom	Robinson (Burnaby)	Waddell
		Young—25.

NAYS

Messrs.

Allmand	Dion	Kilgour
Andre	Dionne (Northumberland-Miramichi)	Killens (Mrs.)
Appolloni (Mrs.)	Domm	King
Axworthy	Dubois	Korchinski
Bachand	Duclos	Kushner
Baker (Gander-Twillingate)	Dupont	Lajoie
Baker (Nepean-Carleton)	Dupras	Lalonde
Beatty	Duquet	Lambert
Beauchamp-Niquet (Mrs.)	Ellis	Lamontagne
Bégin (Miss)	Elzinga	Landers
Berger	Epp	Laniel
Blais	Erola (Mrs.)	Lapierre
Blaker	Ethier	Lapointe (Charlevoix)
Blenkarn	Evans	Lapointe (Beauce)
Bloomfield	Fennell	La Salle
Bockstael	Ferguson	Lawrence
Bosley	Fleming	LeBlanc
Bossy	Flis	Leduc
Bradley	Forrestall	Lefebvre
Breau	Foster	Lewis
Bujold	Fox	Loiselle
Burghardt	Francis	Lumley
Bussières	Fraser	MacBain
Caccia	Fretz	MacDonald (Miss)
Campbell (Miss) (South West Nova)	Friesen	MacEachen
Campbell (LaSalle)	Frith	MacGuigan
Campbell (Cardigan)	Gamble	Mackasey
Cardiff	Garant	MacKay
Carney (Miss)	Gass	MacLaren
Chénier	Gauthier	MacLellan
Clark (Yellowhead)	Gendron	Malépart
Clarke (Vancouver Quadra)	Gilchrist	Malone
Coates	Gimaïel	Maltais
Collenette	Gingras	Marceau
Comtois	Gourd (Argenteuil-Papineau)	Massé
Cook	Gourde (Lévis)	Masters
Cooper	Gray	Mayer
Corbett	Greenaway	Mazankowski
Corbin	Gurbin	McCain
Corriveau	Gustafson	McCauley
Cosgrove	Halliday	McCuish
Cossitt	Hamilton (Qu'Appelle-Moose Mountain)	McDermid
Côté (Mrs.)	Hamilton (Swift Current-Maple Creek)	McKenzie
Cousineau	Hargrave	McKinnon
Crombie	Harquail	McKnight
Crosbie (St. John's West)	Hawkes	McMillan
Crosby (Halifax West)	Hees	McRae
Crouse	Henderson	Mitges
Cullen	Herbert	Munro (Esquimalt-Saanich)
Cyr	Hervieux-Payette (Mrs.)	Munro (Hamilton East)
Dantzer	Hnatyshyn	Murta
Darling	Hopkins	Neil
Daudlin	Howie	Nicholson (Miss)
Dawson	Hudecki	Nickerson
De Bané	Huntington	Nielsen
de Corneille	Irwin	Nowlan
Demers	Isabelle	Oberle
Deniger	Jarvis	Olivier
Desmarais	Jelinek	Ostiguy
Dick	Johnston	Ouellet
Dinsdale	Joyal	Paproski
	Kaplan	Patterson
	Kelly	Pelletier
	Kempling	Pepin
		Peterson
		Pinard
		Portelance

Messrs.

Prud'homme
Regan
Reid
(St. Catharines)
Reid
(Kenora-Rainy River)
Roberts
Robinson
(Etobicoke-Lakeshore)
Rooney
Rossi
Roy
Savard
Schellenberger
Schroder
Scott
(Hamilton-Wentworth)
Shields
Siddon
Simmons
Smith
Speyer
Stevens
Stewart
Tardif
Taylor
Tessier
Thacker
Thomson
Tobin
Towers
Trudeau
Turner
Vankoughnet
Veillette
Watson
Weatherhead
Wenman
Whelan
Wilson
Wise
Wright
Yanakis—231.

● (1710)

Madam Speaker: I declare the amendment lost.

Motion (Mr. Broadbent) negatived.

[*Translation*]

Madam Speaker: The question is on the motion of Mr. Clark (Yellowhead). Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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

Some hon. Members: Yea.

Madam Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

Madam Speaker: In my opinion, the nays have it.

And more that five members having risen:

Madam Speaker: Call in the members. Shall we dispense with the ringing of the bell?

Some hon. Members: Agreed.

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

(*Division No. 147*)

YEAS

Messrs.

Althouse
Andre
Anguish
Baker
(Nepean-Carleton)
Beatty
Benjamin
Blackburn
Blenkarn
Bosley
Bradley
Broadbent
Cardiff
Carney (Miss)
Clark
(Yellowhead)
Clarke
(Vancouver Quadra)
Coates
Cook
Cooper
Corbett
Cossitt
Crombie
Crosbie
(St. John's West)
Crosby
(Halifax West)
Crouse
Dantzer
Darling
Deans
de Jong
Dick
Dinsdale
Domm
Ellis
Elzinga
Epp
Fennell
Forrestall
Fraser
Fretz
Friesen
Fulton
Gamble
Gass
Gilchrist
Greenaway
Gurbin
Gustafson
Halliday
Hamilton
(Qu'Appelle-Moose Mountain)
Hamilton
(Swift Current-Maple Creek)
Hargrave
Hawkes
Heap
Hees
Hnatyshyn
Howie
Huntington
Jarvis
Jelinek
Jewett (Miss)
Keeper
Kempling
Kilgour
King
Korchinski
Kristiansen
Kushner
Lambert
La Salle
Lawrence
Lewis
Lewycky
MacDonald
(Miss)
MacKay
Malone
Manly
Mayer
Mazankowski
McCain
McCuish
McDermid
McKenzie
McKinnon
McKnight
McMillan
Mitchell
(Mrs.)
Mitges
Munro
(Esquimalt-Saanich)
Murta
Neil
Nickerson
Nielsen
Nowlan
Nystrom
Oberle
Ogle
Orlikow
Paproski
Patterson
Reid
(St. Catharines)
Riis
Robinson
(Burnaby)
Rose
Sargeant
Schellenberger
Scott
(Hamilton-Wentworth)
Shields
Siddon
Skelly
Speyer
Stevens
Stewart
Taylor
Thacker
Thomson
Towers
Vankoughnet
Waddell
Wenman
Wilson
Wise
Wright
Young—122.

NAYS

Messrs.

Allmand
Appolloni
(Mrs.)
Axworthy
Bachand
Baker
(Gander-Twillingate)
Beauchamp-Niquet
(Mrs.)
Bégin (Miss)
Berger
Blais
Blaker
Bloomfield
Bockstael
Bossy
Breau
Bujold
Burghardt
Bussières
Caccia
Campbell
(Miss)
(South West Nova)
Campbell
(LaSalle)
Campbell
(Cardigan)
Chénier
Collenette
Comtois
Corbin
Corriveau
Cosgrove
Côté (Mrs.)
Cousineau
Cullen
Cyr
Daudlin
Dawson
De Bané
de Corneille
Demers
Deniger
Desmarais
Dion
Dionne
(Northumberland-Miramichi)
Dubois
Duclos
Dupont
Dupras
Duquet
Erola (Mrs.)
Ethier
Evans
Ferguson
Fleming
Flis
Foster
Fox
Francis
Frith
Garant
Gauthier
Gendron
Gimaïel
Gingras
Gourd
(Argenteuil-Papineau)
Gourde
(Lévis)
Gray
Harquail
Henderson
Herbert
Hervieux-Payette
(Mrs.)
Hopkins
Hudecki
Irwin
Isabelle
Johnston
Joyal
Kaplan
Kelly
Killens (Mrs.)
Lajoie
Lalonde
Lamontagne
Landers
Laniel
Lapierre
Lapointe
(Charlevoix)
Lapointe
(Beauce)
LeBlanc
Leduc
Lefebvre
Loiselle
Lumley
MacBain
MacEachen
MacGuigan
Mackasey
MacLaren
MacLellan
Malépart
Maltais
Marceau
Massé
Masters
McCauley
McRae
Munro
(Hamilton East)
Nicholson
(Miss)
Olivier
Ostiguy
Ouellet
Pelletier
Pepin
Peterson
Pinard
Portelance
Prud'homme
Regan
Reid
(Kenora-Rainy River)
Roberts
Robinson
(Etobicoke-Lakeshore)

Messrs.

Rooney	Smith	Veillette
Rossi	Tardif	Watson
Roy	Tessier	Weatherhead
Savard	Tobin	Whelan
Schroder	Trudeau	Yanakis—134.
Simmons	Turner	

Madam Speaker: I declare the motion lost.

Motion (Mr. Clark) negatived.

Madam Speaker: May I welcome back to the House two of last year's pages who are visiting us on reading week. They wore their uniforms today and worked on the floor of the House.

The House stands adjourned until Monday next at 2 p.m.

At 5.20 p.m., the House adjourned, without question put, pursuant to Standing Order.

END OF VOLUME XIII